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.

NEW ISSUE **RATING: See "RATING" herein**

In the opinion of GluckWalrath LLP, Bond Counsel, assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), applicable to the Tax-Exempt Notes (as defined herein) and subject to certain provisions of the Code which are described herein, under laws, regulations, rulings and judicial decisions existing on the date of original delivery of the Tax-Exempt Notes, interest received by holders of the Tax-Exempt Notes will be excludable from gross income for federal income tax purposes and will not be treated as a tax preference item for purposes under Section 57 of the Code for individuals or corporations. Interest on the Tax-Exempt Notes is included in the adjusted current earnings of certain corporations for the purposes of computing the alternative minimum alternative tax on such corporations. In the opinion of Bond Counsel interest on the Taxable Notes is not excluded from gross income for federal tax purposes. Under the laws of the State of New Jersey, as enacted and construed on the date of original delivery of the Notes, interest on the Notes and any gain from the sale thereof is excludable from gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein for a description of certain other provisions of the Code that may affect the federal tax treatment of interest on the Notes.

CITY OF JERSEY CITY
in the County of Hudson, New Jersey

$21,680,000 NOTES
Consisting of:
$9,700,000 SPECIAL EMERGENCY NOTES, SERIES 2017C (FEDERALLY TAXABLE),
$4,000,000 SPECIAL EMERGENCY NOTES, SERIES 2017D,
and
$7,980,000 BOND ANTICIPATION NOTES, SERIES 2017E

Dated: Date of Delivery **Due: December 7, 2018, as shown below**

The $9,700,000 Special Emergency Notes, Series 2017C (Federally Taxable) (the "Taxable Notes"), the $4,000,000 Special Emergency Notes, Series 2017D (the "Special Emergency Notes") and the $7,980,000 Bond Anticipation Notes, Series 2017E (the "Bond Anticipation Notes", and together with the Special Emergency Notes, the "Tax-Exempt Notes") will be issued by the City of Jersey City, in the County of Hudson, New Jersey (the "City"). The Taxable Notes and the Tax-Exempt Notes are hereinafter referred to as the "Notes".

The Notes will be issued as fully registered Notes in the form of one certificate for the aggregate principal amount of each series of Notes and, when issued, will be registered in the name of and held by Cede & Co., as nominee for DTC. Purchases of the Notes of each series will be made in book-entry-only form (without certificates) in denominations of $5,000 or more. 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 is to remit such payments to be beneficial owners of the Notes (see "DESCRIPTION OF THE NOTES – Book Entry Only System" herein). Interest on the Notes is payable at maturity. The Notes are not subject to redemption prior to their maturity.

$9,700,000 2.35%, Taxable Notes, Due December 7, 2018– Price 100.639%
$4,000,000 2.50%, Special Emergency Notes, Due December 7, 2018– Price 100.935%
$7,980,000 2.50%, Bond Anticipation Notes, Due December 7, 2018– Price 100.935%

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, applicable premium, if any, and interest on the Notes. The City shall be required to levy *ad valorem* taxes upon all taxable real property within the City for the payment of the principal of and interest on the Notes without limitation as to rate or amount. 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.

The Notes are offered when, as and if issued by the City and delivered to the purchasers, subject to the approval of legality by GluckWalrath LLP, Trenton, New Jersey, Bond Counsel, and other conditions described herein. NW Financial Group, LLC, Hoboken, New Jersey, has served as financial advisor in connection with the issuance of the Notes. It is expected that the Notes will be available for delivery on or about December 7, 2017. The Notes are to be delivered through the facilities of DTC in Jersey City, New Jersey.

OPPENHEIMER & CO.
as to the Taxable Notes

TD SECURITIES (USA) LLC
as to the Tax-Exempt Notes

Dated: November 29, 2017

CITY OF JERSEY CITY,
IN THE COUNTY OF HUDSON, STATE OF NEW JERSEY

MAYOR

Steven M. Fulop

CITY COUNCIL

Rolando R. Lavarro, Jr., Council President
Joyce Watterman, Councilwoman at Large
Daniel Rivera, Councilman at Large
Frank Gajewski, Ward A Councilman
Chris L. Gadsden, Ward B Councilman
Richard Boggiano, Ward C Councilman
Michael Yun, Ward D Councilman
Candice Osborne, Ward E Councilwoman
Jermaine Robinson, Ward F Councilman

CITY OFFICIALS

Robert J. Kakoleski, Business Administrator
Mark Albiez, Mayor's Chief of Staff
Jeremy Farrell, Corporation Counsel
Anthony Cruz, Director of the Department of Housing, Economic Development and Commerce
Donna L. Mauer, Chief Financial Officer
Robert Byrne, City Clerk

BOND COUNSEL

GluckWalrath LLP
Trenton, New Jersey

MUNICIPAL ADVISOR

NW Financial Group, LLC
Hoboken, New Jersey

INDEPENDENT AUDITORS

Donohue, Gironda, Doria & Tomkins, LLC
Bayonne, New Jersey

No broker, dealer, salesperson or other person has been authorized by the City or the Underwriters to give any information or to make any representations with respect to the Notes 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 City or the Underwriters. The information contained herein has been obtained from the City, DTC and other sources which are believed to be reliable; however, such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation or warranty of the City or the Underwriters. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made 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, ordinances, 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 contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the City during normal business hours. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

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

In order to facilitate the distribution of the Notes, the Underwriters may engage in transactions intended to stabilize the price of the Notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The prices at which the Notes are offered to the public by the Underwriters and the yields resulting therefrom may vary from the initial public offering prices or yields shown on the cover and the inside front cover page hereof. In addition, the Underwriters may allow concessions or discounts from such initial public offering prices or yields to dealers and others.

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.

The Underwriters have 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 Underwriters do not guaranty the accuracy or completeness of such information.

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OFFICIAL STATEMENT
of the
CITY OF JERSEY CITY,
IN THE COUNTY OF HUDSON, STATE OF NEW JERSEY

$21,680,000 NOTES
Consisting of:
$9,700,000 SPECIAL EMERGENCY NOTES, SERIES 2017C (FEDERALLY TAXABLE),
$4,000,000 SPECIAL EMERGENCY NOTES, SERIES 2017D,
and
$7,980,000 BOND ANTICIPATION NOTES, SERIES 2017E

INTRODUCTION

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the City of Jersey City (the "City"), in the County of Hudson (the "County"), State of New Jersey (the "State" or “New Jersey”) in connection with the sale and issuance by the City of its $9,700,000 Special Emergency Notes, Series 2017C (Federally Taxable) (the "Taxable Notes"), its $4,000,000 Special Emergency Notes, Series 2017D (the "Special Emergency Notes") and its $7,980,000 Bond Anticipation Notes, Series 2017E (the "Bond Anticipation Notes", and together with the Special Emergency Notes, the "Tax-Exempt Notes"). The Taxable Notes and the Tax-Exempt Notes are hereinafter collectively referred to as the "Notes". This Official Statement (the "Official Statement"), which includes the cover page, the inside front cover pages and the Appendices attached hereto, has been authorized by the Mayor and City Council to be distributed in connection with the sale of the Notes and has been executed by and on behalf of the City by the Business Administrator and the Chief Financial Officer.

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 the sale, issuance and delivery of the Notes. 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.

This Official Statement is “deemed final”, as of its date, within the meaning of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “Rule”).

DESCRIPTION OF THE NOTES

The Notes shall be dated the date of delivery and mature on December 7, 2018. Interest on the Notes will be computed on the basis of a 360-day year of twelve 30-day months. Principal of and interest on the Notes will be paid when due and at maturity at the office of the Chief Financial Officer of the City (unless a Paying Agent is appointed by the City). So long as DTC or its nominee 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., as nominee for DTC; disbursements of such payments to the DTC Participants is the responsibility of DTC, and disbursements of such payments to the beneficial owners of the Notes is the responsibility of the DTC Participants. The Notes will be issued in fully registered form in the denomination of $5,000 or more, and, under certain circumstances, are exchangeable for one or more fully registered Notes of like principal amount, series and maturity in the denomination of $5,000 or more.

Book-Entry Only System

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Notes of each series, 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 and Indirect 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 notes 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. Fully-registered Note certificates will be issued in the aggregate principal amounts of the Notes of each series and maturity, and will be deposited with DTC.

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

Purchases of 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 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.

Neither DTC nor Cede & Co. (nor such 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 (the "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 and 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 City or 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, the 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, distributions, and dividend 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 the 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 or the 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.

NEITHER THE CITY NOR THE PAYING AGENT WILL 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, 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 Only 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 only system of transfer is continued (the City undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination), the City shall notify DTC of the termination of the book-entry only system.

AUTHORIZATION OF THE NOTES

The Series 2017C Notes and the Series 2017D Notes have been authorized and are to be issued pursuant to the Local Budget Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, and the acts amendatory thereof and supplemental thereto (the "Local Budget Law"), specifically N.J.S.A. 40A:4-53, and: (A) with respect to the Series 2017C Notes, (i) an ordinance of the City numbered 13.118 and adopted by the Municipal Council of the City on November 13, 2013 and a resolution of the City adopted by the Municipal Council of the City on November 13, 2013, (ii) an ordinance of the City numbered 14.132 and adopted by the Municipal Council of the City on October 22, 2014 and a resolution of the City adopted by the Municipal Council of the City on October 22, 2014, and (iii) an ordinance of the City numbered 15.149 and adopted by the Municipal Council of the City on November 10, 2015 and a resolution of the City adopted by the Municipal Council of the City on November 10, 2015; and (B) with respect to the Series 2017D Notes, an ordinance of the City numbered 16.130 and adopted by the Municipal Council of the City on September 14, 2016, and a resolution of the City adopted by the Municipal Council of the City on September 14, 2016. Pursuant to the Local Budget Law, the special emergency notes may be renewed from time to time, provided that at least 1/5 of all such special emergency notes, and the renewals thereof, mature and are paid in each year so that all the special emergency notes and renewals are paid no later than the last day of the fifth year following the date of the resolution authorizing such special emergency notes.

The Series 2017E Notes have been authorized and are to be issued pursuant to the Local Bond Law and a bond ordinance numbered 13.031 finally adopted by the Municipal Council of the City on April 10, 2013 (the "2013 Bond Ordinance") and a bond ordinance numbered 16.106 finally adopted by the Municipal Council of the City on July 13, 2016 (the "2016 Bond Ordinance", and together with the 2013 Bond Ordinance, the "Bond Ordinances").

By resolution adopted on April 10, 2013, the New Jersey Local Finance Board approved certain matters in connection with the 2013 Bond Ordinance. The Local Finance Board is authorized to establish certain conditions and requirements that the City must meet before approval for issuance is given.

The Bond Ordinances have been published in full after final adoption along with the statement that the twenty (20) day period of limitation, within which a suit, action or proceeding questioning the validity of the Bond Ordinances could be commenced, began to run from the date of the first publication of such statement. The Local Bond Law provides, that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the City.

PURPOSE OF THE NOTES AND APPLICATION OF PROCEEDS

The City will apply the proceeds from the sale of the Series 2017C Notes to (i) pay a portion of the maturing principal of the City's $14,700,000 Special Emergency Notes, Series 2016C (Federally Taxable) (the "Series 2016C Special Emergency Notes") which were issued on December 8, 2016 and are payable on December 8, 2017; and (ii) pay a portion of the costs of issuing the Series 2017C Notes. Such Series 2016C Special Emergency Notes were issued to pay a portion of the maturing principal of certain prior notes relating to the payment of contractually required severance liabilities resulting from the layoff or retirement of City employees. The remaining $5,000,000 of the principal of the Series 2016C Special Emergency Notes will be retired from funds appropriated from the City's fiscal year 2017 budget appropriations.

The City will apply the proceeds from the sale of the Series 2017D Notes to (i) pay a portion of the maturing principal of the City's $5,897,496 Special Emergency Notes, Series 2016D (the "Series 2016D Special Emergency Notes") which were issued on December 8, 2016 and mature on December 8, 2017, and (ii) pay a portion of the costs of issuing the Series 2017D Notes. Such Series 2016D Special Emergency Notes were issued to pay a portion of the maturing principal of certain prior notes relating to the costs associated with the clean-up and recovery from Hurricane Sandy, and to provide for the preparation and execution of a complete program of revaluation of real property. The remaining $1,897,496 of the principal of the Series 2016D Special Emergency Notes will be retired from funds appropriated from the City's fiscal year 2017 budget appropriations.

The City will apply the proceeds from the sale of the Series 2017E Notes to (i) pay a portion of the maturing principal of the City's $9,605,194 Bond Anticipation Notes, Series 2016E (the "Series 2016E Notes") which were issued on December 8, 2016 and are payable on December 8, 2017; and (ii) pay a portion of the costs of issuing the Series 2017E Notes. Such Series 2016E Notes were issued to pay a portion of the maturing principal of certain prior notes relating to various capital improvements, and to aid in the redevelopment of a redevelopment project consisting of various infrastructure improvements. The remaining $1,625,194 of the principal of the Series 2016E Notes will be retired from funds appropriated from the City's fiscal year 2017 budget appropriations.

SECURITY AND SOURCE OF PAYMENT

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 principal of, and interest on the Notes. The City is authorized and required by law to levy *ad valorem* taxes on all real property taxable by the City for the payment of the principal of and the interest on the Notes without limitation as to rate or amount. Payment of such principal and interest is not limited, however, to any particular fund or source of revenue of the City. The City is required to include in its annual municipal budget the total amount of interest and principal charges on all of its general obligation indebtedness for the current year.

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.

The Notes are <u>not</u> entitled to the benefits of the Municipal Qualified Bond Act, Title 40A of the New Jersey Statutes, Section 40A:3-1, et seq., as amended, the School Qualified Bond Act, Title 18A of the New Jersey Statutes, Section 18A:24-85 et seq., as amended, or the New Jersey School Bond Reserve Act, P.L. 1980 (N.J.S.A. 18A:56-17 et seq.).

NO DEFAULT

The City has never defaulted in the payment of principal of, redemption premium, if any, and interest on any bonds or notes or other obligations of the City, nor are any payments of principal of or interest on the City's indebtedness past due.

MARKET PROTECTION

Other than the Notes, the City does not anticipate issuing any additional series of notes and bonds in 2017. The City expects to issue approximately $17,734,000 in bond anticipation notes in January 2018 to refund certain maturing bond anticipation notes and to finance certain capital purposes.

The Jersey City Redevelopment Agency (the "JCRA") intends to issue approximately $10,000,000 in revenue bonds during the fourth quarter of 2017 to finance certain costs relating to a redevelopment project. Such revenue bond will be secured primarily by certain subsidy payments to be made by the City to the JCRA in amounts equal to the debt service on such bonds.

CITY OF JERSEY CITY

The City is New Jersey's second largest municipality with a population of 247,597 according to the United States Department of Commerce's 2010 Census. The City is located on the west side of the Hudson River, directly across from lower Manhattan in New York City, and is part of the major business and industrial concentration spanning the New York - Northern New Jersey metropolitan area.

The City's land area is 15.8 square miles, including a five mile long stretch of Hudson River waterfront that has experienced considerable high rise office tower, residential and multi-family development over the past ten years. The City is connected to New York City by the Holland Tunnel and the PATH railroad tubes and is within ten miles of Newark International Airport and the container and cargo facilities of Port Newark-Elizabeth. The City is located in the County of Hudson. The City's size and current development activity cause it to dominate the economy of Hudson County (the Jersey City Labor Area). The City also serves as the seat of the County government. Of the approximately 275,000 persons employed in the County, approximately 43% are employed in Jersey City. For additional information regarding the City and its finances, see "APPENDIX A - Certain Information Regarding the City of Jersey City".

RECENT FINANCIAL RESULTS AND FINANCIAL OUTLOOK

Financial Overview

Appendix A contains information relative to the financial operations of the City. Over the last few years, the City's financial position has improved due to structurally balanced operations and strong prospects for continued tax base growth. The City has benefited from successful efforts to raise additional recurring revenues while reducing personnel related expenditures.

The calendar year that ended December 31, 2016 resulted in an excess of $43,960,220 in operations and the City's audited fund balance was $78,920,179. The calendar year that ended December 31, 2015 resulted in an excess of $20,295,394 in operations and the City's audited fund balance was $50,705,610. The calendar year that ended December 31, 2014 resulted in an excess of $33,812,449 in operations and the City's audited fund balance was $56,132,966. The calendar year that ended December 31, 2013 resulted in an excess of $12,410,182 in operations and the City's audited fund balance was $38,733,517.

The City restructured its debt on March 30, 2006, providing Fiscal Year 2006 debt service relief of $18 million and another approximately $69 million in Fiscal Years 2007-2011 combined, and was intended to produce approximately level debt service through Fiscal Year 2022.

Financial Results

2017 Budget. The City's budget for the 2017 Calendar year was introduced on March 22, 2017 and adopted on July 10, 2017. The Municipal Tax levy increased to $228,298,260. The City's 2017 budget anticipated $67,050,310 in State Aid.

2016 Budget. The City's budget for the 2016 Calendar year was introduced on February 24, 2016 and adopted on July 20, 2016. The Municipal Tax levy increased to $226,747,422. The City's 2016 budget realized $69,465,660 in State Aid.

2015 Results. The City's budget for the 2015 Calendar year was introduced on March 11, 2015 and adopted on July 28, 2015. The Municipal Tax levy increased to $219,785,389. The City's 2015 budget realized $68,430,369 in State Aid.

2014 Results. The City's budget for the 2014 Calendar year was introduced on March 12, 2014 and adopted on September 23, 2014. The Municipal Tax levy decreased to $217,414,170. The City's 2014 budget realized $68,569,897 in State Aid.

2013 Results. The City's budget for the 2013 Calendar year was introduced on February 27, 2013 and adopted on July 17, 2013. The Municipal Tax levy increased to $217,730,857. The City's 2013 budget realized $69,336,338 in State Aid.

2012 Results. The City's budget for the 2012 Calendar year was introduced on February 22, 2012 and adopted on July 31, 2012. The Municipal Tax levy increased to $208,175,697. The City's 2012 budget realized $69,509,094 in State Aid.

2011 Results. The City's budget for the 2011 Calendar year was introduced on March 9, 2011 and adopted on September 27, 2011. The Municipal Tax levy increased to $201,000,000. The City's 2011 budget realized $70,488,976 in State Aid.

CERTAIN STATUTORY PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

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

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

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

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

The chief financial officer of every local unit must file annually with the Director a verified statement of financial condition of the local unit and all constituent boards, agencies and commissions.

The annual audit report is filed with the City Clerk and is available for review during business hours.

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

The authorized bonded indebtedness of a municipality in the State is limited by statute, subject to the exceptions noted below, to an amount equal to 3.50% of its equalized valuation basis. The equalized valuation basis of a municipality is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements and certain class II railroad property within its boundaries as annually determined by the State Board of Taxation.

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

On December 31, 2016, the City's percentage of statutory net debt was 2.04% and was comprised of the following:

	Gross Debt	Deductions	Net Debt
Municipal Purposes	$720,645,887	$264,941,826	$455,704,061
School Purposes	$28,742,258	$28,742,258	$0

Exceptions to Debt Limits - Extensions of Credit (N.J.S.A. 40A:2-7)

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

Short-Term Financing

The City may issue short term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes, which are general obligations of the City, may be issued for a period not exceeding one (1) year. Generally, bond anticipation notes may not be outstanding for longer than ten (10) years. An additional period may be available following the tenth anniversary date equal to the period from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus four (4) months in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of outstanding notes that may be renewed is decreased by the minimum amount required for the first year's principal payment of bonds in anticipation of which such notes are issued.

MUNICIPAL BUDGET

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

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

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

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

The principal sources of City revenues are real estate taxes, State Aid, Federal Aid and miscellaneous revenues.

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

Real Estate Taxes

The general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A. 40A:4-29 delineates anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

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

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

$$\frac{\text{Cash Required from Taxes to Support Local Municipal Budget and Other Taxes}}{\text{Prior Year's Percentage of Current Tax Collection (or Lesser \%)}} = \begin{array}{l}\text{Amount to be}\\ \text{Raised by Taxation}\end{array}$$

Miscellaneous Revenues

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

Limitations on Expenditures ("Cap Law") and Property Tax Levy Cap

N.J.S.A. 40A:4-45.3 places limits on municipal tax levies and expenditures. This law is commonly known as the "Cap Law" (the "Cap Law"). The Cap Law was amended and became effective on July 7, 2004. The Cap Law provides that the City shall limit any increase in its budget to 2.5% or the Cost-Of-Living Adjustment, whichever is less, of the previous year's final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than 2.5%, the City may, by ordinance approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the City for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than 3.5% over the previous year's final appropriations. See N.J.S.A. 40A:4-45.14. In addition, N.J.S.A. 40A:4-45.15b restored "CAP" banking to the Local Budget Law. Municipalities are permitted to appropriate available "CAP Bank" in either of the next two (2) succeeding years' final appropriations. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the "CAP".

Additionally, P.L. 2010, c.44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of two percent (2%), certain increases in health care costs in excess of two percent (2%), and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above two percent (2%) not otherwise permitted under the law by an affirmative vote in excess of fifty percent (50%).

The Division has advised that counties and municipalities must comply with both the budget Cap Law and the tax levy limitation. Neither the tax levy limitation nor the Cap Law, however, limits the obligation of the City to levy *ad valorem* taxes upon all taxable property within the boundaries of the City to pay debt service on bonds and notes.

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 a local unit, including the City, but only to meet unforeseen circumstances, to protect or promote public health, safety, morals or welfare, or to provide temporary housing or public assistance prior to the next succeeding fiscal year. However, with certain exceptions described below, such appropriations must be included in full as a deferred charge in the following year's budget. Any emergency appropriation must be declared by resolution according to the definition provided in N.J.S.A. 40A:4-48, and approved by at least two-thirds of the full membership of the governing body and shall be filed with the Director. If such emergency appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director is required. N.J.S.A. 40A:4-49.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost, or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, reevaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

Budget Transfers

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

Fiscal Year

In 2010, the City changed its fiscal year from a June 30th year end to a December 31st year end. The City adopted a transition year budget for the period July 1, 2010 through December 31, 2010 and introduced a full calendar year budget for the period commencing January 1, 2011 and in each calendar year thereafter.

Budget Process

Primary responsibility for the City's budget process lies with the City Council. As prescribed by the Local Budget Law, adoption should occur by the end of March; however, extensions may be granted by the Division to any local governmental unit. In the first quarter in which the budget formulation is taking place, the City operates under a temporary budget which may not exceed 26.25% of the previous fiscal year's adopted budget. In addition to the temporary budget, the City may approve emergency temporary appropriations for any purpose for which appropriations may lawfully be made.

TAX INFORMATION ON THE CITY

Property valuations (assessments) are determined on true values as arrived at by the cost approach, market data approach and capitalization of net income (where applicable). Current assessments are the result of maintaining new assessments on a "like" basis with established comparable properties for newly assessed or purchased properties resulting in a decline of the assessment ratio to true value to its present level. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with the rising values.

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

For calendar year municipalities, tax bills are generally sent in June of the current fiscal year. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, school district or county purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, school district or county purposes in the current fiscal year. The amounts due for the February and May installments are determined as by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, school district or county purposes for the preceding fiscal year.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) on the first $1,500 of the delinquency and, then eighteen percent (18%) per annum on any amount in excess of $1,500. A penalty of up to six percent (6%) of the delinquency in excess of $10,000 may be imposed on a taxpayer who fails to pay that delinquency prior to the end of the tax year in which the taxes become delinquent. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State Statutes. Tax title liens are periodically assigned to the Corporation Counsel (as defined herein) for in rem foreclosures in order to acquire title to these properties.

The provisions of Chapter 99 of the Laws of New Jersey of 1997 allow a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or surety bond. The purchaser is entitled to receive, all delinquent taxes and other municipal charges owing, due and payable upon collection by the tax collector. The statute sets forth bidding procedures, minimum bidding terms and requires the review and approval of the sale by the Division.

Tax Appeals

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. The taxpayer has a right to file a petition on or before the 1st day of April (1st day of May in a revaluation year) of the current tax year for its review. The County Board of Taxation and the Tax Court of New Jersey have the authority after a hearing to increase, decrease or reject the appeal petition. Adjustments by the County Board of Taxation are usually concluded within the current tax year and reductions are shown as cancelled or remitted taxes for that year. If the taxpayer believes the decision of the County Board of Taxation to be incorrect, appeal of the decision may be made to the Tax Court of New Jersey. State tax court appeals tend to take several years to conclude by settlement or trial and any losses in tax collection from prior years, after an unsuccessful trial or by settlement, are charged directly to operations.

DEBT INFORMATION ON THE CITY

Debt Statements

The City must report all new authorizations of debt or changes in previously authorized debt to the Division. The Supplemental Debt Statement, as this report is known, 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.

TAX MATTERS

Tax-Exempt Notes

In the opinion of Bond Counsel, assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code") applicable to the Tax-Exempt Notes and subject to certain provisions of the Code which are described below, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Tax-Exempt Notes, interest received by a holder of the Tax-Exempt Notes will be excludable from gross income for federal income tax purposes, and will not be treated as a tax preference item for purposes under Section 57 of the Code for individuals or corporations. Interest on the Tax-Exempt Notes is included in the adjusted current earnings of corporations for the purposes of computing the alternative minimum alternative tax on such corporations.

The Code contains a number of provisions that apply to the Tax-Exempt Notes, including restrictions relating to the use or investment of the proceeds of the Tax-Exempt Notes (or facilities financed by such proceeds) and the payment of certain arbitrage earnings in excess of the "yield" on the Tax-Exempt Notes to the Treasury of the United States. Non-compliance with such provisions may result in interest on the Tax-Exempt Notes not being excludable from gross income for federal income tax purposes retroactive to the date of issuance of the Tax-Exempt Notes. The City has covenanted to comply with these requirements.

Section 265(b) of the Code generally denies to financial institutions any deduction for that portion of interest expense incurred to purchase or carry certain tax-exempt obligations. An exception is provided certain small issuers who designate the obligations as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code and, provided certain conditions are met, for obligations the proceeds of which refund obligations which were designated as qualified tax-exempt obligations. Such obligations will be subject to a reduced disallowance rule. The Tax-Exempt Notes will NOT be designated by the City as qualified tax exempt obligations under Section 265(b) of the Code.

Ownership of tax-exempt obligations may also result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Tax-Exempt Notes. Various legislative proposals, which if enacted, would limit for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. If enacted into law, such proposals may cause interest on the Tax-Exempt Notes to be subject, directly or indirectly, to federal income taxation or otherwise prevent owners of the Tax-Exempt Notes from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for, or marketability of, the Tax-Exempt Notes. No prediction is made whether these provisions will be enacted as proposed or concerning other future legislation which if passed might have the effect on the tax treatment of interest on the Tax-Exempt Notes. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation. Bond Counsel will render its opinion as of the issue date, and will assume no obligation to update its opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinions of Bond Counsel are only opinions and not a warranty or guaranty of the matters discussed. The City has no obligation to provide updated information concerning pending or future legislation. Each purchaser of the Tax-Exempt Notes should consult his or her own tax advisor regarding any pending or proposed federal tax legislation.

In addition, the Internal Revenue Service ("IRS") has established an expanded audit program for tax-exempt obligations. There can be no assurance that an audit initiated or concluded by the IRS after the issue date of the Tax-Exempt Notes involving either the Tax-Exempt Notes or other tax-exempt obligations will not have an adverse effect on the tax-exempt status or market price of the Tax-Exempt Notes.

In addition, prospective purchasers of the Tax-Exempt Notes should be aware that Section 6049 of the Code provides that interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. The provision is effective for interest paid on tax-exempt obligations after December 31, 2005, regardless of when the tax exempt obligations were issued. Pursuant to Notice 2006-93, backup withholding will be required if the bondholder fails to provide a tax identification number. The reporting requirement does not in and of itself affect or alter the excludability of such interest from gross income for federal tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Taxable Notes

The following is a general discussion of certain of the anticipated federal tax consequences of the purchase, ownership and disposition of the Taxable Notes by the original purchasers of the Taxable Notes. Investors should consult their own tax advisors in determining the federal, state, local or other tax consequences to them of purchase, ownership and disposition of the Taxable Notes. This discussion is based upon the Code, regulations, rulings and decisions now in effect, all of which are subject to change at any time, possibly with retroactive effect, and does not purport to deal with federal income tax consequences applicable to all categories of investors, some of which will be subject to special rules. This discussion assumes that Taxable Notes will be held as "capital assets" under the Code and that the Taxable Notes are owned by U.S. Holders (as defined below). Investors should consult their own tax advisors in determining the federal, state, local or other tax consequences to them of purchase, ownership and disposition of the Taxable Notes.

As used herein, the term “U.S. Holder” means a beneficial owner of a bond that is for United States federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any State or any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a court within the United

States and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Interest Income. INTEREST ON THE TAXABLE NOTES IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. The City will report annually (or more frequently if required) to owners of record and to the IRS in respect of interest paid on the Taxable Notes.

Backup Withholding. Under the Code, payments on the Taxable Notes may under certain circumstances, be subject to "backup withholding" at a rate equal to the fourth lowest rate of tax applicable under Section 1(c) of the Code. This withholding generally applies if the owner (i) fails to furnish such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnishes an incorrect TIN, (iii) fails to properly report interest, dividends or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide such owner's securities broker with a certified statement, signed under penalties of perjury, that the TIN is correct and that such Noteholder is not subject to backup withholding. Owners of the Taxable Notes should consult their own tax advisors as to their qualification for exemption for backup withholding and the procedures for obtaining the exemption.

Disposition and Defeasance. Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Bond or a Taxable Note, a holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such holder's adjusted tax basis in the Taxable Notes.

The City may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Taxable Notes to be deemed to be no longer outstanding under the Resolution (a "defeasance"). For Federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Taxable Notes subsequent to any such defeasance could also be affected.

ALL POTENTIAL PURCHASERS OF THE TAXABLE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATION OF THE TAX CONSEQUENCES UNDER THE CODE.

State Taxation

Bond Counsel is of the opinion, based upon existing statutes and judicial decisions, that interest on the Notes and net gains from the sale of the Notes is not included as gross income under the New Jersey Gross Income Tax Act. Potential purchasers of the Notes should consult with their tax advisors.

THE FOREGOING IS NOT INTENDED AS AN EXHAUSTIVE RECITAL OF THE POTENTIAL TAX CONSEQUENCES OF HOLDING THE NOTES. PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE NOTES.

LITIGATION

To the knowledge of the City's Corporation Counsel, Jeremy Farrell, Esq. (the "Corporation Counsel"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Notes, or the levy or the collection of taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of taxes to pay the principal of or the interest on the Notes, or contesting the corporate existence or the boundaries of the City or the title of any of the present officers. Moreover, to the knowledge of the Corporation Counsel, except as set forth in Appendix A under the section entitled "Pending Litigation", no litigation is presently pending or threatened that, in the opinion of the Corporation Counsel, would have a material adverse impact on the financial condition of the City if adversely decided. A certificate or opinion to such effect will be executed by the Corporation Counsel and delivered to the Underwriters at the closing.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Notes are subject to the approval of GluckWalrath LLP, Trenton, New Jersey, Bond Counsel to the City, whose approving legal opinion will be delivered with the Notes substantially in the form set forth in Appendix C hereto. Certain legal matters will be passed on for the Underwriters (as hereinafter defined) by their counsel DeCotiis, Fitzpatrick, Cole & Giblin, LLP, and for the City by its Corporation Counsel.

MUNICIPAL BANKRUPTCY

The undertakings of the City should be considered with reference to 11 U.S.C. § 101 et seq., as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; 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 certain debts owed; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one half in number of the allowed claims of at least one (1) impaired class. The Bankruptcy Code specifically does not limit or impair the power of a state to control by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, special revenues acquired by the debtor after commencement of the case shall continue to be available to pay debt service secured by those revenues. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may not be avoided pursuant to certain preferential transfer provisions set forth in such code.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a local unit, including the City, has the power to file a petition in bankruptcy with any United States court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Local Finance Board, as successor to the Municipal Finance Commission, must be obtained.

The City has not authorized the filing of a bankruptcy petition. This reference to the Bankruptcy Code or the State statute should not create any implication that the City expects to utilize the benefits of their provisions, or that if utilized, such action would be approved by the Local Finance Board, or that any proposed plan would include a dilution of the source of payment of and security for the Notes, or that the Bankruptcy Code could not be amended after the date hereof.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of bondholders to provide certain financial information and operating data on the City and to comply with the provisions of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented, and as detailed in the Continuing Disclosure Certificate (the "Certificate") to be executed on behalf of the City by its Chief Financial Officer, in the form appearing in Appendix D hereto, such Certificate to be delivered concurrently with the delivery of the Notes. These covenants are being made by the City to assist the purchasers of the Notes in complying with the Rule.

The City has previously failed to file, in a timely manner, its Annual Reports in accordance with the Rule for the calendar years ended December 31, 2012 and 2013. Generally, the City had previously filed, in a timely manner, the required audited financial statements, but did not timely file all required operating data for the periods referenced above. Additionally, the City had failed to file, in a timely manner, certain material event notices relating to rating changes of the City, the Municipal Qualified Bond Act, the School Qualified Bond Act, the School Bond Reserve Act and various bond insurance companies. Such notices were filed on November 13, 2014. Further, the City recently determined that it inadvertently failed to comply with prior undertakings to provide its Annual Report for the calendar years ended December 31, 2013 and December 31, 2014 with respect to bonds issued by the Jersey City Municipal Utilities Authority (the “JCMUA Undertaking”). However, portions of such Annual Reports were filed with the Municipal Securities Rulemaking Board (the “MSRB”) with respect to the City’s bonds. The City has since corrected this oversight by linking the required Annual Reports to the JCMUA Undertaking. The City has implemented certain procedures to file its Annual Reports on a more consistent and timely basis in future years. The City’s implementation of procedures to file its Annual Reports also includes the continued utilization of Digital Assurance Certification, LLC (DAC) to assist with the City’s disclosure requirements.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutions, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any bonds or notes of the City, including the Notes, and such Notes are authorized security for any and all public deposits.

MUNICIPAL ADVISOR

NW Financial Group, LLC, Hoboken, 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 the Official Statement and the Appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

UNDERWRITING

The Tax-Exempt Notes are being purchased by TD Securities (USA) LLC (the "Tax-Exempt Notes Underwriter") at an aggregate price of $12,086,981.40. The Tax-Exempt Notes are being reoffered to the public at a price of $12,092,013.00. The Tax-Exempt Notes Underwriter is obligated to purchase all of the Tax-Exempt Notes if any Tax-Exempt Notes are purchased.

The Taxable Notes are being purchased by Oppenheimer & Co., Inc. (the "Taxable Notes Underwriter", and together with the Tax-Exempt Underwriter, the "Underwriters"), at an aggregate price of $9,708,830.00. The Taxable Notes are being reoffered to the public at a price of $9,761,983.00. The Taxable Notes Underwriter is obligated to purchase all of the Taxable Notes if any Taxable Notes are purchased.

The initial public offering yields of the Notes set forth on the cover and the inside cover page may be changed without notice by the Underwriters. The Underwriters may offer and sell the Notes to certain dealers (including dealers depositing Notes into investment trusts, certain of which may be sponsored or managed by the Underwriters) and others at yields higher than the offering yields set forth on the inside cover page hereof.

RATING

The Taxable Notes Underwriter has requested that the Taxable Notes be rated by and has furnished information to S&P Global Ratings, a business of Standard & Poor's Financial Services LLC ("S&P"). As of the date hereof, S&P has not yet released the rating.

An explanation of the significance of such rating may be obtained only from S&P. The rating reflects only the views of S&P. Generally, rating agencies base their ratings upon information and materials provided to them and upon investigations, studies and assumptions by the particular rating agency. There can be no assurance that the rating will be maintained for any given period of time or that any rating may not be lowered or withdrawn entirely, if in S&P judgment, circumstances so warrant. Such action, any downward change in, or withdrawal of any such rating, may have an adverse effect on the market price of the Taxable Notes. The City has not undertaken any responsibility after the issuance of the Taxable Notes to assure maintenance of the rating or to oppose any such revision or withdrawal.

The Tax-Exempt Notes are not rated.

CLOSING CERTIFICATES

Upon the delivery of the Notes, the Underwriters will be furnished with the following items: (i) a Certificate executed by the Business Administrator and the Chief Financial Officer of the City (or officers otherwise titled serving in equivalent capacities) to the effect that as of the date of this Official Statement and at all times subsequent thereto, up to and including the time of the delivery of the Notes, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, and further stating that there has been no adverse material change in the financial condition of the City since the date of this Official Statement to the date of issuance of the Notes, as appropriate, and having attached thereto a copy of this Official Statement, (ii) a Certificate signed by an officer of the City evidencing payment for the Notes, (iii) a Certificate signed by the Mayor, Business Administrator, Chief Financial Officer and City Clerk evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending or, to the knowledge of the signers, threatened, restraining or enjoining the issuance and delivery of the Notes, or the levy and collection of taxes to pay the principal of and interest thereon, nor in any manner questioning the proceedings and authority under which the Notes were authorized or affecting the validity of the Notes thereunder, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded, and (iv) the Continuing Disclosure Certificate executed by the Chief Financial Officer.

PREPARATION OF OFFICIAL STATEMENT

The firm of Donohue, Gironda, Doria & Tomkins, LLC, Bayonne, New Jersey, Certified Public Accountants and Registered Municipal Accountants, assisted in the preparation of information contained in this Official Statement, and takes responsibility for the financial statements to the extent specified in the Independent Auditors' Report.

All information has been obtained from sources which Donohue, Gironda, Doria & Tomkins, LLC, considers to be reliable but it makes no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

NW Financial Group, LLC has not participated in the preparation of the financial or statistical information in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

GluckWalrath LLP has not participated in the preparation of the financial or statistical information in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

FINANCIAL STATEMENTS

The comparative balance sheets – regulatory basis of the various funds of the City as of and for the years ended December 31, 2016 and 2015, and the related comparative statement of operations and changes in fund balance – regulatory basis, statement of revenues – regulatory basis and statement of appropriations – regulatory basis, of the Current Fund, and the related statement of changes in Fund Balance – regulatory basis, of the General Capital Fund, for the years then ended, together with the related notes to the Financial Statements for the years then ended, are presented in Appendix B to the Official Statement. The financial statements referred to above have been audited by Donohue, Gironda, Doria & Tomkins, LLC, Bayonne, New Jersey, independent auditor, as stated in its report appearing in Appendix B.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including requests for information additional to that contained herein, may be directed to Donna L. Mauer, CMFO, Chief Financial Officer, City of Jersey City, 280 Grove Street, Jersey City, New Jersey 07302, (201) 547-5042.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there have been no changes in the affairs in the City since the date thereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

This Official Statement has been duly approved, executed and delivered by the City.

THE CITY OF JERSEY CITY

By:/s/ Robert J. Kakoleski
Robert J. Kakoleski, Business Administrator

By:/s/ Donna L. Mauer
Donna L. Mauer, Chief Financial Officer

Dated: November 29, 2017

APPENDIX A

CERTAIN INFORMATION REGARDING THE CITY OF JERSEY CITY

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THE CITY OF JERSEY CITY

The legislative power of the City of Jersey City (the "City") is vested in the Municipal Council (the "Council"), which is composed of nine members, six of whom are elected from the City's six wards and three of whom are elected at large. The Council meets regularly and operates in accordance with the Optional Municipal Form of Government, Section 40:69A-1 *et seq.*, of the New Jersey statutes. The Council members serve four-year terms beginning on the first day of July following their election. Their current term commenced July 1, 2013. The current members of the Council, their titles and the date they first took office are shown on the following table:

MUNICIPAL COUNCIL

Name	Title	Date First In Office
Rolando R. Lavarro	Council President	November 14, 2011
Daniel Rivera	Councilman-at-Large	July 1, 2013
Joyce Watterman	Councilwoman-at-Large	July 1, 2013
Frank Gajewski	Ward A Councilman	July 1, 2013
Chris L. Gadsden	Ward B Councilman	November 13, 2016
Richard Boggiano	Ward C Councilman	July 1, 2013
Michael Yun	Ward D Councilman	July 1, 2013
Candice Osborne	Ward E Councilwoman	July 1, 2013
Jermaine Robinson	Ward F Councilwoman	January 21, 2017

On January 12, 2016, the Municipal Council adopted an ordinance authorizing a binding referendum on the question of amending the City's charter to provide for the holding of its municipal elections on the same dates as the November general elections. The voters approved such referendum at the November 8, 2016 general election. Accordingly, the election for Mayor and Council took place on November 7, 2017 and the current terms of office have been extended from June 30, 2017 to December 31, 2017, with the new four-year terms beginning on January 1, 2018.

The executive power of the City is exercised by the Mayor, who is responsible for administering the charter and ordinances and general laws of the City. The Mayor is responsible for preparing and administering the City's annual expense and capital budgets. The Mayor supervises all of the departments in the City and reports annually to the Council and the public the results of the previous year's operations. The Mayor has the power to approve ordinances adopted by the Council or to return them to the Council with a statement of his objections. A vote by two-thirds of the members of the Council may override the Mayor's veto. The Mayor may attend meetings of the Council and may take part in discussions. The Mayor has no vote in the proceedings of the Council except to fill a vacancy in the Council, in which case he may cast the deciding vote. The Mayor appoints the Business Administrator and the Directors of nine City departments with the advice and consent of the Council. In the event that the Mayor is unable to fulfill his responsibilities under the applicable provisions of the New Jersey Statutes and the Jersey City Charter, the Council is required to appoint a Mayor to serve until the next election. There are no term limits for the office of Mayor or for any Council member.

Administration

Following are biographical sketches of the City officials with responsibility for financial management:

STEVEN M. FULOP, Mayor

Steven Michael Fulop, a democrat, is the 49th and current Mayor of Jersey City, New Jersey. He is the youngest mayor in the country of a city with a population larger than 250,000. Mayor Fulop was elected Mayor on May 14, 2013, defeating a three term incumbent mayor and the political establishment. Prior to serving as Mayor, Steven Fulop served as the Ward E Councilman of the City for eight years. Mayor Fulop was re-elected for a second four-year term on November 7, 2017.

A first generation American, Mayor Fulop grew up in an immigrant family in Edison, New Jersey. His father owned a delicatessen in Newark, where Mayor Fulop often worked. His mother, the daughter of Holocaust survivors, worked in an immigration services office helping others gain citizenship.

Mayor Fulop graduated from Binghamton University in 1999, and in 2006 completed both his Masters in Business Administration at the New York University Stern School of Business and his Masters in Public Administration at Columbia University School of International and Public Affairs (SIPA). While attending Binghamton University, he spent time abroad studying at Oxford University in England.

Upon graduating from college, Mayor Fulop joined Goldman Sachs. After working in financial services for several years and seeing first hand the effects of the September 11 attacks, he decided to put his career at Goldman Sachs on hold and join the United States Marine Corps. Shortly after completion of Marine Corps boot camp on January 14, 2003, Mayor Fulop was deployed to Iraq, where he served as part of the 6th Engineer Support Battalion. He and his unit were recipients of numerous awards and recognition for service including the Overseas Service Ribbon, Meritorious Masts, and the Presidential Unit Citation.

Currently, Mayor Fulop is a trustee of the Liberty Science Center, and previously served on the Board of Directors for the Columbia University Alumni Association and the board for the Learning Community Charter School. He is an avid tri-athlete completing the 2012 NY Ironman Championship in less than 12 hours.

ROBERT J. KAKOLESKI, Business Administrator

Robert J. Kakoleski was named Acting Director of the Department of Administration on August 1, 2013. Mr. Kakoleski received a Masters of Public Administration degree in 2002 from Fairleigh Dickinson University. He also earned his bachelor's degree from Rutgers University. Mr. Kakoleski worked for more than 16 years as the Jersey City Police Department's fiscal officer, deputy director and department director. He became Assistant Business Administrator for the City in 2004 and named the City's budget director in 2010. Mr. Kakoleski is also a New Jersey Certified Municipal Finance Officer and he has completed a certification program in labor relations at Rutgers University. On March 26, 2014, the Mayor appointed Mr. Kakoleski as Business Administrator of the City.

MARK ALBIEZ, Mayor's Chief of Staff

Mark Albiez began his career in public service in 2003 as Program Coordinator with the Jersey City Department of Recreation, where he was responsible for overseeing various recreational programs and grant writing for the department.

In 2008, Mr. Albiez was named the Chief of Staff to New Jersey Assemblyman Ruben Ramos, Jr. (January of 2008 – December of 2011) then began working for State Senator Brian P. Stack (January of 2009 – July of 2014) in the same role, directing the daily functions of both offices, which operated in a joint capacity, focusing on constituent services, drafting of legislation, legislative processes, and interaction with government offices, public agencies and members of the media. Mr. Albiez was then employed as Deputy Director of the Union City Department of Recreation, Parks and Public Property (January of 2012 – July of 2014), advancing the creation and refurbishment of parks and recreational facilities and securing funding streams for respective projects.

Mr. Albiez joined the administration of Jersey City Mayor Steven Fulop in July of 2014 and was appointed as Chief of Staff. Mr. Albiez earned a degree in Bachelor of Arts in Philosophy from Rutgers University, New Brunswick.

JEREMY A. FARRELL, ESQ., Corporation Counsel

On July 1, 2013, Jeremy A. Farrell was appointed Corporation Counsel for the City. Mr. Farrell heads the Department of Law, which represents the City in all legal matters and advises the Mayor and City Council on policy initiatives.

Mr. Farrell is a 2003 graduate of McGill University where he received a Bachelor of Arts degree in Political Science and International Development. He received his Juris Doctorate from Seton Hall University

School of Law in 2007. While attending Seton Hall Law School, Mr. Farrell was a Chancellor Scholar and Distinguished Scholar. He also served as a member of the Seton Hall Sports and Entertainment Law Journal and a Student Bar Association Senator.

Upon graduating from law school in 2007, Mr. Farrell joined McElroy, Deutsch, Mulvaney & Carpenter, LLP ("McElroy"), one of New Jersey's prominent law firms. In 2008, he left McElroy to serve as Judicial Law Clerk to the Honorable Dennis M. Cavanaugh, United States District Judge for the District of New Jersey. He returned to the firm in the fall of 2009. At McElroy, Mr. Farrell practiced Commercial Litigation, Municipal Law, Condemnation Law, Construction Litigation, and Bankruptcy.

ANTHONY CRUZ, Director of Housing, Economic Development and Commerce

Mr. Cruz worked for a planning and designing firm, SAM Inc., in the mid 1980's and left the firm to start a career in government in 1992. That year he was appointed by the Hudson County Executive as the Director of Constituent Services for the County of Hudson where he was responsible for building partnerships with non-profit organizations. In 2000, Mr. Cruz became a Special Projects Manager for United States Senator Jon Corzine where he worked on Police/ Fire Grants and Environmental issues. He left the State to become a Senior Advisor and Deputy Mayor under the late Mayor Glenn D. Cunningham. Mr. Cruz was also responsible for running a state funded program that helped homeowners rehabilitate their homes and started the largest Special Improvement District in the City. On March 26, 2014, Mr. Cruz was appointed Director of Housing, Economic Development and Commerce.

DONNA MAUER, Chief Financial Officer

Donna Mauer holds a B.S. in Business Administration from New Jersey City University and a Masters of Public Administration from Fairleigh Dickinson University. She started employment with the Department of Finance of the City in 1987. Since that time, she held various positions, including Assistant Budget Officer. On December 14, 2005, Ms. Mauer was appointed Chief Financial Officer and reappointed on December 17, 2008 and acquired tenure in the position on January 1, 2009.

City Employees

As of December 31, 2016, the City had 2,923 employees. The following table shows a breakdown of the City's employees over the past five years:

CITY EMPLOYEES

	Permanent	Temporary	Grants/ Enterprise Fund	Water Utility	Total[1]
December 31, 2016	2,793	90	36	4	2,923
December 31, 2015	2,581	76	67	5	2,729
December 31, 2014	2,392	70	34	6	2,502
December 31, 2013	2,381	68	55	6	2,510
December 31, 2012	2,408	41	33	7	2,489

(1) Total does not include Seasonal Employees

Approximately 2,256 of the City's employees are represented by one of 9 different bargaining units. The New Jersey Public Employee Relations Act, as amended, specifies a negotiation and advisory fact finding process (civilian unions) or interest arbitration (uniformed service unions) in the event of a negotiations impasse. The major public employee unions of the City are set forth below with a description of each:

LOCAL 1064 represent approximately one hundred fifty six (156) fire officers in the rank of Captain, Battalion Chief and Deputy Chief. A new four (4) year collective bargaining agreement was reached in March 2013 for the period January 1, 2013 to December 31, 2016. The basic financial terms were as follows: January 2013 – 0%; July 2013 – 2.5%; January 2014 2.15%; January 2015 – 2.25%; January 2016 – 1.95%. Negotiations are ongoing and moving in a positive direction. A successor agreement is expected soon.

LOCAL 1066 represent approximately four hundred and two (402) fire fighters. A new collective bargaining agreement was reached. The basic financial terms were January 1, 2016 – 1.95%, January 1, 2017 – 1.5%, April 1. 2018 – 1.5%; June 1, 2019 – 1.5%..

THE POLICE SUPERIOR OFFICERS' ASSOCIATION represents approximately one hundred forty seven (147) Superior Officers in the rank of Sergeant, Lieutenant, Captain and Inspector. A new four (4) year collective bargaining agreement was reached in March 2013 for the period January 1, 2013 to December 31, 2016. The basic financial terms were as follows: January 2013 – 0%; July 2013 – 2.5%; January 2014 2.15%; January 2015 – 2.25%; January 2016 – 1.95%. Negotiations are ongoing and moving in a positive direction. A successor agreement is expected soon.

THE POLICE OFFICERS' BENEVOLENT ASSOCIATION represents approximately six hundred and forty eight (648) Police Officers and Detectives below the rank of Sergeant. A new four (4) year collective bargaining agreement was reached in March 2013 for the period January 1, 2013 to December 31, 2016. The basic financial terms were as follows: January 2013 – 0%; July 2013 – 2.5%; January 2014 2.3%; January 2015 – 2.25%; January 2016 – 1.95%. The contract also included the lowering of the starting salary for new hires and other significant reduction in benefits for additional cost savings. Negotiations have begun but not as far along as the public safety unions.

JERSEY CITY SCHOOL TRAFFIC GUARDS ASSOCIATION represents approximately two hundred (200) employees who tend the crosswalks near elementary schools in the City to safely assist children. A successor agreement was reached October 2013 for a four (4) year January 1, 2012 to December 31, 2015. The basic financial terms were as follows: January 2012 – 3.5%; January 2013 – 3.25%; January 2014 – 2.75%; January 2015 – 2.25%. Also, new crossing guard hires will no longer receive medical benefits. There are no changes to date. Negotiations have not yet begun.

JERSEY CITY SUPERVISORS' ASSOCIATION represents approximately eighty five (85) civilian Supervisors holding titles above the rank of "foreman", but below the level of Division Head. A new three and half year contract was ratified by the City Council May 2013. The agreement calls for the following salary increases: effective July 1, 2011 - $0; January 1, 2012 - $0; April 1, 2012 - $1,350; January 1, 2013 - $1,400 and January 1, 2014 - $1,500. Negotiations are currently ongoing. A tentative agreement has been reached but not ratified by the membership of City Council yet.

JERSEY CITY PUBLIC EMPLOYEES, LOCAL 245, represents approximately one hundred thirty seven (137) foremen and their subordinates, in the Department of Public Works and the Department of Recreation. A new three and half year contract was ratified by the City Council May 2013. The agreement calls for the following salary increases: effective July 1, 2011 - $350; January 1, 2012 - $1,000; January 1, 2013 - $1,000 and January 1, 2014 - $1,000. Negotiations are currently ongoing.

JERSEY CITY PUBLIC EMPLOYEES, LOCAL 246, represents approximately four hundred eighty (480) employees who are subordinate to Supervisors in the Mayor's Office, the Department of Administration, the Department of Finance, the Department of Law, the Department of Health and Human Services, and the Department of Housing, Economic Development and Commerce, the Office of the City Clerk, the Office of the Tax Assessor, the Department of Fire (non-uniformed) and the Department of Public Safety (non-uniformed). A new three and half year contract was ratified by the City Council in May 2013. The agreement calls for the following salary increases: effective July 1, 2011 - $0; January 1, 2012 - $0; April 1, 2012 - $1,000; January 1, 2013 - $1,000 and January 1, 2014 - $1,250. A 4-year deal has been agreed to as follows: January 1, 2015 - $1,125, January 1, 2016 - $1,125; January 1, 2017 - $1,400 and January 1, 2018 - $1,500.

INTERNATIONAL UNION OF OPERATING ENGINEERS LOCAL 68-68A-68B, AFL-CIO represents three (3) employees holding titles of boiler operators or chief engineer. A new three and half year contract was ratified by the City Council May 2013. The agreement calls for the following salary increases: effective July 1, 2012 - $0; January 1, 2013 - $0; April 1, 2013 - $1,350; January 1, 2014 - $1,400 and January 1, 2015 - $1,500. Negotiations have not begun.

The Jersey City Public Schools

The public school system of the City, the second largest school district in the State, served a total enrollment of approximately 27,330 students for school fiscal year 2017-18. 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. In school fiscal year 2017-18, the school district has 4,583 full-time employees. The school system currently includes 25 elementary schools, four middle schools, eight high schools, one regional day, one adult education school and 40 childcare sites.

Since October 1989, the school system has been operated by the State of New Jersey 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 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 City's Public Schools has the authority to review and recommend the necessity for capital projects proposed by the Superintendent. Following the adoption of a resolution by the Capital Project Control Board, the Municipal Council of the City shall consider a School bond ordinance. The State, by the takeover of the school system in the City, has not affected, modified or impaired the authority or the obligation of the City for the levy and collection of sufficient real property taxes to pay the interest and principal on outstanding school debt.

Related Authorities and Functions

Sewer services are provided to the City through the Jersey City Municipal Utilities Authority (the "JCMUA") and solid waste disposal is provided by the Jersey City Incinerator Authority (the "JCIA"). On December 10, 1997, the Jersey City Sewerage Authority was reorganized to form the JCMUA. On January 15, 1998, the City and the JCMUA executed a Franchise and Service Agreement pursuant to which the JCMUA assumed operation of the City's Water Utility until January 31, 2008. In May 2003, the City and the JCMUA executed an amended and restated franchise and service agreement pursuant to which the JCMUA's obligations to operate the City's Water Utility was extended through March 31, 2028. See "Jersey City Municipal Utilities Authority" and "The Jersey City Incinerator Authority" under "CITY INDEBTEDNESS AND DEBT LIMITS – Other City-Related Obligations" herein.

City Budget Requirements - General

State law imposes specific budgetary procedures upon local government units such as the City. Pursuant to the Local Budget Law, the City is required to have an operating budget, which provides for sufficient cash collections to pay all debt service and operating costs during the fiscal year and, in addition, provide for any statutory and mandatory payments, such as pension and insurance costs, required to be made during the fiscal year.

The City's operating budget must be in the form required by the Division of Local Government Services in the Department of Community Affairs, State of New Jersey (the "Division"). Items of revenue and appropriation are statutorily regulated and must be certified by the Director of the Division (the "Director") prior to final adoption of the budget by the Council. The Director is required to review the adequacy of such appropriations for certification. The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review, which focuses on anticipated revenues, is intended to insure revenues are sufficient to pay expenses.

The Business Administrator and Budget Director prepare the Municipal Budget of the City for the Mayor. During the month of November, all department heads are required to submit requests for appropriations for the next budget year and appear before the Business Administrator, the Budget Director and the Council at public hearings to explain their departmental requests. The Mayor then submits his recommended budget to the Council. The Council may reduce any item or items in the budget by a majority vote but may increase any item or items only upon an affirmative vote of two-thirds of the members of the Council. After the budget is introduced, it may be approved on first reading by majority vote of the Council. After the Council approves the budget, it is submitted to the Director for approval and advertised. A public hearing is held. Upon completion of the public hearing, the budget is adopted by the Council and submitted to the Division for certification.

The City has transitioned from a State fiscal year to a calendar fiscal year. Under State law, the City is required to have a budget adopted by March 20, although the Director, with the approval of the Local Finance Board, may extend this date and the Municipal Council may adopt the budget within ten days after the Director shall have certified his approval thereof pursuant to N.J.S.A. 40A:4-5.1. For Calendar Year 2013, the budget was introduced on February 27, 2013 and adopted on July 17, 2013. For Calendar Year 2014, the budget was introduced on March 12, 2014 and adopted on September 23, 2014. For Calendar Year 2015, the budget was introduced on March 11, 2015 and adopted on July 28, 2015. For Calendar Year 2016, the budget was introduced on February 24, 2016 and adopted on July 20, 2016. For Calendar Year 2017, the budget was introduced on March 22, 2017 and adopted on July 10, 2017.

Prior to formal budget adoption, the City uses a temporary operating budget to guide expenditures. Temporary appropriations may be made pursuant to N.J.S.A. 40A:4-19.1 and, in addition, emergency temporary appropriations may be made pursuant to N.J.S.A. 40A:4-20. The City's budget for the first quarter of its calendar year (January 1 through March 31) is equal to one-fourth of the annual budget for the preceding calendar year. If a budget for a calendar year is not adopted by March 31, the City establishes periodic temporary budgets.

The monitoring of the budget is a continuous process, and encompasses financial controls in the areas of encumbrance of obligations and public contracts law. Under State law, expenditures cannot be made unless there is a certification as to availability of funds from the operating or capital budget. The budget is utilized throughout the operating year as a management tool and policy instrument representing the City's plan of action for the provision of services. Expenditures are monitored throughout the year and, two months before the end of the fiscal year, the budget may be amended to transfer expenditures from one line item to another. Emergency appropriations may be made to the extent revenues are insufficient to pay expenditures, with the amounts so appropriated raised in the succeeding fiscal year.

No local unit in New Jersey is permitted to issue long-term bonds for the payment of current expenses or to pay outstanding obligations (except for the refunding or repayment of successful real property tax appeals and certain statutorily authorized non-recurring expenses, which requires the approval of the Local Finance Board). Like other New Jersey municipalities, the City makes a major portion of its expenditures early in each year while receipts are heaviest late in the year. The City has managed this cash flow imbalance through temporary transfers from its capital and grant accounts, and restoring these funds by year end with the tax and State aid revenues received. A local unit may issue tax anticipation notes for the payment of current expenses under the Local Budget Law. The City has not issued tax anticipation notes since April 1991.

Public School Budgeting Process

Under the provisions of the New Jersey Public Education Act of 1975, as amended, the Superintendent of a State-operated school district, after preparation of and hearing on a proposed budget, is required to fix and determine the amount of money necessary to be appropriated for the school year and is required to certify the amounts to be raised by taxes. The City may appeal to the Commissioner of Education the amount determined necessary. The Commissioner, upon receipt of such appeal and completion of the hearing process, shall determine the amount necessary for the district to provide a thorough and efficient educational program including the implementation of the plan to correct deficiencies. The City may apply to the Director of the Division for a determination that the local share of revenues needed to support the district's budget results in an unreasonable tax burden. Based upon this review, the Director certifies the amount of revenues, which can be raised locally to support the budget of the State-operated district. Any difference between the amount which the Director certifies and the total amount of local revenues required by the budget approved by the Commissioner is paid by the State in the fiscal year in which the expenditures are made, subject to the availability of appropriations. The State supplemented the City's school tax revenues with $20,000,000 for the Fiscal Year 1999. Since Fiscal Year 2000, the State has not supplemented the City's school tax revenues.

Limitation on Expenditures

Section 40A:4-45.3 of the Local Budget Law, commonly known as the "Cap Law," as enacted provided that a municipality shall limit any increase in its operating budget to five percent or the calculated Index Rate, whichever is less, over the previous year's final appropriations, subject to certain exceptions. The Local Finance Board has the authority, under Section 40A:4-45.3 of the Local Budget Law, to grant additional exceptions to the Cap Law under certain circumstances. The Index Rate is defined as the annual percentage increase in the Implicit Price Deflator for State and Local Government Purchasers of Goods and Services produced by the United States Department of Commerce as announced by the Director. Municipalities may elect, upon adoption of an ordinance, to approve an increase in appropriations that is greater than the Index Rate, not to exceed five percent, when the Index Rate is less than five percent. Major exceptions not subject to the spending limitation include: capital expenditures and debt service; State and Federal appropriations; expenditures mandated as a consequence of certain public emergencies; certain expenditures mandated by law; cash deficits of the preceding year approved by the Local Finance Board; amounts required to be paid pursuant to any contract with respect to use, services or provision of any project, facility or public improvement for water, sewer, solid waste, parking, senior citizen housing or similar purpose, or payments on account of debt service therefor or lease payments as made with respect to a facility owned by a county improvement authority where such lease payments are a necessity to amortize debt of the authority; amounts expended to meet the standards established by the New Jersey Public Employees' Occupational Safety and Health Act; amounts appropriated for expenditures resulting from impact of a hazardous waste facility; any expenditure mandated as a result of a natural disaster, civil disturbance or other emergency that is specifically authorized pursuant to a declaration of an emergency by the President of the United States or by the Governor; expenditures for the cost of services mandated by any order of court, statute or administrative rule issued by a State agency which has identified such cost as mandated expenditures on certification to the Local Finance Board by the State agency; and amounts reserved for uncollected taxes. The "Cap Law" does not limit the obligation of the City to levy ad valorem taxes upon all taxable real property within the City to pay debt service.

On June 21, 2004, the Legislature enacted amendments to the "Cap Law", under which municipalities are required to limit any increase in its operating budget to 2.5% or the "cost-of-living adjustment" (formerly known as the "Index Rate"), whichever is less, over the previous year's final appropriations, subject to certain exceptions. Municipalities are permitted to elect, upon adoption of an ordinance, to approve an increase in appropriations that is greater than the cost-of-living adjustment, not to exceed 3.5%, when the cost-of-living adjustment is less than or equal to 2.5%. However, the amendment eliminates the existing option to exceed the current 5% increase, but not to exceed the Index Rate, when the Index Rate is greater than 5%. The amendment also eliminates certain of the exceptions to the spending limitation, including: amounts expended to meet the standards established by the New Jersey Public Employees' Occupational Safety and Health Act; amounts appropriated for expenditures resulting from the impact of a hazardous waste facility; amounts appropriated for the cost of administering a joint insurance fund; amounts appropriated for the cost of implementing an estimated tax billing system and the issuance of tax bills thereunder; and amounts expended to pay the salaries of police officers hired under the federal "Community Oriented Policing Services" program. The amendment also requires Local Finance Board approval to utilize existing exceptions for: expenditures of amounts actually realized in the local budget year from the sale of municipal assets; and expenditures related to the cost of conducting and implementing a total property tax levy sale. The exception for amounts expended for the staffing and operation of the municipal court was replaced with an exception for newly authorized operating appropriations for the municipal court or violations bureau when approved by the vicinage Presiding Judge of the Municipal Court after consultation with the mayor and governing body of the municipality.

The "Cap Law" is subject to frequent amendment by the Legislature. See "CITY REVENUES - Property Tax Reform" below.

Additionally, legislation constituting P.L. 2010, c. 44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required for capital expenditures, including debt service, increases in pension contributions in excess of 2%, certain increases in health care over 2%, and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above 2% not otherwise permitted under the law by an affirmative vote in excess of 50%.

The Division has advised that counties and municipalities must comply with both budget "CAP" and the tax levy limitation. Neither the tax levy limitation nor the "CAP" law, however, limits the obligation of the City to levy ad valorem taxes upon all taxable property within the boundaries of the City to pay debt service on bonds and notes.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures, which the local unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Anticipation of Real Estate Taxes

With regard to current taxes, Section 40A:4-41 of the Local Budget Law provides that “receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year.”

This provision requires that the City establish a non-spending appropriation reserve for uncollected taxes in the current year as a percentage of the current levy equal to the percent uncollected of the prior year's levy. This additional amount must be added to the tax levy required in order 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. As a result of the structure of the State's system of taxation, the City, along with other similarly situated municipalities, bears the full burden of the uncollected taxes.

Anticipation of Miscellaneous Revenues

Section 40A:4-26 of the Local Budget Law provides: “No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit.”

Deferral of Current Expenses

Supplemental emergency appropriations may be authorized by the governing body of the City after the adoption of the budget and determination of the tax rate. However, with minor exceptions, such appropriations must be included in full in the following year's budget. Under Sections 40A:4-48 and 40A:4-49 of the Local Budget Law, any emergency appropriation must be declared by resolution according to the definition provided in Section 40A:4-46 of the Local Budget Law, approved by at least two-thirds of the governing body and must also be approved by the Director if all emergency appropriations made during the year exceeds 3% of the total current and utility operating appropriations in the budget for that year.

Protection of Municipal Funds and Investment Policy

The City complies with the State statutory and regulatory requirements for the deposit and investment of public monies. The City on a daily basis deposits cash receipts in institutions located in New Jersey which are approved by the State and are insured by the Federal Deposit Insurance Corporation or by other agencies of the United States (although the amount of the City's deposit may exceed the insurance coverage limits) or in the State of New Jersey Cash Management Fund. The Cash Management Fund, which was established in 1977, is a short-term investment pool for the State and its cities, towns and school districts. The investments held by the Cash Management Fund must have average maturities not exceeding one year. The types of investments are regulated by the State Investment Council. The regulations allow investment in repurchase agreements with the purchased securities held by a custodian. The regulations also permit reverse repurchase agreements; however, the proceeds are invested in the Cash Management Fund.

In addition to making deposits with the above described financial institutions, pursuant to N.J.S.A.40A:5-15.1, the City is permitted to purchase the following types of securities as investments:

1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America (Treasury Bills, notes and bonds).

2) U.S. Government money market funds.

3) Any obligation that a Federal agency or a Federal instrumentality has issued in accordance with an Act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependable on any index or other external factor.

4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located.

5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by The Department of Treasury, Division of Investments.

6) Local government investment pools, such as New Jersey Class, and the New Jersey Arbitrage Rebate Management Program.

7) Deposits with the State of New Jersey Cash Management Fund.

8) Repurchase agreements of fully collateralized securities, if:

    a) The underlying securities are permitted investments pursuant to N.J.S.A. 40A: 5-15.1;
    b) The custody of the collateral is transferred to a third party;
    c) The maturity of the agreement is not more than 30 days;
    d) The underlying securities are purchased through banks approved by the Department of Banking and Insurance under the Government Unit Depository Projection Act. (“GUDPA”).
    e) A master repurchase agreement providing for the custody and security of the collateral is executed.

Compliance with the State statutes may not assure that the City's investments will have the liquidity, security or adequate deposit insurance to protect the City against all losses. For example, the relevant deposit statute, N.J.S.A.17:9-44, only requires public depository banks to maintain collateral for deposits of public funds exceeding insurance limits ($100,000) generally equal to five percent of the average daily balance of public funds. Additionally, the State has the power to require that all banks holding public funds contribute amounts sufficient to reimburse an eligible municipality if any bank holding public funds becomes insolvent. However, it is unclear how quickly other state-qualified depositories could act to reimburse an exposed municipality through the State supervised program which may result in limited liquidity and a shortage of cash for the City and other municipalities in the State. Furthermore, it is currently unclear whether the State of New Jersey Cash Management Fund could maintain sufficient liquidity during a period of economic stress if many municipalities including the City sought the immediate return of cash.

CITY INDEBTEDNESS AND DEBT LIMITS

State law regulates the issuance of debt by local government units. No local unit is permitted to issue bonds for the payment of current expenses or to pay outstanding obligations, except for, among certain other limited purposes, refunding purposes with the approval of the Local Finance Board. Like other New Jersey municipalities, the City makes a major portion of expenditures early in each year while receipts are heaviest late in the year. Historically, the City has managed this cash flow imbalance through temporary transfers from its capital and grant accounts and restores these funds with the tax and State aid revenues received by year-end. The City also has options, which it may exercise to reduce, defer or fund appropriations remaining at the end of a fiscal year for which insufficient cash is available. The Local Budget Law empowers the City to issue, but limits the amount of, tax anticipation notes ("TANs") that may be issued and requires the repayment of such notes within four months of the end of the fiscal year in which issued. The City has not issued TANs since April 1, 1991.

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 3.50% of its average equalized valuation basis. The average equalized valuation basis of the City is set by statute as the average for the last three preceding years of the sum total of (a) the aggregate equalized valuation of real property together with improvements and (b) the assessed valuation of Class II railroad property within its boundaries as annually determined by the State Board of Taxation. See "CITY REVENUES – Equalization Rate and Tax Collection Rates" herein for a discussion of the City's assessed valuations. The debt limit pursuant to Title 18A of the New Jersey Statutes for the City school district, a Type I district of the first class, is 8% of such average valuation basis. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit. Pursuant to law, the City has deducted the amount of authorized school debt.

Exception 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. An extension of credit may be granted based on a formula tied to the annual retirement of principal or need to protect the health, welfare or safety of the residents in a municipality. The Local Finance Board considers the request, concentrating its review on the effect of the proposed authorization on outstanding obligations. If the Local Finance Board determines pursuant to statute and regulation that a proposed debt authorization would materially impair the ability of the City to meet its obligations or to provide essential services, approval is denied.

In calendar years ending December 31, 2014, December 31, 2015 and December 31, 2016, total debt as a percentage of the equalized value of the City was 2.59%, 2.26% and 2.04%, respectively.

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

Exception to Debt Limit - Real Property Tax Appeal Refunding Notes

The City revalued the real property located in the City in 1988. See "CITY REVENUES -- Equalization Rate and Tax Collection Rates". After the revaluation, the number of tax appeals increased substantially. In order to file a tax appeal, a property owner must first pay the taxes that are owed. If the appeal is successful, the taxes are then refunded to the owner. The refund may occur in a fiscal year subsequent to the fiscal year in which the owner paid the taxes. Because of the magnitude of the tax appeals and the amount that was required to be refunded, the Local Finance Board and the Municipal Council have allowed the City to issue tax refunding obligations to finance the tax refunds. The tax refunding obligations issued to date are one-year notes, renewable annually for five to seven years after their date of issuance, with the amortization schedule approved by the Local Finance Board. As of December 31, 2015, $2,738,740 principal amount of real property tax appeal refunding notes were outstanding. As of December 31, 2016 principal amount was fully paid and none were outstanding.

Debt Statements

The City must report all new authorizations of debt or changes in previously authorized debt to the Division through the filing of Supplemental and Annual Debt Statements. The Supplemental Debt Statement must be submitted to the Division before final passage of any debt authorization. Before the end of the first month of each fiscal year, the City must file an Annual Debt Statement as of the last day of the preceding fiscal year with the Division. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing.

In calculating the debt limit, the City is allowed to deduct certain types of debt. Deductions from gross debt are allowed for school purposes of an amount equal to 8% of average equalized valuations and for any additional State School Building Aid Bonds authorized (P.L. 1968, c. 177, as amended P.L. 1971, c. 10, as amended and P.L. 1978, c. 74). The deduction from municipal gross debt includes bonds issued and bonds authorized but not issued to meet cash grants-in-aid for a housing authority, redevelopment agency or municipality acting as its local redevelopment entity (Section 40A:12A-37(d) of the Local Redevelopment and Housing Law) and funds in hand (including proceeds of bonds held to pay other bonds).

The following table sets forth the amount of debt that the City has outstanding, authorized but not yet issued as well as deductions for each purpose (school, municipal and water) and the amount of debt that the City has authorized for each purpose but has not yet incurred. In addition, the table sets forth the amount of debt that has been issued by public bodies but that the City is or may be responsible for paying. See “Other City-Related Indebtedness”. The table then sets forth the amount of the debt that, pursuant to State law, is excluded from the calculation of the debt limitations imposed on the City. Such deductions include debt for school purposes (a portion of which are subject to their own debt limitation), debt for the water utility because it operates on a self-liquidating basis, refunding debt, debt issued in anticipation of grants and bonds issued by public entities (even though the City may be responsible for all or a portion of the debt service on such debt). As shown in the table, although the City's gross debt as of December 31, 2016 was $749,388,145, only $455,704,061 of that debt is included for purposes of calculating the debt limitation on the City.

The table also shows the statutory net debt as a percentage of the average equalized value of property in the City (the average calculated for the past three years). See “CITY REVENUES - Real Estate Tax” herein. In addition to the debt detailed on this table, since 1990 the City has issued real property tax appeal refunding notes in each year. Prior to February 3, 2003, such real property tax appeal refunding notes were not included in the City's debt statements. After that date, newly authorized real property tax appeal refunding notes are included in gross debt, but are deducted in calculating net debt. See “Exception to Debt Limit – Real Property Tax Appeal Refunding Notes” herein.

Annual Debt Statement
As of December 31, 2016

Gross Debt:		
School Purposes:		
Issued and Outstanding:		
Bonds	$27,155,000	
Authorized But Not Issued	1,587,258	
Total School		$28,742,258
Municipal Purposes:		
Issued and Outstanding:		
Bonds	465,793,000	
Notes	26,898,194	
Green Trust Loan	1,056,008	
Authorized But Not Issued	27,443,458	
Total Municipal		521,190,660
Issued by Public Bodies Guaranteed by the Municipality:		
Jersey City Municipal Utilities Authority		199,455,227
Total Gross Debt		$749,388,145
Statutory Deductions:		
For School Purposes - Statutory 8%	28,742,258	
For Jersey City Municipal Utilities Authority - Water	27,121,599	
For ERI Pension Refunding	38,365,000	
For Bonds Issued by Public Bodies Guaranteed by the Municipality	199,455,227	
Total Statutory Deductions		293,684,084
Statutory Net Debt		$450,704,061
Statutory Net Debt Percentage		2.040%

Source: Derived from the Annual Debt Statement of the City for Calendar Year 2016.

The following table summarizes the information included in the preceding table, and shows, among other things, the gross debt outstanding for each purpose, the amount of such debt allowed under State law to be excluded from the calculation of the debt limitation and the statutory net debt.

Statutory Debt as of December 31, 2016

	Gross Debt	Deductions	Net Debt
School Purposes	$28,742,258	$28,742,258	$ -0-
Municipal Purposes	521,190,660	65,486,599	455,704,061
Other Public Bodies Guaranteed by City	199,455,227	199,455,227	-0-
Total	$749,388,145	$293,684,084	$455,704,061

Average Equalized Valuation of Real Property (Yrs. 2014-2016)	$22,343,602,064
Statutory Net Debt	2.040%
Debt Limitation Per N.J.S.A. 40A:2-6 (Municipalities – 3.50% of Three Year Average Equalized Valuation)	782,026,072
Total Net Debt	455,704,061
Remaining Net Debt Capacity	$ 326,322,011

Source: Derived from the Annual Debt Statement of the City for Calendar Year 2016.

The table below outlines the total debt of the City and sets forth the amount that the debt represents per capita for the last five years.

	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Gross Debt[(1)]	$749,388,145	$775,072,007	$844,917,507	$852,306,655	$896,400,051
Net Debt Statutory[(2)]	455,704,061	450,883,637	482,163,575	475,739,968	488,571,624
Population[(3)]	247,597	247,597	247,597	247,597	247,597
Gross Debt per Capita	3,027	3,130	3,412	3,442	3,620
Net Debt per Capita	1,841	1,821	1,947	1,921	1,973
Net Debt - Statutory Percentages	2.04%	2.26%	2.59%	2.60%	2.61%

(1)(2) The figures representing Gross Debt and Net Debt Statutory are derived from the Annual Debt Statements of the City.
(3) Source: U.S. Department of Commerce, Bureau of the Census.

The following table lists the total bonded debt of the City for the last five years.

	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Bonds:					
General	$440,203,000	$437,405,950	$ 468,125,950	$ 460,262,950	$ 483,478,950
School	27,155,000	39,510,000	47,130,000	55,220,000	64,445,000
Water	25,590,000	28,645,000	31,130,000	34,450,000	37,425,000
Other	199,455,227	199,163,381	208,862,507	206,156,132	222,200,627
Total Outstanding Bonds	692,403,227	704,724,331	755,298,457	756,089,082	807,549,577
Notes:					
General	26,898,194	40,602,842	33,297,813	39,436,000	33,952,196
School	-0-	-0-	-0-	-0-	-0-
Water	-0-	-0-	-0-	-0-	-0-
Other (Loan)	1,056,008	1,159,954	1,622,571	2,083,185	2,541,842
Total Outstanding Notes	27,954,202	41,762,796	34,920,384	41,519,185	36,494,038
Total Bonds and Notes Issued and Outstanding	720,357,429	746,487,127	790,218,841	797,608,269	844,043,615
Bonds and Notes Authorized but Not Issued					
General	25,911,859	14,228,631	27,015,111	27,014,831	24,672,882
School	1,587,258	4,265,245	6,216,026	6,216,027	6,216,026
Water	1,531,599	10,091,004	21,467,528	21,467,528	21,467,528
Other	-0-	-0-	-0-	-0-	-0-
Total Bonds and Notes Authorized But Not Issued	29,030,716	28,584,880	54,698,665	54,698,386	52,356,436
Total Issued and Outstanding, and Authorized But Not Issued	$749,388,145	$775,072,007	$ 844,917,506	$ 852,306,655	$ 896,400,051

Source: Derived from the Annual Debt Statements of the City.

Included in the debt shown on this table are tax appeal refunding notes of the City outstanding for the 5 year period. The following table sets forth the amount of tax appeal refunding notes that were issued and outstanding in each of the four years preceding such date.

Real Property Tax Appeal Refunding Notes Outstanding

Year	**Amount Issued**[1]	**Balance end of year**
December 31, 2016	-0-	-0-
December 31, 2015	-0-	2,738,740
December 31, 2014	-0-	6,917,870
December 31, 2013	-0-	11,097,000
December 31, 2012	-0-	15,276,196

Source: Derived from the Calendar Year 2011-2015 Audited Financial Statements of the City and unaudited Calendar Year 2016 Annual Financial Statement.

(1) These amounts do not include tax appeal refunding notes issued to refund prior issues of tax refunding notes.

The table below sets forth the total overlapping debt of the City for the last five years. The County of Hudson (the "County") debt overlap was 34.28% in 2016, 33.84% in 2015, 32.42% in 2014, 31.54% in 2013, and 32.35% in 2012. The overlap for all other debt was 100%. The City's percentage of overlap for County debt is determined by the State based on (i) the assessed value of Class II Railroad Property in the City and (ii) the true value of real property in the City. The sum of these two figures is used to calculate a percentage of the sum of the assessed value of Class II Railroad Property in the County, plus the true value of real property in the County. Overlapping debt is debt for which the City is not required to levy taxes.

Schedule of Overlapping Debt [1]

	December 31, 2016	**December 31, 2015**	**December 31, 2014**	**December 31, 2013**	**December 31, 2012**
Jersey City Municipal Utilities Authority[2]	$ 199,455,227	$ 199,163,381	$ 208,862,507	$ 206,156,132	$ 222,200,627
Hudson County[3]	337,512,996[4]	420,990,123[5]	352,730,118[6]	346,822,019[7]	360,727,455[8]
TOTAL	$ 536,968,223	$ 620,153,504	$ 561,592,625	$ 552,978,151	$ 582,928,082

Source: Derived from the Annual Debt Statements of the County and City.

(1) The outstanding debt of the Hudson County Utilities Authority, the Rockaway Valley Regional Sewerage Authority and the Hudson County Improvement Authority are not included (see further discussion herein).

2) The Jersey City Sewerage Authority was reorganized as the Jersey City Municipal Utilities Authority on January 15, 1998.

(3) Hudson County reports on a calendar year ending December 31.

(4) This figure represents 34.28% of the total County Gross Debt of $ 984,703,577.

(5) This figure represents 33,84% of the total County Gross Debt of $1,244,155,190

(6) This figure represents 32.42% of the total County Gross Debt of $1,088,024,659.

(7) This figure represents 31.54% of the total County Gross Debt of $1,099,534,929.

(8) This figure represents 32.35% of the total County Gross Debt of $1,114,984,494.

The table below lists the principal and interest repayment schedule on all outstanding bonds of the City from 2017 through 2040.

Combined Principal and Interest Repayment Schedule
Outstanding Bonds of the City
As of December 31, 2016

CALENDAR YEAR	COMBINED TOTAL	GENERAL	PENSION	WATER	SCHOOL
2017	$ 72,945,251	$ 55,354,727	$ 3,711,710	$ 5,189,955	$ 7,105,818
2018	73,296,840	53,668,057	7,233,435	5,250,243	5,561,763
2019	73,157,100	58,544,985	3,880,375	3,880,940	5,256,763
2020	76,782,940	64,349,812	4,021,257	3,953,011	2,869,646
2021	71,347,663	60,964,114	4,166,738	3,427,963	2,788,848
2022	45,427,173	37,898,854	4,354,641	1,985,527	1,188,150
2023	37,420,749	30,806,135	4,630,161	794,903	1,189,550
2024	30,164,117	24,103,464	4,077,966	798,238	1,184,450
2025	25,011,663	21,863,200	1,498,789	467,249	1,182,425
2026	22,979,672	19,723,453	1,608,334	465,085	1,182,800
2027	22,980,619	19,611,790	1,728,871	462,559	1,177,400
2028	16,456,429	14,132,877	1,859,306	464,245	-
2029	16,453,639	13,985,472	1,993,685	474,482	-
2030	11,040,859	8,435,170	2,136,052	469,638	-
2031	11,085,113	8,325,381	2,285,315	474,418	-
2032	11,106,145	8,192,454	2,445,246	468,446	-
2033	11,152,524	8,065,946	2,614,479	472,099	-
2034	7,580,449	7,580,449	-	-	-
2035	7,443,599	7,443,599	-	-	-
2036	7,222,680	7,222,680	-	-	-
2037	6,557,338	6,557,338	-	-	-
2038	6,423,825	6,423,825	-	-	-
2039	6,288,563	6,288,563	-	-	-
2040	6,130,500	6,130,500	-	-	-
				-	-
TOTAL	$ 676,455,449	$ 555,672,844	$ 54,246,357	$ 29,499,000	$ 30,687,613

In addition to the debt service requirements on outstanding bonds, the City also pays debt service on notes. Notes generally mature within one year from their date of issuance. Notes, other than tax appeal refunding notes, may be renewed three times without principal payments and must then be amortized over a ten-year period (unless refunded by bonds). The debt service payable on notes depends on the interest rate established upon the renewal of the notes. For Calendar Year 2013 the amount was $5,543,710, for Calendar Year 2014 the amount was $5,634,563, for Calendar Year 2015 the amount was $5,108,063 and for Calendar Year 2016 the amount was $6,928,999. For Calendar Year 2017, the City budgeted $2,619,270 for debt service on the notes.

Other City-Related Obligations

Rockaway Valley Regional Sewerage Authority. In compliance with a court decree, the City entered into an agreement, dated July 30, 1971, with the Rockaway Valley Regional Sewerage Authority ("RVRSA"), whereby the City agreed to share in the operating costs of the RVRSA which provides sewerage treatment services in the vicinity of the City's watershed properties. In 2013, 2014 and 2015, the JCMUA contributed $2,730,857. In 2016 and 2017, the JCMUA contributed $3,429,757 and $2,858,130, respectively.

Under the same agreement, the City is also required to pay a share of the capital and operating cost of construction of an advanced treatment sewerage facility, which the RVRSA has designed. Under the current plans, the cost of construction is estimated to be $60,000,000, less any federal funds, the amount of which is presently uncertain. Based upon the design capacity, the City will be responsible for 37 1/2% of the excess cost of financing construction over available federal funds. The amount of the City's contribution for the new facility is a portion of the City's share of the operating costs outlined in the immediately preceding paragraph. The RVRSA has permanently financed substantially all of the non-grant share of project costs with the sale of long-term tax-exempt bonds.

Jersey City Incinerator Authority. The City and the JCIA have entered into a Service Agreement pursuant to which the JCIA is responsible for the collection and disposal of all residential and municipal solid waste for the City, mechanical and manual street sweeping, cleaning of City owned lots, roll-off container service, recycling, demolition, and snow plowing, salting and snow removal. The City does not provide other disposal services. The JCIA does not collect service fees from individual property owners.

The City appropriated $26,300,000 in Calendar Year 2011, $31,300,000 in Calendar Year 2012, $33,993,916 in Calendar Year 2013, $34,600,000 in Calendar Year 2014 and $37,100,000 in Calendar Year 2015 to the JCIA.

On October 14, 2015, the City adopted an ordinance dissolving the JCIA and assigning its powers to City departments. The JCIA was officially dissolved April 1, 2016. The City has merged all of the responsibilities of the JCIA into the City Department of Public Works without interruption of services. As the JCIA annual budget was approximately 95% funded by City appropriations, the dissolution is not expected to have any material impact on the financial strength of the City.

Jersey City Municipal Utilities Authority. The JCMUA, formerly the Jersey City Sewerage Authority, is responsible for the construction and operation of two pumping stations, at which sewage collected from the City and portions of the City of Union City is pumped to the secondary sewage treatment plant of the Passaic Valley Sewerage Commissioners ("PVSC") at Newark, New Jersey. The JCMUA formerly operated primary sewage treatment plants at the sites of the pumping stations. The Passaic Valley Connection Project, consisting of the pumping stations and connecting sewer lines, was commenced in 1985 and completed in 1989, using certain federal and state grants and funds of the JCMUA, for which the JCMUA issued its bonds. The City of Bayonne and the Town of Kearny each, separately, sought and obtained permission to hook up their own sewage transmission lines to a portion of the JCMUA 's lines, and have agreed to share the costs of the common portions used by them.

The indebtedness of the JCMUA as of December 31, 2016 was $199,455,227. The JCMUA imposes user charges on all sewer users in its service area, at the rate of $5.64 per 100 cubic feet of water consumption. The JCMUA imposes user charges on all water users in its service area, at the rate of $4.14 per 100 cubic feet of water consumption. From its user charge revenues, the JCMUA is required to pay its debt service costs and operating costs of the pumping stations and collector system. The JCMUA also pays, from user charges, operating charges of PVSC which are the obligation of the City.

Pursuant to a Sewer Service Contract between the City and the JCMUA, dated as of December 1, 1985 (the "Sewer Service Agreement"), the City is obligated to pay to the JCMUA any amounts by which the JCMUA's sewer operating expenses and amounts required to be paid or set aside under the JCMUA's bond resolution for its sewer bonds exceed the JCMUA's revenues from user charges. The JCMUA is obligated to increase user charges in future years to make up any such deficiency, and to pay back sums advanced by the City under the Service Contract. No payments by the City have been required since the execution of the Sewer Service Contract.

The Municipal Council adopted an ordinance on December 10, 1997 to reorganize the Sewerage Authority as the JCMUA. The JCMUA and the City initially entered into a water services franchise and service agreement on April 1, 1998 (the "Initial Water Franchise Agreement") pursuant to which a) the JCMUA obtained a franchise from the City to operate the City's Water System for a ten year period which was to terminate on March 31, 2008 and b) the City agreed to provide security for the holders of the obligations of the JCMUA related to the Water System.

The JCMUA and the City agreed in the Amended and Restated Water Services Franchise and Service Agreement dated as of May 1, 2003 (the "2003 Amended Water Franchise Agreement") to: a) provide for the acquisition by the JCMUA from the City of an extension of the franchise granted under the Initial Water Franchise Agreement, in order to operate the Water System through March 31, 2028 (the "2003 Project") and b) provide for the City to continue to provide security to the holders of obligations of the JCMUA which are issued for or with respect to the Water System for the extended franchise period.

In September 2005, the City and the JCMUA entered into the 2005 Amended and Restated Water Services Franchise and Service Agreement (the "2005 Amended Agreement" and together with the Initial Franchise Agreement and the 2003 Amended Water Franchise Agreement, the "Water Franchise Agreement") to reflect a payment schedule for the cost of acquiring the City's water franchise that more accurately reflects the projected availability of revenues to the JCMUA. Pursuant to the Water Franchise Agreement, the JCMUA has agreed to pay the City certain amounts annually from January 1, 2005 to December 31, 2027 for the rights to such franchise, and the City has agreed to convey such franchise rights to the JCMUA and to provide for the payment annually, if necessary, of any deficiencies in Water Revenues of the JCMUA in connection with the Water System. As required by the Water Franchise Agreement, the City, by ordinance adopted on September 14, 2005, consented to the JCMUA's issuance of $17,000,000 Water Revenue Refunding Bonds on December 13, 2005, which are secured by the provisions of the Water Franchise Agreement and the Sewer Service Contract.

The Water Franchise Agreement is subject to the existing private management operating agreement in effect between the City and United Water Resources executed in 1996.

Under the Water Franchise Agreement, the City will continue to authorize indebtedness for necessary water capital improvements and the JCMUA will continue to be responsible to reimburse the City for debt service on this indebtedness. The City will also continue its obligation to make payments of any necessary annual charges or deficiency payments in the event the JCMUA does not collect sufficient revenues in any year to provide for the expenses of operation of the Water System, to maintain required reserves, and to pay annual water related debt service when due. Since 1998, the City has not been required to make any annual payment to the JCMUA under the Water Franchise Agreement. The JCMUA has taken a number of financial measures to assure that it can meet all of its operations, maintenance and debt service obligations, including required payments to the City pursuant to the Water Franchise Agreement. These measures include (i) the provision of necessary improvements from time to time to the water and sewer system, (ii) the amendment of the Water Franchise Agreement in order to reschedule the annual payments to the City to more accurately match the revenues projected to be generated by the JCMUA during the life of the Water Franchise Agreement, which runs through December 31, 2027, (iii) a rate increase of 15% effective July 1, 2005, (iv) the approval by the JCMUA of annual CPI rate increases, and (v) the restructuring of certain outstanding water and sewer system debt of the Authority based upon the projected revenues once the rate increases are in effect and the financial measures implemented.

Jersey City Medical Center. The Jersey City Medical Center is a voluntary not-for-profit hospital independent of the City. Previously, the Medical Center had been a public hospital.

The City contributed $12 million for the construction cost of a new hospital facility in the Liberty Harbor North Redevelopment Area to replace the old Medical Center's buildings. The new building started operation on May 15, 2004.

The County of Hudson

The City is located in the County and, in accordance with the regulations governing financial reporting for New Jersey Municipalities, a pro rata share of certain direct debt of the County is treated as "Overlapping Debt" of the City for financial reporting purposes. See "Schedule of Overlapping Debt" herein.

The County issues its bonds and notes for the financing of capital projects of the County, including County roads, buildings, parks and educational facilities. Major facilities of the County that were financed in recent years include a golf course and administration building. In addition, the County guarantees certain of the debt of the Hudson County Improvement Authority.

The gross debt of the County as of December 31, 2016 was $984,702,577 and its net statutory debt was $554,555,286.

Municipal Qualified Bond Act

In addition to being secured by the pledge of the City's full faith and credit, certain bonds of the City are entitled to the benefits of the Municipal Qualified Bond Act, Title 40A of the New Jersey Statutes, Section 40A:3-1, et seq., as amended (the "Municipal Qualified Bond Act"). Pursuant to the Municipal Qualified Bond Act, a portion of certain State aid allocated to the City, in amounts sufficient to pay debt service on such bonds, is to be withheld by the State Treasurer and forwarded to the paying agent on or before the principal and interest payment dates for such bonds for deposit into accounts established for the purpose of paying debt service on such bonds.

Pursuant to the provisions of the Municipal 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 any Qualified Bonds within ten 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 business personal property tax replacement revenues, gross receipts tax revenues (now known as "energy receipts" tax revenues), municipal purposes tax assistance fund distributions and certain other funds appropriated as State aid payable to the City and not dedicated to a specific purpose by the State (the "municipal qualified revenues") an amount which will be sufficient to pay debt service on such bonds as it becomes due. Municipal qualified revenues do not include Aid to Distressed Cities.

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 (including fiscal year adjustment or pension obligation purposes) or water 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 becoming due on any such Qualified Bonds. However, such budgeted amounts may be applied to the payment of operating expenses of the City for the then current year to the extent that appropriated amounts have been withheld from the municipal qualified revenues payable to the City and have been forwarded to the paying agent. Such budgeted amounts must be used to pay debt service becoming due on any such Qualified Bonds of the City issued for municipal purposes (including fiscal year adjustment or pension obligation purposes) or water utility purposes and entitled to the benefits of the Municipal Qualified Bond Act 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 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 municipal qualified revenues and payment of such revenues 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 revenues which is prior in time or superior in right to the payment of debt service on such bonds.

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 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.

The table below shows the qualified revenues, debt service on bonds subject to the Municipal Qualified Bond Act, and coverage ratios for the last five years. State aid is distributed by the State to the City on a "phased aid" schedule.

	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Qualified Revenues:					
Energy Receipt Tax:	$53,091,740	$53,091,740	$ 52,031,160	$ 51,682,679	$ 50,323,109
Consolidated Municipal Property Tax Relief Act:	10,431,997	10,752,945	11,813,525	12,162,006	13,526,987
Total Qualified Revenues:	$63,523,737	$63,844,685	63,844,685	63,844,685	63,850,096
Debt Service:					
General Improvement Bonds:	35,904,554	42,287,805	43,533,669	43,127,075	37,404,452
Water Bonds:	3,837,778	3,493,569	4,361,300	5,254,995	5,520,939
Total Debt Service:	$39,742,332	$45,781,374	$ 46,894,969	$ 48,427,070	$ 42,925,391
Coverage Ratio:	1.598	1.39	1.36	1.32	1.49

Source: Derived from the Calendar Year 2012-2016 Audited Financial Statements of the City.

The City has outstanding bonds, notes and loans for municipal purposes which are not entitled to the benefits of the Municipal Qualified Bond Act. The debt service for the calendar year ending December 31, 2016 was $19,657,505 for such bonds, $6,929,000 for notes and $126,223 for such loans The debt service for the calendar year ending December 31, 2015 was $6,934,388 for such bonds, $5,108,103 for such notes and $531,945 for such loans. The debt service for the calendar year ending December 31, 2014 was $5,507,931 for such bonds, $5,108,063 for such notes and $531,945 for such loans. The debt service for the calendar year ending December 31, 2013 was $4,781,723 for such bonds, $5,543,710 for such notes, and $527,833 for such loans. The debt service for the calendar year ending December 31, 2012 was $4,153,674 for such bonds, $7,996,577 for such notes and $606,233 for such loans. The City may also be responsible for the payment of debt service on the bonds issued by certain independent authorities. See "CITY INDEBTEDNESS AND DEBT LIMITS -- Other City-Related Obligations" herein.

Certain outstanding issues of General Improvement Bonds, Pension Obligation Bonds, Water Bonds and FYABs of the City are entitled to the benefits of the Municipal Qualified Bond Act and certain School Bonds of the City are entitled to the benefits of the School Qualified Bond Act, Title 18A of the New Jersey Statutes, Section 18A:24-85 *et seq*.

School Qualified Bond Act

In addition to being secured by the pledge of the City's full faith and credit, certain bonds of the City are entitled to the benefits of The School Qualified Bond Act, Title 18A of the New Jersey Statutes, Section 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 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 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. 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.

The School 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 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.

The table below shows the qualified revenues, debt service on bonds subject to the School Qualified Bond Act, and coverage ratios for the last five years.

	December 31, 2016	**December 31, 2015**	**December 31, 2014**	**December 31, 2013**	**December 31, 2012**
Qualified School Revenues:	$422,092,541	$417,805,515	$ 417,859,150	$ 419,644,829	$ 475,981,648
Total School Debt Service:	13,361,441	9,999,304	10,483,807	12,190,025	12,574,607
Coverage Ratio:	31.59	41.78	39.86	34.43	37.85

New Jersey School Bond Reserve Act

All school bonds issued are also entitled to the benefits of the provisions of the New Jersey School Bond Reserve Act, P.L. 1980 (N.J.S.A. 18A:56-17 et seq.) (the "School Bond Reserve Act").

In accordance with the School Bond Reserve Act, there is established within the State Fund for the Support of Free Public Schools (the "Fund") a school bond reserve (the "Reserve"), which is pledged by law to secure payments of principal and interest due on such bonds in the event of the inability of any issuer thereof to make payments. The school bond reserve consists of two accounts, the old school bond reserve account and the new school bond reserve account. The old school bond reserve account is to be funded in an amount equal to 1.5% of the aggregate of such issued and outstanding bonded indebtedness for all counties, municipalities and school districts in the State for school purposes for all such indebtedness issued prior to July 1, 2003. The new school bond reserve account is to be funded in an amount equal to 1% of the aggregate of such issued and outstanding bonded indebtedness for all such indebtedness issued on or after July 1, 2003.

The Fund was established in 1817. The present State Constitution, adopted in 1947, provides that "the Legislature shall only appropriate Fund moneys for Public School purposes." A Constitutional Amendment ratified in 1958 provides that "the Legislature may also appropriate Fund moneys for the payment of principal or interest on any school related Bonds of counties, municipalities or school districts of the State."

Trustees of the Fund are charged with making an annual determination of the amount of school bonds outstanding and with adjusting the level of the Reserve accordingly, to the extent that moneys are available in the Fund. The State may, but is not required to, appropriate amounts to be deposited in the Fund. The School Bond Reserve Act provides that moneys received from the sale of lands belonging to the State as of 1980 or formerly lying under water are dedicated to the support of public schools and shall constitute a part of the Fund. In the event that proceeds from the sale of State riparian interests are, in the future, made payable by law to purposes other than the Fund, they may not be applied to such purposes so long as there is a deficit in the Reserve.

The State Constitution also provides that the Fund be "securely invested and perpetual in nature." The School Bond Reserve Act requires that the Reserve be made up entirely of obligations of, or guaranteed by, the United States Government, at least one third of which must mature within one year of issuance or purchase. Investments in the Fund may include stocks, bonds and other investments prescribed by the State Investment Council Regulations.

Under the School Bond Reserve Act, the old school bond reserve account and the new school bond reserve account respectively, are pledged as security for the prompt payment of principal of and interest on bonds issued by counties, municipalities or school districts for school purposes prior to July 1, 2003 (in the case of the old school bond reserve account) or on or after July 1, 2003 (in the case of the new school bond reserve account), in the event any issuer thereof is unable to make payment. Any issuer which anticipates that it will be unable to make such payment is instructed to certify its inability to the Commissioner of Education and the Director of the Division of Local Finance at least 10 days prior to the date payment is due. If the Commissioner and the Director approve the certification, they then certify the same to the Fund Trustees. On receipt of the certification or other notice, the Trustees are required, within the limits of the Reserve, to purchase such bonds at the face amount or pay such interest when due. The amount which may be applied to any one issuer's bonds is not limited. The amount of any such payment of interest or purchase price shall be deducted from the appropriation or apportionment of State aid payable to the issuer and shall not obligate the State to make, nor entitle the issuer to receive, any additional appropriation or apportionment. There have not been any required withdrawals from the Reserve since its establishment.

The School Bond Reserve Act does not contain a covenant by the State to refrain from repealing, revoking, rescinding, modifying or amending the provisions of that act.

CITY FINANCIAL INFORMATION

Audit Requirement

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

Copies of the Annual Financial Statements are available for inspection during normal business hours at the office of the City Clerk and a copy of the City's Audited Financial Statements for the Calendar Year ended December 31, 2016 is set forth at APPENDIX B.

Accounting Principles and Fund Structure

Accounting Principles.

The City does not prepare its financial statements in accordance with generally accepted accounting principles ("GAAP"). The City prepares its financial statements in accordance with the accounting policies prescribed by the Division, which differ from those prescribed under GAAP. The accounting policies prescribed by the Division 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. See "FINANCIAL STATEMENTS OF THE CITY OF JERSEY CITY" in APPENDIX B for a more complete discussion of the City's accounting policies.

Fund Structure.

Under the method of accounting prescribed by the Division, the City accounts for its financial transactions through separate funds which differ from the fund structure required by GAAP. See "FINANCIAL STATEMENTS OF THE CITY OF JERSEY CITY" in APPENDIX B herein for a detailed description of the fund structure utilized by the City.

Basic Financial Statements.

The City presents the financial statements which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

Reporting Entity.

The Division requires the financial statements of component units of the City to be reported separately unlike GAAP pursuant to which there are criteria to be used to determine which component units should be included in the financial statements of the oversight entity. Inasmuch as their activities are administered by separate boards, the financial statements of the Jersey City Board of Education, Jersey City Public Library, Jersey City Incinerator Authority, Jersey City Municipal Utilities Authority, Jersey City Parking Authority, Jersey City Municipal Port Authority and Jersey City Redevelopment Agency are reported separately.

Uniform Chart of Accounts

In an attempt to instill uniformity in financial reporting among the numerous municipal and county entities in New Jersey, the Division of Local Government Services has required the implementation of a Flexible Chart of Accounts ("FCOA") and Other Comprehensive Basis of Accounting — Comprehensive Annual Financial Report ("OCBOA-CAFR") by all New Jersey local and governmental entities. Procedures as to implementation dates are still pending by the State.

An important goal of the FCOA is to enable a comparison of local unit expenditures and revenues. Because municipalities and counties have different approaches to budgeting, common budget activity categories have been developed to facilitate comparison. These categories are necessary to prepare the Comprehensive Annual Financial Report and comply with budget regulations.

In order for each municipality and county to maintain the same minimum number of financial records and classify financial transactions in similar account classification structure, a uniform, flexible chart of accounts is already in place. This standardized chart of accounts, ("FCOA"), facilitates the electronic filing of budgets and other financial documents. The City converted its existing account numbers to that of FCOA and OCBOA-CAFR.

Current Fund – Revenues and Expenditures

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

The information presented in the following tables has been derived from the City's Audited Financial Statements for fiscal years ending December 31, 2012, December 31, 2013, December 31, 2014, December 31, 2015 and December 31, 2016. The fund balance does not reflect a cash surplus and the balance consists primarily of receivables. The amount of the fund balance that may be used in the succeeding year's budget consists of receivables which have a high probability of being realized in the succeeding fiscal year and which are permitted by the Director to be included in the succeeding year's budget. The fund balances as of 2012 through 2016, and the amounts included in the budget for each succeeding year are shown below:

Fiscal Year Ending	Current Fund Fund Balance	Used in Succeeding Year Budget
December 31, 2016	$78,920,179	$39,954,250
December 31, 2015	50,705,610	20,745,651
December 31, 2014	56,132,966	25,722,750
December 31, 2013	38,733,517	16,413,000
December 31, 2012	33,530,567	16,707,232

Source: Derived from the Calendar Year 2012-2016 Audited Financial Statements of the City.

The following table summarizes the Current Fund revenues for the last five years with a comparison of budgeted revenues and expenses to actual amounts. The tables on the succeeding pages set forth the City's appropriations for the last five years and show the operations and changes in the Current Fund over the past five years.

Revenues
In Thousands

	December 31, 2016		December 31, 2015		December 31, 2014		December 31, 2013		December 31, 2012	
	Budgeted[1]	Realized	Budgeted[1]	Realized	Budgeted[1]	Realized	Budgeted[1]	Realized	Budgeted[1]	Realized
Fund Balance Utilized	$ 20,746	$ 20,746	$ 25,723	$ 25,723	$ 16,413	$ 16,413	$ 16,707	$ 16,707	$ 16,010	$ 16,010
Municipal Levy	223,276	225,570	219,785	222,266	217,414	232,324	217,731	222,768	201,986	211,137
Addition to School Tax Levy	7,702	7,702	5,429	5,429	5,774	5,774	6,714	6,714	6,926	6,926
Minimum Library Tax	7,220	7,220	6,575	6,575	6,190	6,190	5,902	5,902	6,209	6,209
Delinquent Taxes	1,160	559	2,100	1,461	851	957	342	1,028	1,890	725
Miscellaneous Revenue Anticipated:										
Building Aid Allowance for Schools	5,659	5,926	4,569	4,569	4,709	4,709	5,476	5,476	5,649	5,649
Consolidated Municipal Property Tax Relief Aid	10,432	10,432	10,753	10,753	11,814	11,814	12,162	12,162	13,527	13,527
Miscellaneous	234,822	249,356	206,920	218,345	199,379	210,750	186,206	208,191	178,689	192,510
Energy Receipt Tax	53,092	53,092	53,092	53,092	52,031	52,031	51,683	51,683	50,318	50,318
Municipal Utilities Authority Franchise	20,000	20,000	19,000	19,000	14,500	14,500	13,000	13,000	12,500	12,500
Special Municipal Aid	-	-	-	-	-	-	-	-	-	-
Total Miscellaneous Revenue Anticipated	323,555	323,916	294,334	305,759	282,433	293,804	268,527	290,512	260,683	274,504
Unanticipated Revenues (Non Budget)	-	2,760	-	1,185	-	2,013	-	1,699	-	1,369
Total Revenues	$584,109	$603,363	$553,940	$568,398	$529,075	$545,512	$515,923	$545,329	$493,704	$516,880

Source: Derived from the Calendar Year 2012-2016 Audited Financial Statements of the City.
[1] Includes amendments to the budget subsequent to adoption, such as grant awards.

Appropriations
In Thousands

	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Operating Expenses					
Salaries and Wages	$ 228,897	$ 216,605	$ 213,570	$ 198,098	$ 190,700
Pensions	56,519	51,059	48,948	51,184	49,374
Health Benefits	105,744	78,578	75,556	75,014	77,483
Deferred Charges	8,427	8,983	8,074	22,609	5,810
Other Expenses	105,652	131,090	116,251	113,279	121,014
Reserve for Uncollected Taxes	3,847	3,500	1,847	1,528	3,760
Total	509,086	489,815	464,246	461,712	448,141
Capital Debt Service	62,034	50,321	45,431	51,691	42,426
School Debt Service	13,361	9,999	10,484	12,190	12,575
Tax Refunds and Operational Debt Service[(1)]	4,629	11,528	14,295	7,013	13,175
Total	$ 589,110	$ 561,663	$ 534,456	$ 532,605	$ 516,317

Source: Derived from the Calendar Year 2012-2016 Audited Financial Statements of the City.
[(1)] Represents payments for bonds issued by prior administrations to finance operating deficits and refunds of past property tax over-charges.

Statement of Operations and Changes in Fund Balance In Thousands

	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Revenue and Other Income Realized:					
Fund Balance Utilized	$ 20,746	$ 25,723	$ 16,413	$ 16,707	$ 16,010
Miscellaneous Revenue Anticipated	338,806	305,759	293,804	290,512	274,503
Current Year Taxes	472,570	452,048	446,147	440,629	427,104
Delinquent Taxes	559	1,461	957	1,028	725
Non-Budget Revenue	2,760	1,185	2,013	1,699	1,369
Other Credits to Income:					
JCMUA Franchise Extension Fees	14,000				
Unexpended Balance of Appropriations Reserves	13,999	7,569	8,105	4,674	11,482
Cancellation of Reserves	-0-	468	4,616	1,477	918
Cancellation of Contracts Payable & Checks	1,392	1,711	591	1,032	293
Miscellaneous	2,396	5.80	104	691	434
Interfunds Liquidated	311	246	5,392	214	30
Total Revenue and Other Income Realized	867,539	796,750	778,142	758,661	732,868
Expenditures:					
Budget and Emergency Appropriations:					
Appropriations Within "CAP" Operations:					
Salaries and Wages	228,897	216,603	213,570	198,098	190,670
Other Expenses	165,850	179,688	153,234	159,532	165,760
Deferred Charges and Statutory Expenditures	56,519	51,059	48,948	51,184	49,374
Appropriations Excluded from "CAP" Operations:					
Salaries and Wages			-	-	-
Other Expenses	44,344	29,949	37,573	35,782	32,040
Capital Improvements	1,200	314	1,000	600	1,341
Municipal Debt Service	66,663	61,809	59,726	58,705	54,978
Deferred Charges -- Municipal	8,427	8,983	8,074	14,988	5,810
Local School District Purposes	13,361	9,756	10,484	12,190	12,575
Reserve for Uncollected Taxes	3,847	3,500	1,847	1,528	3,760
School Taxes	113,283	111,062	109,149	107,392	105,403
County Taxes	117,725	105,866	102,513	97,853	97,428
Amount Due County on Added & Omitted Taxes	1,071	851	2,160	-	-
Miscellaneous	2,348	4,702	3,911	8,304	5,569
Interfunds Created	45	311	246	96	214
Total Expenditures	823,579	784,455	752,435	746,251	724,922
Excess (Deficit) in Revenue	43,960	12,295	25,707	12,410	7,946
Adjustments to Income before Fund Balance:					
Special Emergency Authorization Storm Sandy					
Over expenditure of Appropriations					
Expenditures included above which are by Statute			-	-	16,000
Deferred Charges to Budget of Succeeding Year:			606	-	7,620
Special Emergency Appropriations		8,000			
Revaluation of Properties	5,000		-	-	-
Contractual Severance Liabilities			7,500	9,500	-
Excess in Operations After Adjustment	48,960	20,295	33,813	21,910	31,566
Fund Balance Beginning of Year	50,706	56,133	38,734	33,531	17,975
	99,666	76,428	72,547	55,441	49,541
Amount Utilized as Anticipated Revenue	20,746	25,723	16,413	16,707	16,010
Fund Balance, End of Year	$78,920	$50,705	$ 56,134	$ 38,734	$ 33,531

Source: Derived from the Calendar Year 2012-2016 Audited Financial Statements of the City.

CITY REVENUES

Overview

The City derives its revenues from a variety of local taxes, user charges and miscellaneous revenues, as well as from Federal and State unrestricted and categorical grants. Local revenues provided approximately 8% of total revenues in Calendar Year 2016 while Federal and State aid, including unrestricted aid and categorical grants, provided 11.6%. A discussion of the City's principal revenue sources follows.

Cash Flow Management

While State law requires the City to adopt and operate under a balanced budget and the City has not had a cash deficit at the end of any of the last ten fiscal years, the City's historic experience in the timing of the receipt of its various revenues has shown significant variance. The management of matching receipts and expenditures for operating purposes has required the use of significant amounts of temporary interfund transfers between operating and capital accounts. The City has undertaken an initiative to analyze and report cash flows (receipts and expenditures) on a monthly cycle to enable better matching of receipts with expenditures during each fiscal year. However, as long as the receipt of substantial appropriated revenues is dependent upon State, Federal and special program sources, there is no certainty that additional temporary interfund transfers or other short-term funding mechanisms will not be required should temporary cash flow imbalances persist.

Real Estate Tax

The real estate tax, the single largest source of the City's local revenues, is the primary source of funds for the City's Current Fund. The City derived approximately 39.86% of its total revenues for Calendar Year 2016 from the City's portion of the real estate tax.

The amount of real property taxes payable by a property owner is based on the assessed value of the property taxed and the combined tax rate for the City, the County and the School District. The assessed value of property is determined by the City's Tax Assessor. Although property may be reassessed at any time, the Tax Assessor generally reassesses property upon a revaluation and upon a resale. The last revaluation took place in 1988. The City's tax rate is determined by the City after adopting the final budget. The City's tax rate is determined based on the amount of budgeted expenditures, the amount of other available revenues and the aggregate assessed value of all taxable property in the City. The tax rates allocable to the County and School District are determined based on their respective budgets. The City must submit its tax rate to the County which certifies the aggregate rate to be levied.

Analysis of Tax Rates and Percent Distribution Rate Per $1,000 Assessed Valuation

Year	Total	Municipal[1]	Percent of Total	County	Percent of Total	County Open Space Tax	Percent of Total	School	Percent of Total
2016	$77.01	$37.83	49.12%	18.96	24.62%	$0.36	0.47%	$19.86	25.79%
2015	74.82	37.73	50.43%	17.49	23.38%	0.17	0.23%	19.43	25.97%
2014	74.34	37.68	50.69%	17.12	23.03%	0.17	0.23%	19.37	26.06%
2013	74.66	38.45	51.50%	16.51	22.11%	0.07	0.09%	19.63	26.29%
2012	71.84	35.85	49.90%	16.33	22.73%	0.32	0.45%	19.34	26.92%

(1) Includes library tax
Source: Derived from the County Board of Taxation Certification

Tax Collection Procedure. Taxes are payable quarterly on February 1, May 1, August 1 and November 1. Tax bills are sent out twice during the year, generally in June and December. The bill for taxes payable in February and May is based on the assessed value of the property as of January of the preceding year. The bill for taxes payable in August and November reflects adjustments made so that the taxes paid for the calendar year reflect the assessed value of the property as of January of the current year.

The City is required to send out tax bills at least 45 days before the taxes are due; however, if the budget has not been adopted by that time, the City may delay sending out the bills to a date at least 25 days before the taxes are payable. If the budget has not been adopted by that time, the bill is based on an estimated rate and the second bill will be adjusted to compensate for any difference between the actual rate and the estimated rate. Taxpayers are allowed a 10-day grace period for paying their taxes. Interest is charged on any late payments of taxes from the date the taxes were due until they are paid at a rate of 8% per annum for the first $1,500 of delinquent taxes and 18% on any delinquent amount in excess of $1,500. All unpaid taxes for the previous year are annually placed in a tax sale prior to putting a lien on the property, in accordance with the New Jersey Statutes. If the tax lien is sold, depending upon the amount of the lien sold, there is an additional penalty of 2%, 4% or 6%. *In rem* tax foreclosure proceedings may be instituted to enforce the tax collection or acquisition of title to the property by the City.

The City collects taxes for itself and for the County and the School District. The City pays to the County and the School District 100% of the amount of taxes billed by those entities, regardless of the number of taxpayers that are delinquent. The City pays the County its share of real property taxes quarterly (on February 15, May 15, July 15 and November 15) and pays the School District its share monthly.

Equalization Rate and Tax Collection Rates

The State determines, based on market data, the relationship between the assessed value of property and the "true value" or market value of the property. The State then calculates the equalization rate, which is the assessed value divided by the true value, expressed as a percentage. The assessed value divided by the equalization rate provides the equalized value, which is the value used to calculate the City's debt limit. See "CITY INDEBTEDNESS AND DEBT LIMITS - Debt Limits" herein. The following table sets forth the assessed valuation, equalization rate and equalized value of property in the City of the last 7 calendar years.

Assessed Valuations

Year	Land	Improvements	Land and Improvements(1)	Personal Property	Net Valuation Taxable(2)	Equalization Ratio	Equalized Valuation of Taxable Real Property
2016	$1,655,155,703	$4,493,719,645	$6,148,875,348	$17,185,090	$6,093,045,338	27.63	$22,375,519,222
2015	1,578,755,314	4,401,341,030	5,980,096,344	17,672,253	5,997,768,597	30.02	20,246,400,032
2014	1,548,586,503	4,430,998,768	5,916,171,471	16,605,073	5,932,776,544	30.02	19,707,433,281
2013	1,503,278,191	4,362,050,129	5,795,484,581	19,086,697	5,814,571,278	31.24	18,570,573,832
2012	1,500,089,405	4,376,448,593	5,786,339,559	21,453,769	5,807,793,328	32.72	17,705,865,624
2011	1,515,126,836	4,442,100,557	5,834,023,804	19,573,239	5,853,597,043	31.35	18,628,899,568
2010	1,528,404,530	4,492,765,836	5,874,234,666	16,691,940	5,890,926,606	29.43	19,976,714,590

Source: The City of Jersey City, Office of the Tax Assessor
(1) Includes partial exemptions and abatements.
(2) Excludes properties exempt from real property taxes.

Taxpayers are required to pay taxes based on the assessed value of their property and then are permitted to appeal. If the taxpayers are successful on appeal, they will receive a refund. Appeals by property owners required the City to make refunds of tax payments in the amounts of approximately $4.3 million in 2012, $7.4 million in 2013, $5.4 million in 2014 and $5.2 million in 2015. The City is authorized to issue bonds to reimburse itself for payments made pursuant to successful tax appeals. The City has not authorized the issuance of bonds to fund tax appeals since 2012. See "CITY INDEBTEDNESS AND DEBT LIMITS – Exception to Debt Limit - Real Property Tax Appeal Refunding Notes" herein.

On September 14, 2016, the City adopted a special emergency appropriation of $5 million for the preparation and execution of a complete program of revaluation of real property for the use of the local assessor.

The following table sets forth the amount of taxes levied in each year and the amount and percentage of such levy collected or canceled. In addition, the table sets forth the amount and percentage of delinquent taxes from all prior years collected in a particular year, the amount transferred to tax lien, the tax lien balance, and the value of foreclosed property acquired by the City. The tax collection rate in the Calendar Year ending December 31, 2016 was 98.70%.

Analysis of Real Estate Tax Billings and Collections

Tax Billings	**December 31, 2016**	**December 31, 2015**	**December 31, 2014**	**December 31, 2013**	**December 31, 2012**
Municipal(1)	$233,967,802	$229,124,333	$230,850,029	$230,843,162	$210,197,174
School	120,985,223	116,490,978	114,923,807	114,105,988	112,329,149
County	118,795,203	106,716,687	104,672,969	97,852,919	97,428,307
Total Billings	$473,748,228	$452,331,998	$450,446,805	$442,802,069	$419,954,630
Taxes Collected	468,722,869	448,547,898	444,300,251	439,100,320	416,731,470
Percent Collected	98.94%	99.16%	98.64%	99.16%	99.23%
Taxes Canceled or Remitted	3,966,143	3,316,205	6,720,278	2,606,875	603,231
Delinquent Taxes Collected, Including Liens	559,368	1,461,339	912,146	1,027,576	2,180,348
Total Current and Delinquent Collected	469,282,237	451,864,103	445,212,397	440,127,896	418,911,818
Percent Collected(2)	99.06%	99.89%	98.84%	99.40%	99.75%
Delinquent Tax Balance Current Year	1,504,721	467,897	715,416	201,344	270,070
Prior Year's Tax Balance	2,760,607	3,660,742	2,768,273	2,566,929	2,379,507
Taxes Receivable Balance	4,265,328	3,125,278	3,660,742	2,632,909	2,649,577
Transferred to Tax Title Liens Current Year	-0-	265,880	39,202	65,980	16,399
Tax Title Lien Balance	37,154	659,482	422,969	326,028	114,206
Foreclosed Property Balance	1,455,500	1,680,900	1,455,500	1,591,500	1,652,600

Source: Derived from the Calendar Year 2012-2016 Audited Financial Statements of the City.
(1) Includes Minimum Library Tax of $7,220,380 for 2016, $6,574,673 for 2015, $6,190,185 for 2014, $5,901,949 for 2013 and $6,209,626 for 2012.
(2) Includes receipts and balances of current taxes, delinquent taxes and tax title liens.

The ten entities that paid the most real property taxes in 2016 do not, in the aggregate, exceed 10.5% of the total levy. Listed below are the taxpayers whose property has the greatest assessed valuations in the City.

Ten Largest Assessed Valuations in the City

Name	Type of Business	2016 Assessed Valuations
NC Housing Associates	Office	$ 132,666,800
Cali Harborside Associates	Office	120,092,000
101 Hudson St. Associates	Office	90,855,800
Newport Centre, LLC (Indianapolis)	Shopping	58,088,000
MEPT Newport Tower	Office	45,000,000
John Hancock Life Insurance	Office	43,490,400
70 Columbus Urban Renewal, LLC	Office	42,775,100
Newport Center (Rego Park)	Mixed – Retail, Office, Hotel	39,253,400
WELLS REIT	Office	35,625,000
Grove Pointe, U.R.	Mixed – Retail, Office, Residential	34,512,100

Tax-Exempt Properties

As of January 30, 2016, approximately 18.75% of the total assessed value of the City's real property was exempt from real property taxation. However, this number does not include certain service charges for PILOTS.

Tax-Exempt Properties in the City

	2016 Assessed Valuation
Public Schools	$ 300,113,700
Schools Other Than Public	74,659,600
Public Property	1,344,256,600
Church and Charities	250,311,350
Cemeteries	35,220,800
Other Exempt Properties	2,591,095,100
	$ 4,595,657,150

Source: The City of Jersey City, Office of the Tax Assessor.

Properties in Tax Abatement

Under the provisions of State law, the City may abate the taxes payable on newly constructed commercial and residential properties. The owners of such properties generally pay taxes on the value of the land on which the property is located but, pursuant to agreements with the City, pay payments-in-lieu-of-taxes ("PILOTs") on the value of the improvements on the property instead of taxes. Such abatements are used as an incentive to encourage development in areas within the City. State law provides different abatement programs for commercial and residential development. The law allows a 15-year abatement period during which the taxes on the improvements on property could be abated and PILOTs charged instead. The PILOTs for commercial properties were based on the construction cost of the property (initially 2% of the costs) or on the revenues received from leasing of the property. The law also allows for a 5-year short-term abatement period in which PILOTs are based on a percentage of what the tax bill otherwise would have been. Residential property is eligible for a 30-year abatement period and the PILOTs for residential property are based either on the sale price of the property (if condominiums are involved) or the rent roll (for a rental property). In April 1992, the law was amended to allow an abatement period of up to 30 years for commercial property, also during which PILOT payments are the higher of an amount based on construction costs and a percentage of the taxes that would have been payable. However, the City has made it a policy to only grant 30 year abatements for affordable housing projects.

In addition to the difference between the amount of a PILOT and the amount of taxes, PILOTs differ from taxes in two other ways. First, PILOTs are paid to the City and no portion of the PILOT is payable to the County or the School District. Second, there is no incentive for a property owner to appeal the assessed value of the property while it is subject to abatement. Therefore, it is not clear whether the assessed value determined during the abatement period will be appealed when the property is no longer subject to abatement. When the abatement period ends, the property becomes subject to taxation on both the land and improvements. See "CITY ECONOMIC AND DEMOGRAPHIC INFORMATION" and "ECONOMIC DEVELOPMENT" herein.

The City's authority to enforce payments in lieu of taxes and the remedies available to it for delinquent payments are the same as those for real property taxes, including sale of liens and foreclosures. In addition, the City may revoke the taxpayers' ability to make payments in lieu of taxes. Further, the City has engaged the services of several independent accounting firms to review the records of properties in abatement to ensure the accurate reporting of development costs upon which payments in lieu of taxes are calculated.

Municipal Revenues From Payments In Lieu Of Taxes (PILOT)
On Properties In Tax Abatement

Year Ending	PILOT Revenue
December 31, 2016	$137,388,598
December 31, 2015	130,861,698
December 31, 2014	121,966,019
December 31, 2013	122,615,865
December 31, 2012	115,715,886

Source: Derived from the Calendar Year 2012-2016 Audited Financial Statements of the City.

The estimated development cost of the 35 major commercial properties currently covered by abatements exceeds $3 billion.

Listed below are the five entities which were responsible for the highest PILOT payments in Calendar Year 2016.

Five Largest PILOT Payers

Name	**Calendar Year 2016 Payment Amount**
K. Hovanian@77 Hudson Street	$5,127,958.88
Vector 1	4,487,422.52
GSJC 30 Hudson Street UR	4,432,741.21
Port Liberte II	4,009,345.30
Cali Harbor Plaza	3,731,479.14
TOTAL	$21,788,947.05

Source: Derived from the City's Tax Abatement Office.

Delinquent Taxes

Delinquent taxes can be anticipated only to the extent of the last preceding year's delinquent tax collection percentage.

The following chart shows the amount and percentage of delinquent taxes budgeted for collection by the City and the amount and percentage of delinquent taxes which were actually collected in such fiscal year, for the last five years. The amount of delinquent taxes represents an aggregate amount of unpaid taxes for all prior years.

Delinquent Taxes and Tax Title Liens

Year Ending	Balance of Delinquent Taxes at Start of Year	Budgeted Amount of Delinquent Taxes to Be Collected	Percent of Delinquent Taxes Budgeted to be Collected	Amount of Delinquent Taxes Collected	Percent of Delinquent Taxes Collected
December 31, 2016	$3,784,760	$1,160,785	30.67%	$559,368	14.78%
December 31, 2015	3,125,278	2,100,000	0.67%	1,461,339	0.47%
December 31, 2014	2,768,273	851,494	0.31%	912,146	0.33%
December 31, 2013	2,649,577	342,386	0.13%	1,027,577	0.39%
December 31, 2012	2,751,621	1,889,554	0.69%	725,068	0.26%

Source: Derived from the Calendar Year 2016 Audited Financial Statement of the City.

The City currently reviews the status of real property with outstanding delinquent taxes to institute a more rapid disposition of property through foreclosure and sale. The City usually sells tax liens annually at auction and retains unsold liens. In 2014, 2015 and 2016 the City sold an aggregate of $14,805,574, $23,996,324 and $14,584,637 of tax title lien certificates, respectively.

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 JERSEY CITY - Limitation on Expenditures" above, amends the property tax levy cap that was initially 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 expenditures, debt service, increases 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.

The tax levy limitation does not limit the obligation of the City to levy ad valorem taxes upon all taxable real property within the City to pay debt service on the Notes.

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).

State Aid Programs

The State of New Jersey provides financial support to local governments and school systems through various programs aimed at reducing reliance on the local property tax base. As described below, the City received or receives (i) urban enterprise aid, (ii) aid on distributed tax and (iii) aid on State reimbursement for certain categories of taxpayers. The State maintains a variety of smaller programs of grants-in-aid to municipalities in such fields as housing, neighborhood preservation, health, and social services, and has assumed funding of other programs previously financed by the City, thereby relieving the City from funding such costly programs. The City is allowed a credit for certain administrative charges under Federal programs.

Urban Enterprise Zone Funds. Under the State's Urban Enterprise Zone program which is administered by the State Department of Commerce and Economic Development, Division of New Jersey Urban Enterprise Zones, three percent (3%) of the sales tax levied by the State on certain specified goods and services paid by certified businesses operating within specially-created urban enterprise zones is paid into a segregated account within the State's Zone Assistance Fund for the benefit of the municipality in which the zone is located. To encourage businesses to locate in urban enterprise zones, the State exempts certified urban enterprise zone businesses from State sales taxes on equipment and supplies utilized in daily operations, as well as building materials. Monies held for the account of a municipality within the Zone Assistance Fund may be used to pay for capital projects or municipal services, following the filing of an application by the municipality and approval of the application by the members of the State Urban Enterprise Zone Authority.

One-third of the City's total acreage qualifies as a State-approved "urban enterprise zone". The City's urban enterprise zone incorporates the major retail corridors located within the City, as well as its primary commercial and industrial areas. In the past, the City utilized the funds it has received under the State Urban Enterprise Zone Program for capital improvements, economic development, redevelopment, special improvement districts and business improvement districts. However, the City has not received any funds since 2009 due to State budgetary constraints.

Distributed Taxes. The State collects various taxes for distribution to local governments. Of these, Energy Receipt Tax (formerly known as Public Utilities Franchise and Gross Receipts Taxes) and Consolidated Municipal Property Tax Relief Aid are the two largest programs of State Aid in New Jersey and the major sources of state aid to the City. The energy receipt tax represents taxes received by the State on properties and right-of-ways owned by public utilities. These funds are disbursed to municipalities based on a formula reflecting such property located within each municipality. The consolidated municipal property tax relief aid, created in fiscal year 1996, consolidated 14 separate state programs (i.e., urban aid, business personal property tax replacement aid and municipal revitalization aid) into a single aid program. Building Aid Allowance for School represents state aid to support the public educational programs in the City including aid on facilities construction and improvements.

The chart below provides the amount of State aid received by the City in the last five fiscal years. Certain State aid is required to be withheld by the State Treasurer and paid to the paying agents for certain bonds of the City in an amount sufficient to pay debt service on such bonds. See "CITY INDEBTEDNESS AND DEBT LIMITS — Municipal Qualified Bond Act" and "– School Qualified Bond Act" herein.

State Aid to Jersey City

	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Urban Enterprise Zone Funds	$ -	$ -	$ -	$ 501,725	$ 2,010,808
Energy Receipt Tax	53,091,740	53,091,740	52,031,160	51,682,679	50,317,698
Building Aid Allowance for School[2]	5,926,086	4,569,847	4,709,375	5,475,816	5,648,572
Consolidated Municipal Property Tax Relief Act	10,431,997	10,752,945	11,813,525	12,162,006	13,526,987
TOTALS:	$69,465,660	$68,430,369	$ 68,554,060	$ 69,822,226	$ 71,504,065

Source: Derived from the Calendar Year 2012-2016 Audited Financial Statements of the City.
[1] Supplemental School Tax Relief allows state-operated schools to reduce the tax levy for school purposes.

Tax Exemption Reimbursement. The State reimburses municipalities for the full cost of mandated property tax deductions and exemptions for certain categories of taxpayers. The State reimbursed the City for seniors/veterans/disabled citizens for the calendar years ending December 31, 2012, December 31, 2013, December 31, 2014, December 31, 2015 and December 31, 2016, $708,973, $653,544, $408,960, $516,989 and $401,802, respectively.

Summary of State/Federal Aid to School Districts

In 1973, the Supreme Court of the State ruled in Robinson v. Cahill that the existing method of financing, school costs principally through property taxation was unconstitutional. Pursuant to the Supreme Court's ruling, the State Legislature enacted the Public School Education Act of 1975 (P.L. 1975, Ch. 212) which required funding of the State's School Aid through the New Jersey Gross Income Tax Act (P.L. 1975, Ch. 47) enacted for the purpose of providing property tax relief.

On June 5, 1990, the Supreme Court ruled in Abbott v. Burke, that the school aid formula enacted under the Public School Education Act was unconstitutional as applied. The Court found that poorer urban districts were significantly disadvantaged under that school funding formula because school revenues were derived primarily from property taxes. The Court found that wealthy districts were able to spend more, yet tax less for educational purposes.

The Quality Education Act of 1990

The Legislative response to Abbott v. Burke was the passage of the QEA (P.L. 1990, C. 52), which was signed into law on July 3, 1990. This law established a new formula for the distribution of State aid for public education commencing with the 1991-92 fiscal year. The law provided a formula that took into account property value and personal income to determine a district's capacity to raise money for public education. A budgetary limitation or “CAP” on expenditures was also provided in the law. The “CAP” was intended to control the growth in local property taxes. The QEA was amended and revised by Chapter 62 of the Pamphlet Laws of 1991 of New Jersey, effective March 14, 1991 and further amended by Chapter 7 of the Pamphlet Laws of 1993 effective December 14, 1993.

On July 12, 1994, the Supreme Court of New Jersey declared the school aid formula under the QEA, as amended, unconstitutional on several grounds as it is applied to the 30 special needs districts designated by the State in ongoing litigation commonly known as Abbott v. Burke II. The City’s school district is a special needs district. No specific remediation was ordered, but the Supreme Court ultimately held that the Legislature and the Governor were required to have a new funding formula in effect by December 31, 1996, so that the new formula would be implemented in the 1997-98 fiscal year.

Comprehensive Educational Improvement and Financing Act of 1996

In keeping with the Supreme Court’s deadline, Governor Christine Todd Whitman signed into law on December 20, 1996, the *Comprehensive Educational Improvement and Financing Act of 1996* (“CEIFA”). CEIFA affects how public schools are funded by the State, beginning in the 1997-98 fiscal year.

CEIFA departs from other funding formulas adopted in New Jersey by defining what constitutes a “thorough and efficient” education, which is what the New Jersey Constitution requires every public school student to receive. CEIFA further establishes the costs to provide each student with an education that is “thorough and efficient.”

In defining what constitutes a “thorough” education, the New Jersey State Board of Education adopted a set of Core Curriculum Content Standards. The purpose of these standards is to provide all students with the knowledge and skills that will enable them to be productive citizens when they graduate from any New Jersey high school, regardless of the school’s location or socioeconomic condition. CEIFA provides State aid assistance in the form of Core Curriculum Standards Aid based on a school district’s financial ability to raise sufficient tax revenue for its students to achieve the Core Curriculum Content Standards.

The definition of an “efficient” education under CEIFA determines the cost to provide each student with an education that fulfills the requirements for the Core Curriculum Content Standards. The efficiency standard defines such things as optimal class size, administrators/teachers per student, schools per district, and the types and amount of classroom supplies, services, and materials. CEIFA establishes an approximate amount per student to educate each student at various grade levels in the Core Curriculum Content Standards. This amount will be adjusted biennially for inflation by the consumer price index.

In determining how much Core Curriculum Standards Aid a school district will receive, CEIFA considers each school district's financial ability to fund such a level of education. This component of CEIFA is referred to as the local share requirement, namely, the amount of taxes that a school district can raise relative to other school districts based on property wealth and income levels. The purpose of the Core Curriculum Standards Aid is to provide school districts with adequate State assistance that is proportionate to their ability to pay. The purpose of this type of aid is to ensure that all school districts have the economic ability to provide their students with the ability to achieve the Core Curriculum Content Standards. In addition to the Core Curriculum Standards Aid, CEIFA also provides per pupil assistance from the State for special education, early childhood programs, demonstrably effective programs, instructional supplement, bilingual education, county vocational schools, and distance learning network. For Fiscal Year 2015-2016, the school district received Equalization Aid (formerly known as Core Curriculum Standards Aid) in the amount of $270,661,365.

Another form of aid that is provided by CEIFA is school facilities aid. During the 1997-1998 fiscal period, this type of aid was provided to those school districts that qualified for aid under the QEA. The amount of school facilities aid that the State provided during the 1997-98 fiscal year was determined by the amount budgeted in the approved State budget.

Beginning in the 1998-99 fiscal year, State aid for school facilities was supposed to consist of a ratio that divides (i) the amount of debt service or the amount of facilities rent for lease terms that exceed five years required to be budgeted for a fiscal period into (ii) the costs that are approved by the New Jersey Department of Education for a proposed building or renovation project. The approved facility costs under CEIFA have not yet been determined. CEIFA required the governor to submit to the legislature 60 days prior to the 1998 budget address, criteria for determining approved facilities costs, State support levels, and maintenance incentives applicable to the 1998-99 fiscal period. The Legislature enacted and the Governor signed into law the Educational Facilities Construction and Financing Act ("EFCFA"), constituting Chapter 72 of the Pamphlet Laws of 2000, effective July 18, 2000. That law provides full funding for qualified costs of facilities required for Abbott Districts and funding for qualified costs of facilities for all other districts in an amount equal to the ratio between their core curriculum facilities aid and their T&E budget times 115% or 40% of the qualified costs, whichever is greater. In lieu of debt service aid, school districts may receive grants for the State share of the project and authorize bonds only for the local share of the project. School districts may receive debt service aid under that formula for certain projects begun prior to the effective date of the law. On December 28, 2000, a Complaint was filed in the Superior Court of New Jersey challenging the authority of the Economic Development Authority under the State Constitution's Debt Limitation clause to issue bonds secured by a contract with the State Treasurer, the funding of which is subject to annual appropriation, and requesting that the Court grant an injunction restraining the State and the New Jersey Economic Development Authority from issuing bonds to fund the State's financial obligation under the Educational Facilities Construction and Financing Act. On January 24, 2001, the Superior Court of New Jersey granted the State's motion to dismiss the case as a matter of law. The Plaintiff filed a notice of appeal on February 5, 2001.

CEIFA also limits the amount school districts can increase their annual current expenses and capital outlay budgets. Generally, these budgets can increase by either 3% or the consumer price index, whichever is greater. Budgets can also increase because of certain adjustments for enrollment increases, certain capital outlay expenditures, pupil transportation costs, and special education costs that exceed $40,000 per pupil. Waivers are available from the Commissioner based on increasing enrollments and other fairly narrow grounds or by approval of the voters at the annual school election.

Under CEIFA, rent payments made pursuant to a facilities lease purchase agreement for a term that exceeds five years are treated as debt service. Such rent payments are not included in the spending limits and receive aid at the same level as debt service. Rent payments under a facilities lease with a term of five years or less are budgeted in the general fund and are subject to a school district's spending growth limitation amounts under CEIFA.

On May 14, 1997, the New Jersey Supreme Court held that CEIFA is unconstitutional as applied to the 28 special needs districts because (1) its funding provisions fail to assure that students in such districts will receive a thorough and efficient education and (2) supplemental programs to increase student performance in such districts have neither been adequately identified nor funded. The Court recognized the Core Curriculum Standards as a valid means of identifying what is a "thorough and efficient" education under the State Constitution, but found that the State did not adequately determine or provide the adequate funding level to allow those standards to be met in the special needs districts. CEIFA was not held unconstitutional as applied to the non-special needs districts. The School District is not a special needs district.

The Court ordered the State (1) to increase State aid to the special needs districts for the 1997-98 school year to a level such that the per-pupil expenditure in such districts is equivalent to the average per-pupil expenditure in wealthy suburban districts, (2) through the Commissioner, to manage the additional spending to assure that it will be used to allow the students to meet the educational content standards and (3) under the supervision of the Superior Court, Chancery Division, to determine a plan to provide supplemental educational and facilities programs in the special needs districts.

Provisions for the additional amounts of money were appropriated in the 1997-98 State budget. The Court has ruled that the Commissioner and the State Department of Education will be responsible for maintaining the educational system in accordance with the orders of the Court.

In response to the Court's order and in an attempt to remedy inadequacies that exist in the safety, the quality and the utility of state-wide school facilities, the New Jersey Legislature enacted the EFCFA. See "Summary of Educational Facilities Construction and Financing Act" herein. The EFCFA provides certain levels of funding for facilities' improvements for both special needs and non-special needs districts. Under EFCFA, special needs districts will receive State funding of 100% of the eligible costs of a school facilities project. The State will provide non-special needs districts with facilities aid of at least 40% of the eligible costs of a school facilities project. A non-special needs district must elect to receive its level of facilities aid in either the form of a grant or ongoing annual debt service aid.

On June 27, 2001, the Superior Court of New Jersey, Appellate Division, affirmed the trial court's decision that no public referendum is required for the State's bonds under the EFCFA. By a 2-to-1 majority, the Appellate Division held that the Debt Limitation Clause of the State Constitution is not violated by the EFCFA. On appeal, the New Jersey Supreme Court held that the EFCFA and its provisions authorizing the EDA's issuance of bonds do not violate the Debt Limitation Clause of the State Constitution.

On June 24, 2004, the Legislature enacted amendments to CEIFA, which amendments impose strict limits on annual increases in their operating budgets. Commencing with the 2005-06 school year, boards of education will be required to submit proposed budgets in which the advertised per pupil administrative costs do not exceed the lower of (i) the prior year per pupil administrative costs for the district's region inflated by the greater of 2.5% or the "cost of living" (defined as the average annual increase in the consumer price index for the New York City and Philadelphia areas) and (ii) the district's per pupil administrative costs, increased (by up to the greater of 2.5% or the cost of living) by such additional costs as may be approved by the Commissioner of Education due to increases in enrollment, administrative positions necessary as a result of mandated programs, administrative vacancies, nondiscretionary fixed costs, and such other items as may be permitted by regulation (provided, that for the 2005-06 school year the amount in clause (ii) shall instead be the per pupil administrative cost limits for the district's region as determined by the Commissioner of Education). Various existing limitations on budget increases were amended from the greater of 3% or the consumer price index to the greater of the cost of living or 2.5%. Under this amendment, proposals to exceed these limits cannot (i) include any new programs and services necessary for students to achieve the thoroughness standards established pursuant to CEIFA, (ii) include any programs or services that were included in the prior year's budget unless approved by the Commissioner, and (iii) be submitted to the voters or the board of school estimate if the county superintendent of schools determines that the district has not implemented all potential efficiencies in the administrative operations of the district. This bill also reduces the amount of surplus that may be maintained by a school district from 6% to 2% (2% for the 2005-06 school year) of the general fund balance.

Summary of Federal Aid to School Districts

Federal funds are available for certain programs approved by the federal government with allocation decided by the State, which assigns a proportion to each local school district. The Elementary and Secondary Education Act, as amended by the Improving America's Act of 1994 is a federal assistance program for which a school district qualifies to receive aid. A remedial enrichment program for children of low income families is available under Title I Aid. Federal aid is generally received in the form of block grants.

Welfare

The State pays the entire nonfederal share of Medicaid. As of July 1, 1991, the State also assumed one hundred percent of the costs of the nonfederal share of federal welfare programs managed by County governments and one hundred percent of the costs of General Assistance, the program of financial aid to needy people who are not otherwise provided for under New Jersey Laws that is managed by municipalities. Thus, New Jersey municipalities have no financial obligation for these programs.

As of January 1, 1999, the City consolidated the General Assistance Program into the County's Welfare Program, as permitted by State Law, and has retained its case records per State mandate.

Transit

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

Higher Education

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

Medical Care Services

The Jersey City Medical Center, which is an established New Jersey not-for-profit medical and health care corporation, provides certain hospital and medical care services for persons residing in the City and in the adjacent communities. For many years, the City provided direct and indirect financial assistance to the Jersey City Medical Center. The several agreements and programs have generally been consolidated. The City assisted the Jersey City Medical Center in the development and construction of a new hospital and medical care facility located at Grand and Jersey Avenues in the City. The City made a capital contribution of $12,000,000 for the acquisition of the real property for the new hospital and for certain preliminary development expenses. This contribution was funded through the issuance of serial bonds. The new medical center has an obligation to provide hospital and certain medical care services for all persons residing in the City regardless of their ability to pay. The operating and debt service expenses for the new facility are being met through Federal and State health care payments and third-party reimbursements.

CITY EXPENDITURES

The City has historically spent the largest percentage of its operating budget on public safety and statutory expenditures. For Calendar Year 2016, appropriations for public safety personnel equaled 31.65% of the budget and statutory expenditures were 10% of the budget as adopted. The remaining 58.35% of the municipal budget was appropriated for the legal, financial and administrative management of the City, and the provision of public works, human resources, recreation and housing and development services and programs.

CAPITAL IMPROVEMENT PROGRAM

The City maintains and continuously reviews a six-year program for capital improvements. Priority within the program is given to the maintenance of the existing infrastructure, to completion of projects under construction and to projects deemed necessary to the economic strength of the City. For the calendar years 2016 to 2021, inclusive, the City expects to appropriate approximately $25 to $35 million annually for capital projects for the City. The City anticipates the funding of these projects to be provided through the future sale of notes or bonds and grant programs.

Major projects of the general capital program of the City for the calendar years 2016 to 2021, inclusive, are: acquisition of new fire apparatus and public works equipment and machinery; continued development of recreation facilities building reconstruction; acquisition and installation of new computer systems; street resurfacing and widening; construction of a new police precinct building; cleaning and re-lining the City's 150-year-old aqueduct system; improvements to public libraries; bridge improvements; and sewer reconstruction. The City estimates that its funding needs to meet general capital improvement program objectives (excluding water utility payments) for the six-year period will be $205 million. The City is also making major infrastructure improvements, including the construction of new water and sewer lines and roads in connection with major development projects in the City. See "CITY ECONOMIC AND DEMOGRAPHIC INFORMATION" and "ECONOMIC DEVELOPMENT" herein. Many of these projects will be financed primarily through direct developer contributions or local improvement assessments.

THE WATER SYSTEM

Background

Prior to the reorganization of the Municipal Utilities Authority, the City operated the Water System as a self-liquidating utility within the City's budget. The City determined that it was in the best interest of the users of the Water System to reorganize the Jersey City Sewerage Authority as the Jersey City Municipal Utilities Authority to operate both the Sewerage System and the Water System, creating economies for both systems. On January 15, 1998, the Municipal Utilities Authority assumed the operation, maintenance and management of the Water System, subject to the short-term private operating agreement then in existence between the City and United Water. The agreement with the MUA was subsequently amended and extended to run through December 31, 2027 in order to better plan for long term improvements and operations. The City will continue to be responsible for the financing of all extensions and improvements to the Water System, but the Authority has assumed the responsibility for the payment of debt service on any future bonds issued by the City for such purposes as well as the responsibility for payment of debt service on the outstanding bonds of the City issued to finance the Water System. Debt service on the First Lien City Water Obligations has previously been paid from revenues collected by the City in connection with the use of the Water System.

General Description

The Water System consists of five major components, impoundment, water treatment facilities, water transmission facilities, water distribution facilities and land. Much of the Water System is located outside City limits. All of the water for the City is supplied by the Boonton Reservoir which is located in the Town of Boonton and the Township of Parsippany-Troy Hills, Morris County, New Jersey. The Splitrock Reservoir, located in the Township of Rockaway, Morris County, New Jersey is an emergency source of water. A water treatment plant, located next to the Boonton Reservoir was completed in 1978. The water treatment plant capacity is 80 million gallons per day ("MGD"). Its current peak usage is 60 MGD while its average usage is 45 MGD and its safe yield is 56.8 MGD. Water is conveyed from the Boonton Reservoir by an extensive gravity piping and tunnel system, approximately 23 miles in length, to the City's Reservoir Tank at the end of Troy Street in the City. The distribution system consists basically of the Troy Street Pump Station and adjacent Reservoir Tank and the piping network that supplies water throughout the City. Each residence or apartment unit and business concern in the City must be connected to the Water System. The City owns over 2,500 acres of land related to the Water System.

United Water is responsible for the full operation of the Water System under a contract with the MUA expiring March 31, 2018, and currently bills all of the users of the Water System. The City has estimated that economic benefits will be derived from the privatization of the operation of the Water System over the term of the contract with United Water (which ends in 2018) due to the sale of excess water to United Water, anticipated savings in costs of operations, anticipated increases in revenues from the Water System due to repairs of leaking pipes, and improvements in billing and collection. Upon expiration of the current contract with United Water, it is expected that the Authority will use its resources and personnel to operate the Water System or enter into a similar short-term private operating agreement. The Authority does not expect that, after the expiration of the operating contract with United Water, the cost to the Authority of either operating the Water System or entering into a similar short-term operating agreement will be significantly greater than the annual service fee currently paid by the MUA to United Water.

Water Rate Covenant

Under the terms of the Water System Service Contract, the Authority has covenanted to make, impose, charge and collect Water Service Charges in each fiscal year in accordance with the provisions of the Act so that Water Revenues for each fiscal year will be at least sufficient to pay (a) Water Operating Expenses in such fiscal year, (b) all interest on and principal of all Water Bonds and the City Water Bonds (as defined in the Water System Service Contract) as the same shall become due and payable without recourse to or withdrawal from the Water Bond Reserve Fund, (c) payments to the City required under the Water System Service Contract, and (d) all other amounts that are required to be paid pursuant to the Water System Service Contract. Water Revenues include any excess sewer revenues anticipated to be available for deposit in the Water Revenue Fund established by the Water System Service Contract.

PENSION FINANCING

Substantially all City employees who are eligible for pension coverage are enrolled in either a State or City administered retirement plan.

State Plans

The three State-administered plans are the Public Employees' Retirement System, the Consolidated Police and Firemen's Pension Fund and the Police and Firemen's Retirement System. The Public Employees' Retirement System includes all non-uniformed City employees who are not eligible for enrollment in the City's Municipal Employees' Pension Fund. The Consolidated Police and Firemen's Pension Fund includes uniformed employees who were employees before 1944, while the Police and Firemen's Retirement System enrolls all uniformed employees who began employment after 1944.

The Division of Pensions in the State Department of Treasury administers the plans and charges municipalities annually for their respective contributions. The charges are based on actuarial valuations. The City pays such charges on a monthly basis.

City Plans

All permanent City employees who are age 39 or younger when commencing employment with the City are required to enroll in the Employees' Retirement System of the City as of date of hire. All temporary employees who are age 39 or younger when commencing employment with the City are required to work one year before they are enrolled in the Employees' Retirement System of the City which is administered by a Pension Commission consisting of the Mayor, Chief Financial Officer, two elected employee representatives, and one appointed citizen member. Buck Consultants an ACS Company, serves as consulting actuary ("Actuary") for the system. In its latest report dated January 1, 2016, the Actuary reported:

GASB Statement No. 27 only requires valuation be performed every two years. The Annual Recommended Contributions payable for calendar years 2016 and 2017 are as follows:

	December 31, 2016	**December 31, 2017**
Normal Contribution[1]	$ 1,667,756	$ 1,734,467
Accrued Liability contribution	7,173,577	7,459,249
Total contribution	$ 8,841,333	$ 9,193,716

[1]The Normal Contribution amounts are 4.99% of estimated salaries of $33,421,968 and $34,758,847 for the 2016 and 2017 calendar years respectively. The actual normal contribution to the trust should be 4.99% of Actual salaries for each year.

Three other City pension plans are not maintained on an actuarial basis, but the City appropriates funds annually as required to provide benefit payments for the year. The plans are Employees' Non-Contributory Pension, Pensioned Employees and Payments to Widows and Dependents – Members of Police and Fire Departments.

In December 1996, the City received a bill from the Police and Firemen's Retirement System (PFRS) for approximately $18,500,000 to pay for accrued pension liability due to an early retirement incentive program established in 1994. Legislation (P.L. 2002, c.42) was enacted that permitted the City to sell refunding bonds pursuant to the Local Bond Law to retire the present value of the unfunded accrued liability to PFRS. With an approval from the Local Finance Board, the City financed said liability through the issuance of $23,595,000 Pension Obligation Refunding Bonds

Series 2003A dated January 15, 2003 (Federally Taxable) and $17,456,000 Pension Obligation Refunding Bonds Series 2003B dated March 15, 2003 (Federally Taxable).

The following table shows the City's contributions to the respective pension systems for the last five years.

City Contributions to Employee Pensions

	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
State of New Jersey					
Public Employees' Retirement System	$3,796,490	$2,767,829	$2,157,151	$2,483,300	$2,526,878
Consolidated Police and Firemen's Pension Fund	58,994	46,592	46,544	167,303	167,303
Police and Firemen's Retirement System of New Jersey	38,097,772	34,790,479	33,941,159	34,982,452	33,343,616
City of Jersey City					
Municipal Employees' Pension Fund	8,841,332	7,782,323	7,500,558	8,413,998	8,090,382
Employees Non-Contributory Pension (R.S. 43:8 B-1)	260,000	246,020	220,800	225,000	225,000
Pensioned Employees (R.S. 43:4-1)	59,735	65,000	69,600	72,000	72,000
Payments to Widows & Dependents-Members of Police & Fire Depts.	779	780	720	720	720
TOTAL	$51,115,102	$45,699,023	$43,936,532	$ 6,344,773	$44,425,899

Source: Derived from the Calendar Year 2012-2016 Audited Financial Statements of the City.

Post-Employment Benefits

The City provides eligible retirees with medical, prescription drug and life insurance benefits. Based on an assumed discount rate of 4.50%, as of June 30, 2015 the Unfunded Actuarial Accrued Liability for such post-employment benefits was $976,949,569, and the Annual Required Contribution was as follows:

Normal Cost	$35,135,265
Annual Amount Toward Unfunded Actuarial Accrued Liability	57,393,724
Annual Required Contribution	$92,528,989
Less: Actuarial Determined City Contribution (Estimated)	26,167,422
Net Increase	$66,361,567

See Note G to the audited financial statements for a more detailed discussion of the City's post-employment benefits.

INSURANCE

Insurance Fund Commission

The Jersey City Insurance Fund Commission was established in 1984 pursuant to N.J.S.A. 40A:10-1, *et seq*. The members of the Commission are the City's Business Administrator (who serves as Chairperson) and two members of the Municipal Council. All insurance upon property owned or controlled by the City or any of its departments, boards, agencies or commissions, is required to be placed and effected by the Commission. The powers of the Commission are statutory and include the power to invest the funds and all additions and accretions thereto in such securities as they shall deem best suited for the purposes of the statute; keep on hand at all times sufficient money, or have the same invested in such securities as can be immediately sold for cash, for the payment of losses to any buildings or property of the City, or liability resulting from the operation of publicly owned motor vehicles, equipment or apparatus; and fix reasonable rates of premium for all insurance carried by the insurance fund, and shall effect all insurance in the insurance fund or with any insurance company or companies authorized to do business in this State.

LITIGATION

General

The City, its officers and employees are defendants in a number of lawsuits including, but not limited to, lawsuits arising out of alleged torts, alleged breaches of contract and alleged violations of civil rights. The City is also engaged in activities, such as police protection and public works construction, which could result in future litigation with a possible significant monetary exposure to the City.

Based upon the information available to date, it does not appear that any individual lawsuit or the cumulative effect of these lawsuits will impair the City's ability to pay any judgments or settlements in an orderly manner, since the likelihood is that the amount of any judgments and eventual settlements will be much less than the amount claimed, and payments can be spread over two or more fiscal years. Because many lawsuits are still in the discovery stage, the Corporation Counsel is unable to determine the probability of a successful defense to them at this time.

The City self-insures against tort claims, which include general liability, automobile liability, employment practices, public officials and police professional and workers compensation lawsuits. The self-insured retention depends upon the date of incident and which of two excess policies provides coverage.

Pending Litigation

The following information has been compiled as of October 2017. The cases listed below have a potential monetary exposure in excess of $500,000.00.

<u>Valerie Montone v. Jersey City Police Department et al.</u>

This federal lawsuit involves allegations by a retired police sergeant that the defendants (former Mayor Healy and former Chief of Police Troy) did not promote her because of her political affiliation and gender. This matter has been litigated in state and federal court. After discovery, summary judgment was granted to the Jersey City defendants on both the state and federal causes of action; however, the plaintiff appealed the matter to the Third Circuit Court of Appeals. The Third Circuit reversed the district courts holding and remanded the matter to the lower court. Although the reversal of the order for summary judgment is a setback, the defendants are prepared to defend this lawsuit on the merits. Recently, at a conference before the Federal trial judge, the plaintiff's attorney made an "informal" demand, $5,000,000 to settle. Thus, there is a significant monetary exposure for economic damages and attorney fees. Retired Judge Faith Hochberg is currently mediating the matter. If the matter does not settle, a trial date will be set.

<u>Astriab et al v. City of Jersey City</u>.

This lawsuit is the companion case to Montone matter. In this case, eight other sergeants allege that because Montone was wrongfully not promoted to Lieutenant, they could not be promoted since they were behind her on the promotion list. With regard to damages, they claim they are entitled to the difference in pay and benefits between what they would have received if they had been promoted and what they actually have received, including pay, benefits and pension contributions/value. These claimed damages continue to accrue as the case proceeds. This matter has the same procedural history as Montone case. Although the Summary Judgment obtained in this case was reversed, the defendants maintain that the defenses to the plaintiffs' claims are viable and the case will be defended on its merits. The plaintiffs also claim attorney fees and back pay. If they prevail, the combined award could exceed $1,000,000.00.

212 Marin Blvd. v. City of Jersey City (Sixth Street Embankment cases).

Various lawsuits brought by several entities regarding the property known as the Sixth Street Embankment. The alleged owners contend that the City has interfered with their development rights and violated their constitutional rights. These matters have been pending for several years despite numerous attempts to achieve a settlement. The City continues to defend against all claims.

Bruno v. City of Jersey City.

This matter involves claims for wrongful death and personal injury. Plaintiffs allege in their complaints that on July 27, 2012, co-defendant Frederico Bruno illegally entered their apartment located at 110-112 Rutgers Avenue, Jersey City. Mr. Bruno waited for Ms. Figueroa, Ms. Calderon and infant Damien Rose Bruno to arrive. Upon their arrival, Mr. Bruno violently attacked plaintiffs resulting in the death of Damien Rose Bruno, and bodily injuries to Ms. Figueroa and Ms. Calderon. Plaintiffs allege that the day before incident, Bruno appeared at a Jersey City police station to inquire about any open arrest warrants. Plaintiffs allege that Bruno had open warrants at the time, but was not detained. Plaintiffs allege that the Police Department failed to enforce the restraining order or act on the outstanding warrant. Trial started on August 7, 2017. At the conclusion of plaintiffs' case, the City was granted a directed verdict all claims. On October 17, 2017, plaintiffs filed a notice of appeal. If plaintiffs are successful on appeal and a re-trial, exposure could surpass $1,000,000.

Mays v City of Jersey City.

Plaintiff, the City's Deputy Tax Assessor, has brought a claim in federal court for race discrimination and retaliation. She also alleges a whistleblower claim under CEPA. Discovery is ongoing. Written discovery is complete, plaintiff has been deposed, and plaintiff's counsel has deposed approximately ten defense witnesses. If plaintiff is able to prove her claims at trial, she could obtain an award between $200,000 - $300,000 for her severe emotional distress, as well as an attorneys' fees award between $250,000 - $300,000.

Anglin et al v. Jersey City Fire Dispatch.

Plaintiffs are the Administrators of the Estates of four decedents who died in a house fire, and five relatives who claim emotional distress damages from perceiving the death of their family members in the fire. In the lawsuit, they claim that a City dispatcher sent the firefighters to the wrong address resulting in the deaths. The City has asserted various immunities and the plaintiffs contend that they have overcome the bar of the immunities. Discovery is in the preliminary states. Exposure could surpass $1,000,000.

MEPT v. City of Jersey City, et al.

In 2009, the City of Jersey City entered into financial agreements with MEPT Journal Square, LLC, MEPT Journal Square Tower North Urban Renewal, LLC, and MEPT Journal Square Tower South Urban Renewal, LLC (collectively the "Plaintiffs") for long term tax abatements (30 years) for the development of certain real property. The agreements were entered into pursuant to the appropriate ordinance and resolution. Plaintiffs agreed to and made a contribution to the City's Affordable Housing Trust Fund ($710,769). Plaintiffs also entered into a Prepayment and Contribution Agreement under which the Plaintiffs agreed to and did prepay a certain amount of money ($2 million) that was to be credited against the service charges to be collected over the first four years following completion of construction of their projects. Approximately six years after the financial agreements were executed, Plaintiffs abandoned this project and sold the property. Indeed, the Plaintiffs failed to develop the property as originally intended. In 2015, Plaintiffs filed this declaratory action seeking the refund of the prepayment and the Affordable Housing Trust Fund payment for a total sum of $2,710,769. On December 4, 2015, Plaintiffs moved for a summary proceeding for a declaratory judgment under N.J.S.A. 2A:16-50 in order to have all monies refunded to them. On October 4, 2016, the court entered an order of judgment in favor of the Plaintiffs directing the City to pay $2,710,769 to Plaintiffs. Shortly thereafter, the City moved for reconsideration of the court's order and this motion was denied. The City filed a notice of appeal, which is currently pending.

Wrieden v. City of Jersey City et al.

Plaintiff Daniel Wrieden has filed claims against the City of Jersey City and director Anthony Cruz. Mr. Wrieden alleges that the defendants discriminated and harassed him on the basis of his sexual orientation. He also alleges that the City violated his first amendment rights. If Mr. Wrieden prevails, the defendants could be liable for lost wage damages, punitive damages, emotional distress damages, and plaintiff's attorney's fees, in excess of $500,000.

Pych et al. v. City of Jersey City et al.

On December 31, 2013, the Plaintiffs' decedent drowned as a result of him losing control of his motor vehicle which became submerged in the waters of the Morris Canal. Plaintiffs allege that the accident occurred on dangerous property owned, controlled or maintained by the City. The City contends that the accident occurred on privately owned property. Discovery is ongoing. If the City is unsuccessful, exposure for the wrongful death and survivorship claim could exceed $500,000.

D'Onofrio v. City of Jersey City, et al.

The plaintiffs' decedent was struck and killed by a vehicle while crossing Baldwin Avenue. Plaintiffs claim that there was a nonfunctioning street light in the area that contributed to the accident. The City contends that the accident occurred as a result the negligence of the decedent and co-defendant. If plaintiff prevails, exposure could surpass $500,000.

Estate of Lavon King v. City of Jersey City, et al.

In this matter, a Jersey City police officer fatally shot decedent after he tried to disarm the officer. Plaintiffs contend that the officer unnecessarily used excessive force in violation of the decedent's constitutional rights. The City contends that the officer used reasonable force. If plaintiff succeeds, exposure could surpass $500,000.

Oliver/D'Onofrio v Jersey City, et al

While crossing the street on October 23, 2015, decedent Ralph D'Onofrio was hit by a vehicle driven by one of the co-defendants (Musa). D'Onofrio was transported to Jersey City Medical Center and died approximately 3 days later. Plaintiff alleges that the street lights were not working at the time of the accident and caused the driver to hit Mr. D'Onofrio. Because this is a wrongful death matter, the city's exposure may exceed $500,000.

O'Donnell v NJ Turnpike

On February 22, 2016, decedents were driving in the City of Jersey City and were hit by another vehicle operated by defendant Scott Hahn who at the time had not slept for 26 hours and was under the influence of Adderall. A witness allegedly saw Mr. Hahn stop at a gas station and confer with a Jersey City police officer moments before the accident. Plaintiff alleges that the police officer had a duty to stop Hahn from driving and that the breach of this duty resulted in the fatal accident. Because there are two dead victims, exposure in the case could well exceed $500,000.

In addition to the cases listed above, the City, its officers and employees are defendants in a number of lawsuits, none of which is unusual for a city of its size. These lawsuits include but are not limited to lawsuits arising out of alleged torts by the City and its employees, alleged breaches of contract and alleged violations of civil rights.

In addition to the cases listed above, the City, its officers and employees are defendants in a number of lawsuits, none of which is unusual for a city of its size. These lawsuits include but are not limited to lawsuits arising out of alleged torts by the City and its employees, alleged breaches of contract and alleged violations of civil rights.

During the calendar years 2012 through 2016, the City paid the following amounts in judgments and settlements:

Year	Amount Paid*
CY 2016	$2,348,280
CY 2015	1,181,928
CY 2014	1,460,362
CY 2013	494,286
CY 2012	324,735

*Source: Jersey City Insurance Fund Commission

Environmental Issues

There are many privately and governmentally owned parcels of real estate in the City containing various levels of environmental contaminants. With respect to privately owned real estate, the City, State and Federal health and safety officers have undertaken and continue to compel compliance by the owners with the existing regulations. The City aggressively uses its building inspectors and health officers to monitor and compel abatement of harmful environmental hazards. With respect to environmental contamination which does not pose an immediate or substantial public safety or health issue, the City is increasingly using local business incentives to stimulate previously dormant property for conversion to useful economic initiatives including the removal of environmental contaminants. The City itself monitors its own real estate and has undertaken and is currently performing building and facility improvement programs to remove all violations of Federal, State and City environmental regulations.

CITY ECONOMIC AND DEMOGRAPHIC INFORMATION

The City is New Jersey's second largest municipality with a population of 247,597 according to the United States Department of Commerce's 2010 Census. The City is located on the west side of the Hudson River, directly across from lower Manhattan in New York City, and is part of the major business and industrial concentration spanning the New York – Northern New Jersey metropolitan area.

The City's land area is 15.8 square miles, including a five mile long stretch of Hudson River waterfront that has experienced considerable high rise office tower, residential and multi-family development over the past ten years. The City is connected to New York City by the Holland Tunnel and the PATH railroad tubes and is within ten miles of Newark International Airport and the container and cargo facilities of Port Newark-Elizabeth. The City's size and current development activity cause it to dominate the economy of the County (the Jersey City Labor Area). The City also serves as the seat of the County government. Of the approximately 275,000 persons employed in the County, approximately 43% are employed in the City.

Population

The City had experienced a population decline from 1970 through 1980, however due to increased residential housing developments, the population has shown a trend toward increasing.

Population Trend (Calendar Year)

Year	City	County	State
2010	247,597	634,266	8,791,894
2000	240,055	608,975	8,414,350
1990	228,537	553,099	7,730,188
1980	223,532	556,972	7,364,823
1970	260,545	609,065	7,192,805

Source: U.S. Bureau of the Census: Censuses of Population and Housing.

School Enrollment

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2017-2018	27,330	-1.25%
2016-2017	27,672	-.44%
2015-2016	27,794	-2.75%
2014-2015	28,562	-4.50
2013-2014	29,909	4.50
2012-2013	28,621	2.65

Source: Jersey City Public Schools: www.jcboe.org

Residential Dwelling Units

Most of the housing stock in the City was constructed in the first half of the twentieth century, primarily for renter-occupied use.

Housing Characteristics

Owner Occupied	28,888
Total Units	110,140

Source: U.S. Bureau of the Census: American Community Survey 2014

Employment

Labor Force - The City of Jersey City

Year	Total Labor Force	Employed	Percent (%) Unemployed
2017	141,438	134,950	4.4%
2016	140,500	133,800	4.8%
2015	140,658	133,184	5.3%
2014	139,551	130,539	6.5%
2013	138,427	127,195	8.1%
2012	139,531	127,018	9.0%

Source: New Jersey Department of Labor, Office of Labor Planning and Analysis. 2012-2017.

Overview of Jersey City

Founded in 1630 and incorporated in 1820, Jersey City once served as a shipping, manufacturing, and rail transportation hub. Home to Ellis Island, Jersey City has served as the gateway to the United States for millions of immigrants.

Today Jersey City is a vibrant and thriving city, where rail yards, factories, and warehouses have been transformed into parks, restaurants, shops, and modern skyscrapers. Seven of the ten tallest buildings in the state are found in Jersey City, with construction recently starting on what will soon be the tallest building in the State and the tallest residential building in the western hemisphere outside of New York City. Jersey City residents and visitors enjoy spectacular views of the New York City skyline with miles of Hudson River waterfront. Jersey City's robust transportation infrastructure allows for easy access to New York City using the PATH train subway system, NY

Waterway Ferries, or the Holland Tunnel. An expansive above-ground light rail system that opened in April of 2000 connects Jersey City to neighboring municipalities.

The 2010 Census population of Jersey City is currently 247,597. It has been growing steadily at a rate of 3-6 % since a low of 223,532 in 1980. According to estimates based on the United States Census Bureau American Community Survey, Jersey City will be the largest city in New Jersey by the end of 2016. At the present time, Jersey City has established itself as a leader in urban development within the State of New Jersey. Jersey City is experiencing its highest level of residential construction in recorded history, with over 6,100 units currently under construction in Downtown and Journal Square alone (including 8 new towers over 15 stories), and over 18,000 more units approved to begin construction in the next few years.

Employment

From January to December of 2015 Jersey City's unemployment dropped from 6.0% to 5.3%. The significant unemployment rate decrease is due to several large firms either relocating to Jersey City or expanding current operations within existing Jersey City facilities. JPMorgan Chase, RBC, Forbes, Imperial Bag, Nautica, and Ahold are some of the largest companies relocating or expanding Jersey City operations. Jersey City has also seen an increase in construction jobs with more than 4,000 jobs recently started or planned as part of approved upcoming projects.

Source: New Jersey Department of Labor, Monthly Municipal Labor Force Estimates: 2010-2015.

Largest Private Employers in Jersey City*

Employer Name	Total Full Time and Part Time Employees
Goldman Sachs & Co. Inc.	3,782
Pershing LLC/Mellon Bank	2,000
ICAP Services North America LLC	1,796
JP Morgan Chase Bank	1,592
Citigroup	1,500
Computershare Investor Services, LLC	1,348
Deutsche Bank Trust Co. NJ Ltd.	1,200
Broadridge Information Service, Inc.	1,000
Insurance Service Office, Inc.	1,000
Fidelity Investments	1,000
Equitable Life Insurance Co.	816
Bank of Tokyo Mitsubishi Trust	800
IPC Acquisition Corp.	750
Lord, Abbet & Company	715
Brown Bros Harriman & Co.	700
Home Depot USA, Inc.	548
Ritter Sysco Food Service	529
Prebon Yamane (USA) Inc.	520
Daily News	500
Langer Transport Corp.	475

*As reported to the State of New Jersey, January 2017. Does not include public employers, i.e. hospitals, schools, or other government agencies
Source: Hudson County Economic Development Corporation, Jersey City.

Tourism

Tourism is a growing industry for Jersey City with three new hotels (700 new hotel rooms) under construction. While Liberty State Park, Liberty National Golf Course, Ellis Island, and the Statue of Liberty attract millions of visitors each year, in 2014, Jersey City proudly hosted the Seattle Seahawks and Denver Broncos, their families, and many of their fans for the week leading up to the Super Bowl. Jersey City is also home to one of the largest 4th of July fireworks displays in the country.

Higher Education

Jersey City is home to St. Peter's University, with an enrollment of approximately 3,400 students in 2015, and New Jersey City University, with an estimated enrollment of 8,200 students, both of which offer full and part-time undergraduate studies in liberal arts, business and the natural and social sciences. In addition, St. Peter's has graduate programs in education, nursing, accounting, and business administration and New Jersey City University offers a wide variety of graduate programs. Jersey City is also the home to Hudson County Community College, which offers entry-level occupational and career certificates and associate degrees to prepare students for employment and to upgrade existing skills. The Community College has an estimated enrollment of over 10,000.

Sources: Saint Peter's University Website: www.saintpeters.edu;
New Jersey City University Website: www.njcu.edu;
Hudson County Community College Website: www.hccc.edu.

Healthcare

The Jersey City Medical Center, a voluntary not-for-profit hospital, moved to a new hospital facility in 2004 at a site on Grand Street and Jersey Avenue to replace the Medical Center complex built in the 1930s. The facility is currently operated by Liberty Health and is the region's "state designated trauma center" and the only hospital in Hudson County approved for open heart surgery. A new 5-story Medical Office Building was completed in 2010 and is fully leased, including the Cristie Kerr Women's Health Center. See "CITY INDEBTEDNESS AND DEBT LIMITS – Other City-Related Obligations" herein.

Economic Incentives

Jersey City's Urban Enterprise Zone (UEZ) is one of the top performing zones in the state. It is comprised of approximately 1/3 of the city's total land acreage. Revenue from the UEZ Program has funded many development initiatives throughout the City, such as national and international marketing campaigns, special events, preservation, city beautification projects, CCTV program, job training, tourism (www.destinationjerseycity.com), and business improvement and relocation grants. In the past, the City received approximately $16.2 million annually to be used for various programs. However, the City has not received any funds since 2009 due to State budgetary constraints.

The Jersey City Economic Development Corporation manages and maintains business and employment support systems. Some of the benefits available to Jersey City UEZ-certified businesses are listed below:

- Reduced sales tax for certified retail businesses
- Employee tax credits for each UEZ municipality resident hired
- Jersey City Employment & Training Program
- City Beautification Program
- Closed Circuit TV Neighborhood Watch Program
- Customer Service Skills Center

Additionally, the JCEDC has expanded opportunities for local small business owners to access capital, through partnerships with private and non-profit lenders. The Jersey City Fund is a $10 million dollar loan program targeting small businesses with small lending needs; the EDC also has a microloan program based on geographic location, meant to support businesses opening in the city's traditionally underserved neighborhoods.

The Hudson River Waterfront

Recently dominated by the financial services industry, as more new skyscrapers with class A office space are constructed a more diverse workforce has developed.

Since the early 1980's, more than 18 million square feet of office space, and over 18,000 new residential units, and five hotels providing nearly 1,500 rooms have been completed. Redevelopment of the waterfront and nearby neighborhoods has been brisk, accelerating with the construction and opening of the Hudson Bergen Light Rail system. Plans for the redevelopment of formerly industrial land along Jersey City's waterfront currently include as much as 30 million square feet of office space and more than 35,000 new residential units.

The number of new residences authorized by building permits city wide, from 1995 through 2007, totals over 17,000 residences while and non-residential office space authorized by building permits exceeded 7 million square feet. The Newport Neighborhood is the largest single development on the Hudson River Waterfront. Built on 300 acres of abandoned rail yards at the edge of the river, this area now is home to 4,000 residential units and 14 residential towers, a park with a man made beach overlooking the river, the Newport Centre Mall, and a variety of office buildings.

The Hackensack River Waterfront

The Hackensack River Waterfront is another powerful City resource whose value has only recently been re-discovered. The improved environmental quality of the Hackensack River and the return of water-related recreation to the river have helped to reinforce its value. The first signs of its rebirth include: the fully sold out Society Hill and Droyer's Point development, a 1,400 Dwelling unit condominium community; the establishment of Meadows Path which is a planned pedestrian walkway along the Hackensack River stretching from Bergen County to Bayonne; commitment by the County of Hudson to establish an extension to the county park system; the completion of the 9 hole Golf course within the Hackensack River Edge Redevelopment Area~~;~~ implementation of the City homes at Westside Station loft style residential project within the Water Street Redevelopment Plan area; transformation of a 32-acre former federal superfund site into the "Marion Greenway" - Phase I involves the remediation and capping of the site for passive recreation and Phase II includes a 2000 foot waterfront walkway, soccer fields, jogging paths and an Environmental Center; implementation of the remediation plan and environmental clean-up of the 100 acre former Honeywell site for the creation of a mixed use new-urbanist neighborhood within the Bayfront I Redevelopment Plan Area. This development will include the creation of over 15 acres of parkland in the form of a bikeway, central greenway, new pedestrian-friendly streets and infrastructure, approximately 4,200 to 8,100 new dwelling units, 700,000 to 1 Million sq. ft. of office floor area, and 200,000 to 600,000 sq. ft. of retail space.

All this development is part of a larger plan for the Jersey City western waterfront known as the Bayside Study Area. The study establishes the ground work for the creation of new-urbanist neighborhoods and new streets to connect into the existing neighborhoods of Greenville. The Bayside Study Area anticipates the redevelopment of land both east and west of Route 440, the re-design of Route 440 through federal funding appropriated to Jersey City, the expansion of the New Jersey City University Campus as an integral part of this new neighborhood, and ultimately leading to the extension of the Hudson-Bergen Light Rail System roughly ¼ of a mile to the west in order to access the Bayfront 1/Honeywell Project and the Hackensack River.

The old Department of Public Works facility along the Hackensack River (Bayfront 1/Honeywell Project) will soon begin redevelopment into hundreds of residential units as well as retail shops and entertainment and dining options.

Journal Square

Functioning as a major regional transportation hub, Journal Square encompasses the neighborhood surrounding the Journal Square PATH station and bus terminal, which provides access to New York City, Newark, Hoboken, and Harrison via the PATH subway train system and bus service throughout the region via 7 different bus lines. The first significant construction in Journal Square in decades is nearly complete with the first of three towers in the "Journal Squared" development project. Upon completion, this development will consist of a 54 story tower, a 60 story tower, and a 70 story tower. As of February 2016, there are 5,284 dwelling units, 195,055 square feet of office and 432,787 square feet of retail space approved for development in the Journal Square area. Under construction there are currently, 1,334 dwelling units, 70,070 square feet of office and 13,267 square feet of retail space to come on line within the next eighteen months.

The Loew's Jersey Theatre, a 3,000 seat "movie palace" originally opened in 1929, is a priority restoration project for Jersey City. The facility will soon undergo an extensive multi-million dollar renovation to restore the energy, glory, and full functionality to the theatre and to the neighborhood as a whole. AEG Live, the second largest event promotion company in the world, is planned to manage programming (along with partnerships with NJCU, Mana

Contemporary, and a variety of community groups) and ACE Theatrical Group, the premiere theatre restoration company in the country, is planned to manage the construction and renovation of the facility.

On the periphery of the square is the adaptive re-use of the old American Can Factory. The CANCOLoft project entails the creation of over 1,300 new loft style residential units and associated retail services. The new CANCOPark, completed in 2010, features an "orchard" of trees that is lit up at night by ground lighting, park benches, and a terraced layout. The park's perimeter is lined with bamboo shoots in raised planters. Manna Contemporary Fine Arts is truly a diamond in the rough with art exhibits almost every weekend. Several other smaller projects, like 25 Senate Place or the Kennedy Lofts at 100 Newkirk Street, continue to make this the new hip artist community in the New York Metropolitan region.

Transportation Improvements and Funding

The City received federal high priority project funding for transportation access in the amount of approximately $26 Million and the creation of an urban boulevard along Routes 440/1&9 Truck in the amount of $1.8 Million.

North Jersey Transportation Planning Authority, (NJTPA) Area metropolitan Planning Organization awarded Jersey City the following grants:

- FY 2008-2009 Subregional Study Program grant for Update to the Circulation Element of the Jersey City Master Plan in the amount of $250,000;
- FY 2010 – 2011 Subregional Study Program Grant co-sponsored with Hudson County for a Study to improve transportation connections between the Cities of Hoboken and Jersey City in the amount of $300,000;
- FY 2012-2013 Subregional Study Program grant for the Liberty State Park Circulator Cost-Benefit Analysis in the amount of $220,000;
- FY 2012-2013 Subregional Study Program grant for the Morris Canal Greenway Plan in the amount of $220,000; and
- FY 2012-2013 Subregional Study Program grant co-sponsored with Hudson County for The Jersey City/Journal Square/Bayonne Bus Rapid Transit Study in the amount of $250,000.

Over $1 million in FY 2012 Local Safety Program grants for pedestrian improvements along Summit Avenue

- FY 2017-2018 Subregional Study Program grant for pedestrian enhancement plan in the amount of $180,000.

NJ Transit has completed the Hudson-Bergen Light Rail 440 Extension Alternatives Analysis, which identified the extension of the HBLR from its current terminus at West Side Avenue station across Route 440 to a new station at the northern boundary of the Bayfront I Redevelopment Plan area as a locally-preferred alternative.

Miscellaneous Infrastructure Improvements and Public Amenities

- The Exchange Place PATH station was renovated in 1990 at a cost of $65,000,000. The PATH provides a 3-minute ride from Exchange Place to the World Trade Center Station. The Port Authority's $1.3 billion project to replace PATH's entire 340 car fleet and to overhaul the PATH signal system thereby enabling a significant increase in the number of train movements while improving on-time performance and efficiency is underway, with the entire rolling stock upgraded between 2008 and 2012 and signal system enhancements still underway.
- The $1 billion Hudson Bergen Light Rail Transit System (HBLR) launched operation on April 15, 2000. Since then ridership has steadily grown as the system expands further north and south. It now connects with Hoboken's Lackawanna Station, which is adjacent to Jersey City and is a hub for regional commuter train service. It also now connects to a new Park & Ride station on Tonnelle Avenue in North Bergen that attracts commuters from Bergen County and other North Jersey locations, and which has been highly successful. Direct service is provided between the Park & Ride and the Jersey City waterfront employment center. A new

extension to 8th Street in Bayonne opened in January 2011. Hudson County and Bergen County municipalities have urged NJTransit to expand the HBLR into Bergen County, with all municipalities with current or potential HBLR infrastructure passing resolutions in favor of this plan.

- Ferry service connects the Exchange Place/Paulus Hook, Hudson Exchange, Port Liberté and Liberty Harbor North areas to lower Manhattan, and also connects Exchange Place/Paulus Hook to 39th Street in Manhattan.

- The City has completed its renovations of the Owen Grundy Pier Park at the foot of Exchange Place. This is one of several significant public spaces that exist along the Jersey City Waterfront.

- The Hudson River Waterfront Walkway is advancing toward completion along the waterfront as development of properties adjacent to the waterfront continues. It is now possible to walk from the Goldman-Sachs tower at the south eastern corner of Paulus Hook and Downtown to the Newport area and into Hoboken. The Newport Walkway now connects to Hoboken at the Hoboken Train Station and Newport Associates Development Co. has completed "Newport Green" a Waterfront park at Fourteenth Street. The development of Veterans Park will include the critical portion of the waterfront walkway at the park's edges along the Hudson River and the Morris Canal.

- New Jersey Department of Transportation is in the process of the reconstruction of the 12th and 14th Street viaducts from Route 139 to Jersey Avenue. The next phase will be the reconstruction of Route 139. NJ DOT is planning to construct a new Wittpenn Bridge over the Hackensack River and a new St. Pauls Avenue Viaduct that will link the bridge to Route 139, Tonnelle Avenue, Route 1&9 Truck, and a proposed new road parallel to Tonnelle Avenue. NJDOT is also planning to build a bridge on Jersey Avenue across the Morris Canal to allow easier travel from downtown Jersey City into Liberty State Park, Bergen Lafayette, and other parts of the city. Currently only a small foot bridge exists.

- Capital Improvement, Federal Grant, and UEZ Funding have been pooled to finance the re-surfacing and beautification of Christopher Columbus Drive. This is the main and most visible travel route from the NJ Turnpike to downtown neighborhoods and the waterfront.

- Jersey City launched the CitiBike bike-share system in September 2015. Because CitiBike is the same system used in New York City, residents can now seamlessly integrate into the broader regional bike-share network across the Hudson River. As of March 2016, only six months after the programs launch, 75,000 rides had already been taken.

Key districts and development areas within Jersey City

Hackensack River Edge Redevelopment Area. The City Council has adopted a new redevelopment plan that encompasses a number of properties on the City's western waterfront, the redevelopment of which will include the remediation of the PJP landfill. An Urban Transit Hub tax credit package of $34.6 million over ten years has been approved by the Board of the New Jersey Economic Development Authority which allowed Peapod and Ahold to utilize 344,000 square feet of the Pulaski Distribution Center, an 878,564 square foot warehouse recently completed along Route 1 & 9 by Prologis**.**

Claremont Industrial Center. West of Caven Point, the Claremont Industrial Center was developed on a 30-acre site by the New Jersey Economic Development Authority. Hartz Mountain Industries built and leased a 175,000 square foot warehouse for Walong Marketing, a food distributor and importer in the summer of 2002. Demand for warehouse space here dropped as the recession hit and the City responded by amending the Zoning to allow entertainment venues. In January 2011, "Pole Position Raceway" opened an 80,000 square foot facility featuring two quarter-mile tracks. The high-performing all electric karts can reach speeds of 45 miles per hour. The facility features a Tailgate Café, video and arcade games, meeting and party rooms, and an impressive display or racing memorabilia.

Liberty Industrial Park. In January 1996 construction was completed by the New York Daily News of a new 410,000 square feet printing plant. The Daily News has moved both their Brooklyn and Kearny operations to this new facility. The project represents a $180 million investment by the Daily News. Sysco Food Services of Metro New York has renovated the former Allied/Sterns building into 345,000 square feet of freezer/warehouse space. This project provides over 500 jobs. The total project cost was $25 million, $ 8 million of which was provided through the City and HUD by a Section 108 Loan.

Port Jersey/Greenville Yards. On the southernmost portion of the waterfront, the Port Jersey Corporation has developed 3,000,000 square feet for industrial distribution buildings since assuming control of the urban renewal project in 1969. The Corporation has invested $150 million to date. The Port Authority of New York and New Jersey has constructed an imported automobile facility on its 80-acre portion of Port Jersey and on 65 acres of the Greenville Yards. Iron Mountain Information Management has leased 123,000 square feet at 100 Harbor Drive, providing more than 100 full time jobs. In addition, Summit Import Corp. and Preferred Freezer Services have recently opened warehouse facilities in Greenville Yards. Preferred Freezer is also undertaking building a second new facility freezer. Keystone Properties constructed two warehouse facilities consisting of over 500,000 square feet of available warehouse space.

Jersey Eagle Sales Co. A 100% minority owned business exclusively distributing for Anheuser-Busch in Hudson County has completed construction of a 70,000 square foot, $4.5 million chilled warehouse and distribution facility, providing nearly 100 full-time jobs.

Montgomery Industrial Center. The 32-acre industrial park adjacent to **The Beacon** was developed by the New Jersey Economic Development Authority, which also makes development bond financing available to potential tenants. The firms in the Montgomery Industrial Center have created more than 300 construction jobs and 600 permanent jobs. Rajbhog Foods, makers of Indian bread, constructed a new plant with assistance from the New Jersey Business Employment Incentive Program and the New Jersey Local Development Finance Fund, and a $50,000 relocation grant from the Jersey City Urban Enterprise Zone. Other food related services attracted to this location are Wei Chuan USA and Woolco Foods. DeBragga & Spitler relocated to 55-77 Amity Street from the Meatpacking District in Manhattan. They are leasing an existing warehouse and purchasing the adjacent vacant land for parking and eventual expansion. They certified into the UEZ Program and took advantage of Jersey City's $50,000 relocation grant.

Newport Redevelopment Area Project The Newport Center project is a 300-acre, master-planned mixed use community consisting of retail, residential, office, leisure, and entertainment facilities. In December 1982, Jersey City received approval of a $40 million Urban Development Action Grant (UDAG), the largest ever awarded in the history of that Federal program, that effectively jump started the Newport development. The first building constructed was the Newport Centre Mall. It is a premier shopping center with 130 individual stores, anchored by 4 major department stores, a multiplex movie theater, and a food court. Since that time, development has continued in earnest, extending roadways, transportation choices and other community amenities. The Newport Associates Development Co. has just completed "Newport Green", a new 5-acre playground and park connecting Washington Boulevard to the Waterfront Walkway at Fourteenth Street. It includes the first urban beach in New Jersey, a recreational field, an outdoor ping pong table, and several landscaped gardens.

"The Laguna", the most recent tower to complete construction, was fully leased within 6 months of opening in 2013. This 17-story residential tower along the Waterfront Walkway at Fourteenth Street includes 158 rental apartments and 5,500 square feet of ground-floor retail.

Over $2 billion has been invested and more than 11 million square feet has been constructed at Newport. When completed, the $10 billion investment into the Newport community will provide housing for approximately 30,000 residents in 9,000 apartments and have a 1.5 mile section of the Hudson River Waterfront Walkway., 7 million sq. ft. of prestigious office space and two million square feet of retail and shopping opportunities. The Newport Redevelopment Area has developed into another new thriving neighborhood of the city. In addition to the mall, area residents and visitors can take advantage of 14 acres of green space, educational facilities, health and wellness facilities, and even a yacht club.

Powerhouse Arts District Redevelopment Area. The Powerhouse Arts District Redevelopment Plan area includes a collection of historic warehouses that have been re-used for residential, art, and entertainment uses. The district is unique and lends itself to conversion to a funky, trendy, retail and entertainment center. This district is 2-4 blocks west of the waterfront and is anchored by the Powerhouse building, an historic structure formerly the power station for the Hudson and Manhattan Railroad. The 100-year-old castle-like building near the waterfront is owned by the City of Jersey City. The Cordish Company in conjunction with the NY/NJ Port Authority and the Jersey City Redevelopment Agency have entered into a memorandum of agreement to stabilize and rehabilitate the former powerhouse into an entertainment destination for the waterfront. The Cordish Company plans to breathe life into the deteriorating power plant just as it has successfully done in the Baltimore Inner Harbor.

Toll Brothers City Living recently completed the Provost Square development, a 3 acre site in downtown Jersey City just a block from the Grove Street PATH station. The development includes 3 high-rise towers, 38, 33, and 28 stories, totaling 927 units, 960 parking spaces, 45,000 square feet of retail, and a state of the art 24,000 square foot theater as well as 17,000 square feet of art related space. In between the buildings is a half acre public plaza.

Liberty Harbor North. This highly successful project does not look like a project at all. It is designed to be an extension of the existing neighborhoods that surround it. This project has two marinas, several miles of waterfront walkway, direct connections to Liberty State Park, ferry service to NYC, two Light Rail Stations and enjoys sweeping views of Liberty State Park, Lower Manhattan and the NY Harbor. It was designed and master planned by the Congress for New Urbanism co-founders Andres Duany and Elizabeth Plater-Zybek. Phase one is complete with 600 residential units. New retail establishments have opened, including the immensely popular Zeppelin Hall Beer Garden, Surf City Beach Bar, Tilted Kilt Pub, and Brew Shot Coffee Shop. Several mixed use projects by a number of different developers have also followed on the coattails of this project, including Gulls Cove, a 320 Condominium building, completed in 2007, "225 Grand", completed in the summer of 2010 with 348 unit rental building by Ironstate Development, Inc. and the KRE Group, and "18Park", completed in the spring of 2014 with over 400 units. The 11 story 18Park facility also includes space for the Boys and Girls Club of Hudson County.

The planning board has also approved a mixed use building that includes a full service flagship Marriott hotel and 475 residences. As many as eleven (11) other buildings are already approved for the area, including a new waterfront park, central park and civic plaza.

Harborside Financial Center. The Harborside Financial Center began with a successful warehouse conversion from a refrigerated rail warehouse to Class A office space, which was followed by the construction of new office towers. It is an office and commercial holding of Mack-Cali Realty located on the Hudson River Waterfront. The complex includes restaurants, a retail promenade, two tiered waterfront walkway with outdoor dining and additional service amenities. The Harborside Financial Center currently consists of six office buildings, an indoor and outdoor garden/plaza, and a HBLRT Station. It is all just minutes away from downtown Manhattan via PATH train or ferry. The complex also contains luxury rental apartments on the North Pier and a full service hotel on the South Pier. The Hyatt Regency Jersey City was the first full-service hotel on the Jersey City waterfront. It features 350 guest rooms, over 19,000 square feet of meeting and facility space, a 165-seat restaurant, and a 75-seat lounge and incredible views of Manhattan and the New York Harbor. The current Master Plan for Harborside envisions one more office tower for Plaza 4 and six residential towers on Plazas 6, 7, 8 & 9, new roadway extensions and a widening of the pedestrian plaza adjacent to the light rail station.

Existing Commercial/office building of Harborside are as follows:

Harborside Plaza 1	400,000 Sq. ft.	Re-Use
Harborside Plaza 2	761,200 Sq. ft.	Re-Use
Harborside Plaza 3	725,600 Sq. ft.	Re-Use
Harborside Plaza 4a	207,670 Sq. ft.	New Construction
Harborside Plaza 5	977,225 Sq. ft.	New Construction
Harborside Plaza 10	577,575 Sq. ft.	New Construction

There are approximately 13,600 employees in the existing office towers.

Hamilton Square. The Hamilton Square project accomplishes adaptive re-use of the former St. Francis Hospital complex. The old hospital formed an artificial barrier, separating Hamilton Park, a 2 acre Victorian Square, from the east side of the neighborhood. The first phase of this development is complete. The new retail includes a restaurant (GP's), an ice cream parlor that has received significant press and very positive reviews (Milk Sugar Love), wine store, pet store, and vintage department store. It brings the neighborhood together once again by re-establishing the cobblestone street leading to the park, rehabilitating some building, and replacing others. The blocks in the Hamilton Park historic district neighborhood are filled with classic row houses and lush, tree-lined streets.

Colgate. Colgate Redevelopment Area is a 24 acre, 10 block site of Jersey City waterfront south of Exchange Place. It was formerly the location of the manufacturing facility for the Colgate Palmolive Company. This area has experienced rapid growth over the past five years and is approaching its planned build-out of six million square feet of office space and close to 2,000 residential units. The first major project in the Colgate Redevelopment Area was 101 Hudson Street with 1.2 million square feet of office space in a well designed Art DECO Revival style skyscraper. Next, developed by Hartz Mountain Industries were 70 and 90 Hudson Street, two office towers on the riverfront with 358, 000 and 372,000 square feet. SJP Properties' renovation of 95 Greene Street, 280,000 square feet of office space in the former Colgate Perfume Building, has been completely leased by Merrill-Lynch. Goldman Sachs' now controls three site within the redevelopment plan area and treats this facility and the Sussex Street pier that they renovated as a public campus with ferry and helicopter access to their sister campus on the Manhattan side of the River. Goldman Sachs has completed their owner occupied office building, a 42 story, 793 feet tall tower with 1.5 million square feet of space, 1,000 underground car garage, ground floor pedestrian and retail amenities. This tower, the tallest building in the state of New Jersey, provides a unique identity and profile for the Jersey City skyline.

Tidewater Basin Redevelopment Area. The Tidewater Basin Redevelopment Area links new waterfront development with the existing Paulus Hook Historic District. The charm of this area is especially enhanced by watching cars share the path of the light rail trolley along the historic cobblestone street. The 324-unit Windsor at Liberty House was completed in September 2000. Other projects include the Pier House (106 condo units) and Hudson Point (181 rental units), two projects at the foot of Warren Street, Liberty Pointe, a 32 unit condo project just up Warren Street from those previously described, Fulton's Landing with 105 condominium units, and K. Hovnanian at Paulus Hook with 71 condominiums units are all occupied and complete. 198 Van Vorst Street, a 131 unit, 7-story residential project with 4,426 square feet of retail, is completed and occupied.

Harsimus Cove Station Redevelopment Area. Several residential projects have been completed and leased. Among the completed projects are the following condominium and rental units: Avalon Cove, Mandalay Bay on the Hudson, Portofino, Marbella, and the 'A'. These residential building encompass over 2,000 market rate units. Metro Plaza shopping center contains four retail buildings totaling 255,000 square feet. The Doubletree Hotel contains 200 rooms. The most recent project to be completed in the area is the Monaco, a residential development of 524 rental units in two 39 story towers atop a 10 story 558 space parking garage and 6,100 square feet of ground floor retail on what is was the Doubletree Hotel's parking lot. The Redevelopment Plan calls for a residential-commercial mixed-use district where certain lands are dedicated to the City of Jersey City for streets and parks. Projects recently completed include 110 First Street and Maribella phase II.

Port Liberté, Liberty National Golf Course and Country Club, and the Residences at Liberty. Redevelopment of this scenic area adjacent to Liberty State Park began in 1985 with the development of docks, jetties, and canals for luxury residential apartments and town homes, some with private boat slips at their front door. Later phases replaced new canal construction with an 18-hole professional Majors golf course and private club. Liberty National Golf Course hosted its first international PGA TOUR event, the Barclays, in August of 2009 and again in August 2013. In 2017 it will host the President's Cup. More than 1600 condominium units are completed with another 1500 planned for the Port Liberté development area.

The Residences at Liberté is the residential development associated with the golf course. Construction has begun on 60 low-rise luxury units along the waterfront walkway and adjacent to the golf club house. When completed, the Residences at Liberté will produce over 1,000 new condominium units located within three towers on the northern slope of the golf course.

Liberty State Park and Ellis Island. Over 2,000,000 persons visit Liberty State Park annually, making it the most popular of all state parks in New Jersey. It is the largest urban park in the state, at approximately 1,200 acres. It currently houses, two Marinas, a boat launch, the Liberty House (a 15,000 square foot restaurant and banquet facility), the recently expanded Liberty Science Center, the restored historic Central Railroad of New Jersey Terminal, and an award-winning Interpretive Center. Maritime Parc Restaurant & Catering opened in October 2010 with a 30,000 square foot event space.

The restoration of Ellis Island is ongoing and the result of a partnership between the National Parks Service and Save Ellis Island, Inc. The South Side of the island contains valuable historic resources such as the hospital facility, laundry and luggage building, open space and recreation area, nursing residence and other various support building, totaling 30 in all, built at the turn of the century to welcome immigrants to our land. It is the intent of the National Park Service to renovate these buildings and keep them in public use. The American Family Immigration History Center was unveiled in 2001. Given its national and international stature, the Ellis Island Institute is proposed to be a unique cultural, educational and conferencing facility that will use the power of place to create a venue for international cultural events and meetings. It will be involve reuse of the 29 existing buildings on the island and new construction of a hotel, museum and educational facilities. At completion, it will employ 275 full-time and 350 part-time workers.

Ferries to the Statue of Liberty and Ellis Island leave from Jersey City, Liberty State Park throughout the day. The park, a state and regional amenity that attracts visitors from a wide area, is frequently the site of State wide events, including concerts, festivals, and tournaments.

The Division of Planning has conducted a Liberty State Park Circulator Cost-Benefit Analysis. This study is an important first step in restoring transit service to destinations within Liberty State Park. A circulator would build on the City's public transportation network that currently serves the edge of the park. This potential service would make the park more accessible to the 40% of Jersey City households that do not have access to a vehicle..

The Beacon. This central City project is the rehabilitation of a monumental Art Deco New Deal Governmental/Hospital Complex. It consists of the adaptive re-use and renovation of ten (10) high rise structures, interior and exterior historic renovation of significant Art Deco and WP Project artifacts, including two theaters, meeting rooms, and lobby space, and new construction of a multi level garage, health spa, pool, museum, and various types of amenity space. Completion of this project, which is the largest historic restoration project in the nation, is expected to create approximately 1,200 market rate residential units. This project represents a significant private investment that is outside of the City's downtown waterfront financial center. Shuttle and full concierge services are provide to various mass transit choices throughout the city.

Grove Plaza. As recently as 2000, the Grove Plaza area was considered to be too far from the waterfront to be desirable for high end market rate units. Today, Grove Plaza is considered the heart of downtown. The newly renovated and re-designed Grove Street PATH Station Plaza has served as a festival site and farmers market adding to the vitality of the shopping destination. 2 new 60-story residential towers, 70 and 90 Columbus, will rise connected by a hotel in a 150 foot base. New residential construction is moving west along Newark Avenue, including 8 new restaurants along a pedestrian walkway has been completed.

Martin Luther King Drive. The redevelopment of Martin Luther King Drive began as a grassroots community based initiative with far-reaching support. Since the adoption of the MLK Drive Redevelopment Plan by the City Council in December 1993, the development of the MLK HUB Shopping Plaza has been accomplished. A 55,000 square feet supermarket and ancillary stores are in place. The HUB development is now under new ownership. Through a partnership of the Jersey City Redevelopment Agency, Universal Companies of Philadelphia, and Brandywine Corp., MLK Drive will be receiving approximately 205 units of work force housing to be built on City land in and around the HUB. Goldman-Sachs has sponsored a 20 unit housing development just north of the HUB Plaza and light rail station, which has been completed and sold as affordable condominiums.

The Fred W. Martin Apartments offer 39 affordable units in a 4-story building with 12,000 square feet of retail space along the Drive. Many other mixed-use and residential projects are underway along the Drive.

In 2015, The Jersey City Employment and Training Program (JCETP) relocated to the HUB, with Speaker of the House of Representatives Nancy Pelosi, New Jersey Governor Chris Christie, Senator Robert Menendez, NAACP President Cornell Brooks, Congressman Donald Payne Jr., Congressman Albio Sires, and former New Jersey Governors Brendan Byrne and Thomas Keane all attending the ribbon cutting ceremony. JCETP includes the prisoner re-entry program that provides addiction treatment, housing, and employment services as well as standard employment programs for youth, seniors, veterans, and welfare recipients. Former Governor James McGreevey is the director of the JCETP.

Monticello Avenue. The Monticello Redevelopment Plan covers Monticello Avenue between Communipaw Avenue and Montgomery Street. It encompasses 19 blocks geographically located at the center of Jersey City. The goal is to establish a historically preserved and revitalized neighborhood - a shopping district with a mix of retail, restaurant and service businesses, as well as arts-related venues and activities that reflect the diversity and strong sense of community that prevail in the area. The 12 unit "Rock Garden Plaza" and the 6 unit "120-122 Monticello Avenue" with approximately 7,000 square feet of childcare space on the ground floor, have been completed.

Canal Crossing. The proposed Canal Crossing Redevelopment Plan Area is approximately 111 acres in area and is located in the southeastern section of the City of Jersey City. It establishes a new-urbanist community with varied housing type, variable uses, a central boulevard and central park, high density around the Garfield Avenue Light Rail Station and accommodations for various types of open space and educational facilities.

Berry Lane Park. Berry Lane Park is a 17.5 acre park was recently completed on a former brownfield site in the Communipaw-Lafayette Section of Jersey City, New Jersey. Construction of the park began in 2012 and opened in the summer of 2016. The park is located between Garfield Avenue and Woodward Street near the Garfield Avenue Hudson Bergen Light Rail station. Directly south of Berry Lane Park is Canal Crossing, an adjacent brownfield site slated for a future residential development.

Berry Lane Park is the largest municipal park in Jersey City. The site includes two basketball courts, two tennis courts, a baseball field, a soccer field, a playground, a rain garden, 600 new trees, and a splash pad water park. New park features coexist with older existing structures that will be preserved or modified: for example, the large concrete silos from a former rail yard will be renovated to contain water features.

Holland Tunnel and Jersey Avenue Redevelopment Area. The expanse of land bounded by the entry/exit of the Holland Tunnel, the base of the Palisade Cliffs and neighboring the City of Hoboken, had remained unnoticed for many years. Its newly discovered attractiveness has accelerated an effort to re-connect existing streets, create more building lots and street frontages. There are current NJ Transit approvals for the creation of a new HBLRT Station at Jersey Avenue and Eighteenth Street. Residential re-development of the 10th Street corridor is almost complete; with the latest addition of the 58 condominium unit Schroeder Loft project adding to the LeFrak-developed apartments that presently line the corridor. In November 2007, The Home Depot opened a 105,121 square feet multi-level store, which employs 177 people and generating $50 million in annual sales. Other recently completed residential additions include The Cliffs, 700 Grove Street, Cast Iron Lofts, and Zephyr Lofts.

Proposed plans include the Hoboken Redevelopment Plan area and the New York Avenue Redevelopment Plan area. The 7 acre Van Leer Chocolate Factory site is slated to have up to 90-percent energy savings compared to traditional buildings through the use of geothermal and solar energy, as well as other green technologies and has been recognized in the 11th annual Governor's Environmental Excellence Awards in December 2010.

Majestic Theater and the Majestic II Projects. The adaptive re-use of the historic Majestic Theater across from City Hall including the three adjacent historic revival mixed use properties that were vacant and dilapidated, and development of a new adjoining 45 unit residential building. All of the constructed residential units have been sold or rented, and all of the highly desirable commercial spaces have been filled. Majestic II, which is a new mixed use classic mid-rise building with ground floor retail, will complete the third corner of the Montgomery Street & Grove Street intersection, connecting the eclectic buildings of the Van Vorst Historic District to the new City Hall neighborhood redevelopment. Across the street from the Majestic Projects and City Hall is an additional 99 unit 7 story building with ground floor retail space, which opened in early 2016.

New Jersey City Medical Center and Grand Jersey Redevelopment Plan Area. The Jersey City Medical Center opened its 325 bed medical facility at Grand and Jersey Avenues in 2004. This $180 million facility was financed by the FHA. Liberty Health has just completed a 5-story Medical Arts Building adjacent to the Medial Center. There are also plans to triple the capacity of the Emergency Department. New infrastructure, new streets, public garage, and new residential building are planned for this area to mirror the street grid and density of Liberty Harbor North. NJDEP has awarded Jersey City a special representative to coordinate the clean-up of the area to accelerate its redevelopment. Several projects within the area have already achieved site plan approvals and are ready to move forward. This redevelopment plan will also incorporate the re-location of the Mill Creek Sewage outfall, allow for the creation of new wetlands adjacent to Liberty State Park and replace the pedestrian bridge with a pedestrian and bicycle friendly vehicular connection from downtown Jersey City to the Park.

APPENDIX B

CITY OF JERSEY CITY,
IN THE COUNTY OF HUDSON, STATE OF NEW JERSEY
INDEPENDENT AUDITORS' REPORT AND AUDITED FINANCIAL STATEMENTS

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CITY OF JERSEY CITY

NEW JERSEY

REPORT OF AUDIT

FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015

CITY OF JERSEY CITY
AUDIT OF FINANCIAL STATEMENTS
TABLE OF CONTENTS
DECEMBER 31, 2016

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements – regulatory basis of the City of Jersey City, New Jersey (the "City"), which comprise the comparative balance sheet – regulatory basis, of each fund and General Fixed Assets as of December 31, 2016 and 2015, and the related comparative statement of operations and changes in fund balance – regulatory basis, statement of revenues – regulatory basis and statement of appropriations – regulatory basis, of the Current Fund, and the related statement of changes in Fund Balance – regulatory basis, of the General Capital Fund, for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note A, the financial statements are prepared by the City on the basis of the financial reporting provisions of the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2016 and 2015, and the changes in its financial position for the years then ended.

Unmodified Opinion on Regulatory Basis Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the comparative financial position – regulatory basis, of each fund and General Fixed Assets of the City as of December 31, 2016 and 2015, the Current Fund's respective operations and changes in fund balance – regulatory basis, revenues – regulatory basis and appropriations – regulatory basis, the General Capital Fund's changes in fund balance – regulatory basis, for the years then ended, in accordance with the financial reporting provisions of the Division as described in Note A.

Other Matters

Management Discussion and Analysis

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context, but is not required by the financial reporting provisions of the Division. Our opinion on the basic financial statements is not affected by the missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2017, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

DGDT

DONOHUE, GIRONDA,
DORIA & TOMKINS, LLC
Certified Public Accountants

Mark Bednarz

MARK W. BEDNARZ
RMA No. 547

Bayonne, New Jersey
November 10, 2017

CITY OF JERSEY CITY
CURRENT FUND
AS OF DECEMBER 31, 2016 AND 2015

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	2016	2015
Assets		
Current Fund:		
Cash and Cash Equivalents	$ 114,656,230	$ 78,412,037
Change Fund	1,710	1,710
	114,657,940	78,413,747
Intergovernmental Receivables:		
Due from State of NJ -		
Sr. Citizens and Veterans Deductions	23,048	6,000
Prepaid Debt Service - Qualified Bonds	12,562,462	17,029,830
	12,585,510	17,035,830
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	4,265,328	3,125,278
Tax Title Liens Receivable	37,154	659,482
Property Acquired for Taxes at Assessed Valuation	1,455,500	1,680,900
Revenue Accounts Receivable	1,115,339	1,917,585
Due from Jersey City Municipal Utilities Authority -		
Franchise Extension Fees	-	14,000,000
Lot Cleaning Charges Receivable	-	179
Sales Contracts Receivable -		
Property Acquired for Taxes	285,550	430,550
Interfunds Receivable	44,519	311,385
	7,203,390	22,125,359
Deferred Charges		
Special Emergency Authorizations	27,371,474	24,059,992
Total Current Fund Assets	161,818,314	141,634,928
Federal and State Grant Fund:		
Cash and Cash Equivalents	10,000,324	5,346,953
Federal and State Grants Receivable	32,617,186	42,505,828
Interfunds Receivable	147,426	1,199,393
Total Federal and State Grant Fund Assets	42,764,936	49,052,174
Total Assets	$ 204,583,250	$ 190,687,102

CITY OF JERSEY CITY
CURRENT FUND
AS OF DECEMBER 31, 2016 AND 2015

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	2016	2015
Liabilities and Reserves		
Current Fund:		
Appropriation Reserves	$ 18,800,526	$ 21,290,627
Reserve for Encumbrances	19,449,110	6,962,666
Contracts Payable	1,803,622	15,150
Prepaid Taxes	2,953,483	2,485,961
Tax Overpayments	2,377,608	3,139,995
Interfunds Payable	150,013	254,903
Prepaid PILOT Revenues	377,938	1,015,820
County Taxes Payable	1,070,539	850,340
PILOT Fees Due to County	654,210	46,458
Due to Special Improvement Districts	208,752	193,787
Due to State of New Jersey:		
Marriage Licenses	25,330	10,275
Burial Permits	570	55
Reserve for Deposits on Sale of Property Acquired for Taxes	20,303	60,303
Reserve for Arbitrage Rebate	-	937,315
Reserves - Other	2,148,670	7,457,737
Emergency Notes Payable	20,597,496	24,024,992
Reserve for Superstorm Sandy Expenditures	44,211	44,211
Other Payables	12,364	13,364
Reserve for Revaluation	5,000,000	-
	75,694,745	68,803,959
Reserve for Receivables and Other Assets	7,203,390	22,125,359
Fund Balance	78,920,179	50,705,610
Total Current Fund Liabilities, Reserves and Fund Balance	161,818,314	141,634,928
Federal and State Grant Fund:		
Reserve for Encumbrances	12,426,499	12,038,816
Reserve for Other	1,173,397	1,297,465
Reserve for State and Federal Grants Appropriated	29,061,223	35,677,181
Interfunds Payable	103,817	38,712
Total Federal and State Grant Fund Liabilities and Reserves	42,764,936	49,052,174
Total Liabilities, Reserves and Fund Balance	$ 204,583,250	$ 190,687,102

CITY OF JERSEY CITY
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

	2016	2015
Revenue and Other Income Realized:		
Fund Balance Utilized	$ 20,745,651	$ 25,722,750
Miscellaneous Revenue Anticipated	338,805,935	305,758,941
Receipts from Delinquent Taxes	559,368	1,461,339
Receipts from Current Taxes:		
School and County Taxes	232,077,953	217,778,207
Local Taxes	240,492,408	234,269,684
Non-Budget Revenues	2,760,372	1,185,076
Other Credits to Income:		
JCMUA Franchise Extension Fees	14,000,000	-
Unexpended Appropriation Reserves	13,999,157	7,568,981
Revenue Accounts Receivable	1,917,585	-
Cancellation of Contracts Encumbered	831,780	-
Cancelled Checks	549,786	425,886
Prior Year Interfunds Returned	311,385	246,383
Reimbursement for Prior Years Grant Adjustment	278,200	60,584
Other Credits and Adjustments	151,655	-
Premium on Special Emergency Notes	47,628	93,912
Cancellation of Contracts Payable	10,831	1,710,777
Cancelled Other Reserves	-	467,729
Burial License Fee Adjustment	-	70
	867,539,694	796,750,319
Expenditures		
Budgetary and Emergency Appropriations:		
Appropriations within "CAPS"		
Operations		
Salaries and Wages	228,896,529	216,604,715
Other Expenses	165,849,919	179,687,778
Deferred Charges and Statutory Expenditures	56,519,425	51,059,303
Appropriations Excluded from "CAPS"		
Operations		
Other Expenses	44,344,064	29,949,134
Capital Improvements	1,200,000	313,700
Debt Service	66,663,158	61,809,195
Deferred Charges	8,427,496	8,983,000
Type 1 School District Debt	13,361,440	9,755,795
Reserve for Uncollected Taxes	3,847,492	3,499,995
	589,109,523	561,662,615

CITY OF JERSEY CITY
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

	2016	2015
Expenditures (continued)		
Local District School Tax	$ 113,282,750	$ 111,061,520
County Taxes	118,795,203	106,716,687
Tax Appeals	1,206,040	2,719,265
Revenue Accounts Receivable	1,115,339	1,917,585
Interfunds Advanced Originating in Current Year	44,519	311,385
Refund of Prior Year Revenues	26,100	52,588
HUD Repayment	-	13,280
	823,579,474	784,454,925
Excess in Revenue	43,960,220	12,295,394
Adjustments to Income before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year		
Special Emergency Appropriations:		
Revaluation	5,000,000	-
Contractual Severance Liabilities	-	8,000,000
Statutory Excess to Fund Balance	48,960,220	20,295,394
Fund Balance, Beginning of Year	50,705,610	56,132,966
	99,665,830	76,428,360
Decreased by:		
Utilized as Anticipated Revenue	20,745,651	25,722,750
Fund Balance, December 31	$ 78,920,179	$ 50,705,610

CITY OF JERSEY CITY
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated			
	Budget as Adopted	N.J.S.A 40A:4-87	Realized	Excess or (Deficit)
SURPLUS:				
Surplus Anticipated	$ 20,734,401	$ -	$ 20,734,401	$ -
Surplus Anticipated with				
Prior Written Consent of Director	11,250	-	11,250	-
Total Surplus	20,745,651	-	20,745,651	-
MISCELLANEOUS REVENUES:				
LOCAL REVENUES				
Licenses:				
Alcoholic Beverages	520,699	-	630,547	109,848
Other Licenses:				
Marriage Licenses	5,130	-	5,751	621
Cable TV Franchise Fees	2,476,917	-	2,476,917	-
Hackensack Meadowlands Adjustment	1,167,485	-	605,487	(561,998)
Local School Aid	1,922,181	-	1,922,181	-
Advertising Ordinance Fees	314,427	-	304,747	(9,680)
Search Fees	185	-	255	70
Lot Cleaning Charges	166,921	-	80,889	(86,032)
Tax Collector's Fees	19,294	-	30,352	11,058
Hotel Occupancy Tax	6,980,685	-	7,687,845	707,160
Landlord Registration	236,286	-	271,911	35,625
Fees and Permits:				
Interest and Costs on Taxes	1,079,873	-	1,048,492	(31,381)
Interest on Investments and Deposits	233,906	-	400,884	166,978
Assessor's Application Fees	31,496	-	26,620	(4,876)
Sewer and Street Opening Permits	244,987	-	245,809	822
Swimming Pool Fees	126,901	-	152,220	25,319
Skating Rink Fees	70,445	-	55,007	(15,438)
Laundry Licenses	75,100	-	53,250	(21,850)
Vending Machine Licenses	25,084	-	46,337	21,253
Food Establishment Licenses	707,175	-	672,934	(34,241)
Hotel/Motel Licenses	80,700	-	82,335	1,635
Dine and Dance Permits	21,400	-	27,000	5,600
Police Reports ID Bureau Fees	123,081	-	134,001	10,920
Taxicab/Omnibus Licenses	135,530	-	125,840	(9,690)
Elevator Inspection Fees	531,953	-	592,614	60,661
Site Plan Review Fees	930,365	-	1,210,546	280,181
Bingo and Raffle Licenses	15,490	-	15,820	330
Mechanical Amusement Devices	17,150	-	18,000	850
Parking Lot Licenses	406,015	-	264,341	(141,674)
Used Motor Vehicle Dealer Licenses	77,400	-	75,817	(1,583)
Parking Lot Tax	7,343,588	-	8,021,883	678,295
Parking Enforcement:				
Lease Fees	373,868	-	373,773	(95)
Meter Fees	1,407,312	-	1,532,186	124,874
Miscellaneous Fees	2,399,588	-	1,815,364	(584,224)

CITY OF JERSEY CITY
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated			
	Budget as Adopted	N.J.S.A 40A:4-87	Realized	Excess or (Deficit)
MISCELLANEOUS REVENUES: (continued)				
LOCAL REVENUES (continued)				
Municipal Court Fines and Costs	$ 11,340,012	$ -	$ 13,680,522	$ 2,340,510
Passaic Valley Sewerage Comm. Incentive	121,901	-	82,293	(39,608)
Interstate Waste	520,376	-	546,868	26,492
Secure Buildings	1,077	-	-	(1,077)
Dumpster Fee	53,425	-	66,745	13,320
Certified Copies of Marriage Licenses	36,120	-	39,625	3,505
Zoning Permits and Ordinance Copies	197,737	-	260,065	62,328
Settlements	650,000	-	650,000	-
Death Certificates	75,561	-	74,925	(636)
Vacant Property Registration	270,115	-	223,865	(46,250)
	43,534,941	-	46,632,863	3,097,922
STATE AID WITHOUT OFFSETTING APPROPRIATIONS				
Consolidated Municipal Property Tax Relief	10,431,997	-	10,431,997	-
Energy Receipts Tax	53,091,740	-	53,091,740	-
GSPT In Lieu of Tax Payment	15,837	-	15,837	-
Building Aid Allowances for School Aid	5,658,968	-	5,926,086	267,118
	69,198,542	-	69,465,660	267,118
PUBLIC AND PRIVATE REVENUES OFFSET WITH APPROPRIATIONS				
Make-A-Splash	-	14,400	14,400	-
Target Corporation Grant	1,000	-	1,000	-
Sandy Relief Food Assistance	9,314	-	9,314	-
Innovation Team Grant	750,163	-	750,163	-
Community Development Block Grant	-	5,422,644	5,422,644	-
HOME Grant	-	1,368,033	1,368,033	-
Emergency Solutions Grant	-	463,919	463,919	-
HOPWA Grant	-	2,397,584	2,397,584	-
Municipal Drug Alliance	-	213,903	213,903	-
Senior Farmers Market Nutrition Program	1,750	-	1,750	-
Drunk Driver Enforcement Fund	12,508	-	12,508	-
UASI Local Share	-	1,776,000	1,776,000	-
Recycling Tonnage Grant	290,150	-	290,150	-
Community Service Block Grant (CSBG)	742,397	191,179	933,576	-
Healthy Community	-	21,500	21,500	-
NJCU Nursing Student Program	-	12,000	12,000	-
Sub-Regional Transportation	90,530	-	90,530	-
Comprehensive Cancer Control	-	6,000	6,000	-
Food Insecurity Nutrition	-	6,000	6,000	-
Child Health (Porsche)	-	195,000	195,000	-
Healthier JC Program	-	69,000	69,000	-
FEMA Hazard Mitigation	382,854	-	382,854	-
Community Stewardship	-	300,000	300,000	-
Port Security Fire	506,250	-	506,250	-

CITY OF JERSEY CITY
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated			
	Budget as Adopted	N.J.S.A 40A:4-87	Realized	Excess or (Deficit)
MISCELLANEOUS REVENUES: (continued)				
PUBLIC AND PRIVATE REVENUES OFFSET WITH APPROPRIATIONS (continued)				
Community Courts - Youth	$ -	$ 200,000	$ 200,000	$ -
Women and Infant Children	1,795,318	-	1,795,318	-
Comprehensive Traffic Safety	26,700	-	26,700	-
Body Armor Replacement	-	69,952	69,952	-
Local Safety Program:				
Summit Avenue Corridor, Phase III	450,000	-	450,000	-
Communipaw Avenue	817,400	-	817,400	-
Dr. MLK Blvd, Section 2	400,000	-	400,000	-
Montgomery Street	1,167,077	-	1,167,077	-
Marin Blvd.	885,838	-	885,838	-
Oakland/St. Paul's Intersection	288,524	-	288,524	-
Recycling Bonus Grant	15,975	-	15,975	-
County Open Space - Berry Lane Phase V	225,000	-	225,000	-
Urban Area Security Initiative (UASI)	200,000	-	200,000	-
Women and Infant Children	14,400	-	14,400	-
STD Education	157,183	-	157,183	-
STD Additional Funding	10,000	-	10,000	-
Peer Grouping 2015/16	80,000	-	80,000	-
Municipal Aid MLK Drive, Section II	989,590	-	989,590	-
Sims Metal Management Donation	8,136	-	8,136	-
Hazardous Materials (HMEP)	18,000	-	18,000	-
Healthy Community	-	10,000	10,000	-
Sub-Regional Studies Project	144,000	-	144,000	-
Summer Food Program	569,382	-	569,382	-
Senior Nutrition	1,234,029	-	1,234,029	-
County Open Space - Public Library	-	392,000	392,000	-
Clean Communities Program	456,610	-	456,610	-
Emergency Management Agency Assistance	10,000	-	10,000	-
City-Wide Adopt-A-Lot	-	20,000	20,000	-
NRPA Out of School	-	35,000	35,000	-
Share Our Strength	15,000	-	15,000	-
Summer Works Initiative	156,000	-	156,000	-
USTA Youth Tennis	-	7,200	7,200	-
JTPA	3,396,967	-	3,396,967	-
Bulletproof Vest Partnership	-	120	120	-
	16,318,045	13,191,434	29,509,479	-
DEDICATED UNIFORM CONSTRUCTION CODE FEES OFFSET WITH APPROPRIATIONS				
Uniform Construction Code Fees	7,109,537	-	8,889,787	$ 1,780,250

CITY OF JERSEY CITY
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated: Budget as Adopted	Anticipated: N.J.S.A 40A:4-87	Realized	Excess or (Deficit)
MISCELLANEOUS REVENUES: (continued)				
OTHER SPECIAL ITEMS				
Payments in Lieu of Taxes	$ 127,828,378	$ -	$ 137,532,843	$ 9,704,465
Sale of Municipal Property - Land Sales	10,572,750	-	10,827,000	254,250
United Water Reimbursement - Operations	615,600	-	484,124	(131,476)
MUA Franchise Concession Payment	20,000,000	-	20,000,001	1
MUA Water Debt Service Payment	3,895,054	-	3,837,778	(57,276)
Uniform Fire Safety Act	250,000	-	250,000	-
Build America Bonds Federal Credit	1,899,356	-	1,785,824	(113,532)
Recovery Zone Bonds Federal Credit	196,715	-	196,715	-
Reserve for Debt on Hurricane Sandy Costs	773,724	-	773,724	-
Stop the Drop	140,000	-	140,000	-
Abatement Transfer Fee	109,401	-	109,401	-
Reserve Summer Youth Program	950,000	-	950,000	-
Reserve Youth Court Program	150,000	-	150,000	-
City Government Summer Seasonal Program	100,000	-	100,000	-
MLK Community Center	348,226	-	348,226	-
Reserve Parking Authority	577,445	-	577,445	-
Reserve Incinerator Authority	2,400,000	-	2,400,000	-
Reserve for Arbitrage	937,315	-	937,315	-
Reserve for Payment of Debt	2,907,749	-	2,907,750	1
	174,651,713	-	184,308,146	9,656,433
Total Miscellaneous Revenues	310,812,778	13,191,434	338,805,935	14,801,723
RECEIPTS FROM DELINQUENT TAXES:	1,160,785	-	559,368	(601,417)
Subtotal - General Revenues	332,719,214	13,191,434	360,110,954	14,200,306
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET:				
Local Tax Including Reserve for Uncollected Taxes	223,276,028	-	225,569,555	2,293,527
Addition to Local District School Tax	7,702,473	-	7,702,473	-
Minimum Library Tax	7,220,380	-	7,220,380	-
Total Amount to be Raised by Taxes	238,198,881	-	240,492,408	2,293,527
Total Budget Revenues	570,918,095	13,191,434	600,603,362	16,493,833
Non-Budget Revenues	-	-	2,760,372	2,760,372
Total General Revenues	$ 570,918,095	$ 13,191,434	$ 603,363,734	$ 19,254,205

Budgeted	$ 600,603,362
Non-budgeted	2,760,372
	$ 603,363,734

See Accompanying Notes to Financial Statements

CITY OF JERSEY CITY
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF REVENUES - REGULATORY BASIS
ANALYSIS OF BUDGET REVENUES

Allocation of Current Tax Collections:		
Collected in Current Year, including Homestead Benefit	$ 466,370,502	
Less: Overpayments Payable	552,444	
Current Year Taxes Collected in Current Year	465,818,058	
Current Year Taxes Collected in Prior Year	2,485,961	
State Share of Sr. Citizens & Veterans Deductions	418,850	
Current Taxes Realized in Cash		$ 468,722,869
Add: Appropriation for "Reserve for Uncollected Taxes"		3,847,492
		472,570,361
Allocated to:		
School Taxes	113,282,750	
County Taxes	118,795,203	
Total Allocated to School and County Taxes		232,077,953
Amount for Support of Municipal Budget Appropriations		$ 240,492,408
Receipts from Delinquent Taxes:		
Collected in Current Year		$ 313,921
Less: Overpayments		304,487
Delinquent Taxes Collected		9,434
Tax Title Liens Collected		549,934
Total Receipts from Delinquent Taxes		$ 559,368
Miscellaneous Revenues Anticipated:		
Accrual per Revenue Accounts Receivable		$ 239,830,796
State Aid Allocation Anticipated		69,465,660
State and Federal Grants		29,509,479
Total Miscellaneous Revenues Anticipated		$ 338,805,935
Fund Balance		$ 20,745,651
Total Realized Budget Revenues		$ 600,603,362

CITY OF JERSEY CITY
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF REVENUES - REGULATORY BASIS
ANALYSIS OF NON-BUDGET REVENUES

Increased by Cash Received from:		
Abatement Buy Up	$	990,000
Insurance Claims		759,900
Other Recreation Fees		104,169
Car Impounding		91,898
234 Suydam Urban Renewal Abatement		76,154
68 Erie St Abatement		72,468
Bail Forfeiture		66,859
Miscellaneous Other		60,500
Chosen Condominiums		60,375
Shade Tree		57,361
Container Rentals - Dpw		47,755
Miscellaneous Inspecion		42,825
Miscellaneous- City Clerk		36,183
Auto Repair Licenses		31,800
Filming Permits		31,031
Childcare Crt License		22,080
Hedc-Sidewalk Cafe Licen.		16,700
Tax Lien Deposits		16,250
Initial Lic.Insp/Rev Plan		16,220
Summit Urban Renewal Abatement		11,055
Special Privileges		10,608
Carnival Fee		9,964
Burglar Alarm System		9,540
Senior Citizen And Veterans Deductions Administrative Fee		9,331
Scrap Metals		8,709
Miscellaneous		8,642
Citywide Festivals - Dpw		8,610
Discovery Fees		7,145
Rental City Owned Propert		7,065
Exhibition Licenses		6,650
Hurricane Irene Police Overtime		6,119
Special Beverage Permit		6,050
Junk Shop Licenses		6,000
Mlk Drive Urban Renewal		5,265
Police Training Fees		5,084
Food Handlers Course		3,800
Other Items		11,707
Total Non-Budget Revenues Received in Cash		2,741,872
Forfeiture of Sales Contract Deposits		18,500
	$	2,760,372

See Accompanying Notes to Financial Statements

CITY OF JERSEY CITY
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
(A) Operations - Within "CAPS"						
OFFICE OF THE MAYOR						
Mayor's Office						
Salaries and Wages	$ 1,179,117	$ 1,179,117	$ 1,151,356	$ -	$ 27,761	$ -
Other Expenses	37,300	37,300	12,835	797	23,668	-
Resident Response Center						
Salaries and Wages	866,433	851,433	837,920	-	13,513	-
Other Expenses	83,835	83,835	18,022	29,767	36,046	-
Cultural Affairs						
Salaries and Wages	499,401	514,401	498,869	-	15,532	-
Other Expenses	145,700	145,700	135,793	7,080	2,827	-
CITY CLERK AND MUNICIPAL COUNCIL						
Office of the City Clerk						
Salaries and Wages	840,334	840,334	820,086	-	20,248	-
Other Expenses	113,150	113,150	64,304	27,781	21,065	-
General and Primary Election	112,000	112,000	96,580	-	15,420	-
Municipal Council						
Salaries and Wages	596,170	596,170	584,526	-	11,644	-
Other Expenses	101,350	101,350	90,831	3,976	6,543	-
Annual Audit - Other Expenses	375,000	375,000	299,000	76,000	-	-
HUMAN RESOURCES						
Director's Office						
Salaries and Wages	258,430	233,430	196,390	-	37,040	-
Other Expenses	152,950	158,950	133,080	23,057	2,813	-
Workforce Management						
Salaries and Wages	595,675	600,675	596,049	-	4,626	-
Other Expenses	27,250	27,250	19,013	7,703	534	-
Health Benefits						
Salaries and Wages	167,900	172,900	163,122	-	9,778	-
Other Expenses	2,500	2,500	1,650	336	514	-
Pension						
Salaries and Wages	245,716	260,716	255,234	-	5,482	-
Other Expenses	4,500	4,500	3,396	820	284	-
Payroll						
Salaries and Wages	489,236	489,236	473,029	-	16,207	-
Other Expenses	9,950	9,950	819	-	9,131	-
DEPARTMENT OF ADMINISTRATION						
Administrator's Office						
Salaries and Wages	1,512,955	1,512,955	1,499,314	-	13,641	-
Other Expenses	62,650	62,650	20,963	5,017	36,670	-
Management and Budget						
Salaries and Wages	463,543	475,543	471,236	-	4,307	-
Other Expenses	208,060	208,060	94,500	56,486	57,074	-
Purchasing and Central Services						
Salaries and Wages	629,966	629,966	594,160	-	35,806	-
Other Expenses	74,800	74,800	66,590	4,923	3,287	-
Real Estate						
Salaries and Wages	179,104	179,104	120,624	-	58,480	-
Other Expenses	11,300	11,300	5,266	611	5,423	-
Communications						
Salaries and Wages	451,707	451,707	440,562	-	11,145	-
Other Expenses	11,600	11,600	1,561	8,512	1,527	-
Utility Management						
Salaries and Wages	324,944	349,944	331,220	-	18,724	-
Risk Management						
Salaries and Wages	153,091	156,091	153,727	-	2,364	-
Other Expenses	1,500	1,500	514	218	768	-
Information Technology						
Salaries and Wages	948,848	948,848	872,032	-	76,816	-
Other Expenses	1,078,038	1,078,038	1,025,456	16,587	35,995	-
Municipal Court						
Salaries and Wages	4,019,427	3,949,427	3,805,826	-	143,601	-
Other Expenses	267,700	337,700	76,910	70,618	190,172	-

CITY OF JERSEY CITY
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
DEPARTMENT OF ADMINISTRATION (continued)						
Public Defender						
Salaries and Wages	$ 98,910	$ 98,910	$ 90,575	$ -	$ 8,335	$ -
Other Expenses	264,400	264,400	139,738	46,099	78,563	-
Collections						
Salaries and Wages	802,301	777,301	727,900	-	49,401	-
Other Expenses	145,000	145,000	66,914	7,531	70,555	-
Architecture and Engineering						
Salaries and Wages	334,400	334,400	333,124	-	1,276	-
Other Expenses	2,520	2,520	1,389	-	1,131	-
Architecture						
Salaries and Wages	635,964	575,754	515,288		60,466	-
Other Expenses	35,750	35,750	12,919	5,698	17,133	-
Engineering						
Salaries and Wages	1,770,758	1,495,758	1,428,432	-	67,326	-
Other Expenses	1,880,629	1,880,629	1,096,469	331,592	452,568	-
Accounts and Control						
Salaries and Wages	555,339	555,339	491,335	-	64,004	-
Other Expenses	11,230	11,230	6,842	3,134	1,254	-
Treasury and Debt Management						
Salaries and Wages	251,418	259,418	254,592	-	4,826	-
Other Expenses	5,205	5,205	4,481	-	724	-
OFFICE OF THE TAX ASSESSOR						
Tax Assessor						
Salaries and Wages	1,018,345	1,018,345	963,664	-	54,681	-
Other Expenses	237,270	237,270	112,043	78,761	46,466	-
Revaluation	-	5,000,000	5,000,000	-	-	
DEPARTMENT OF LAW						
Law Department						
Salaries and Wages	3,116,025	3,116,025	3,020,168	-	95,857	-
Other Expenses	660,230	660,230	320,868	185,189	154,173	-
DEPARTMENT OF PUBLIC WORKS						
Director's Office						
Salaries and Wages	1,723,384	1,818,384	1,809,819	-	8,565	-
Other Expenses	15,398,050	15,038,050	12,860,782	2,135,431	41,837	-
Parks Maintenance						
Salaries and Wages	2,552,989	2,472,989	2,439,224	-	33,765	-
Other Expenses	679,100	679,100	506,912	76,940	95,248	-
Building and Street Maintenance						
Salaries and Wages	2,483,592	2,545,592	2,533,838	-	11,754	-
Other Expenses	2,196,200	2,396,200	2,111,618	209,632	74,950	-
Automotive Services						
Salaries and Wages	1,711,542	1,711,542	1,679,337	-	32,205	-
Other Expenses	3,748,500	4,048,500	3,714,172	272,933	61,395	-
Sanitation						
Salaries and Wages	2,684,650	2,699,650	2,668,340	-	31,310	-
Other Expenses	205,000	205,000	89,640	57,466	57,894	-
Neighborhood Improvement						
Salaries and Wages	984,535	984,535	968,740	-	15,795	-
Other Expenses	37,000	37,000	8,923	15,847	12,230	-
DEPARTMENT OF RECREATION						
Director's Office						
Salaries and Wages	3,537,619	3,787,619	3,762,708	-	24,911	-
Other Expenses	495,700	501,910	455,767	31,646	14,497	-
DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Director's Office						
Salaries and Wages	726,992	611,992	598,397	-	13,595	-
Other Expenses	144,250	90,774	64,875	17,989	7,910	-
Health						
Salaries and Wages	2,260,544	2,325,544	2,298,708	-	26,836	-
Other Expenses	653,745	653,745	478,288	119,955	55,502	-

CITY OF JERSEY CITY
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)						
Clinical Services						
Salaries and Wages	$ 288,097	$ 368,097	$ 363,068	$ -	$ 5,029	$ -
Other Expenses	63,120	63,120	49,782	4,572	8,766	-
AIDS Education Program						
Other Expenses	3,800	3,800	918	1,870	1,012	-
Senior Citizen Affairs						
Salaries and Wages	402,171	372,171	360,642	-	11,529	-
Other Expenses	65,900	65,900	46,505	14,677	4,718	-
DEPARTMENT OF PUBLIC SAFETY						
O.S.H.A.						
Fire - Other Expenses	350,000	350,000	349,613	387	-	-
Uniform Fire Safety Act						
Salaries and Wages	250,000	250,000	250,000	-	-	-
Communications and Technology						
Salaries and Wages	5,677,588	5,577,588	5,577,571	-	17	-
Other Expenses	2,825,561	3,075,561	2,475,822	434,272	165,467	-
Parking Enforcement						
Salaries and Wages	3,119,266	2,984,786	2,870,084	-	114,702	-
Other Expenses	267,300	267,300	66,006	73,214	128,080	-
Director's Office						
Salaries and Wages	1,155,651	1,155,651	1,080,518	-	75,133	-
Other Expenses	12,100	12,100	2,735	321	9,044	-
Fire						
Salaries and Wages	64,399,920	64,574,920	64,270,049	-	304,871	-
Other Expenses	1,136,419	1,090,538	670,934	354,689	64,915	-
Police						
Salaries and Wages	104,760,610	104,149,610	102,839,679		1,309,931	-
Other Expenses	1,355,044	1,355,044	479,410	578,156	297,478	-
HOUSING, ECONOMIC DEVELOPMENT AND COMMERCE						
Director's Office						
Salaries and Wages	482,618	482,618	430,054	-	52,564	-
Other Expenses	9,250	9,250	8,558	40	652	-
Construction Code Official						
Salaries and Wages	2,329,966	2,299,966	2,228,539	-	71,427	-
Other Expenses	82,704	82,704	60,389	9,893	12,422	-
Tenant/Landlord Relations						
Salaries and Wages	247,957	247,957	246,987	-	970	-
Other Expenses	2,600	2,600	2,298	264	38	-
Community Development						
Other Expenses	1,500	1,500	1,220	-	280	-
Commerce						
Salaries and Wages	568,688	568,688	494,617	-	74,071	-
Other Expenses	19,068	19,068	12,233	1,391	5,444	-
Economic Development						
Salaries and Wages	153,631	158,631	155,427	-	3,204	-
Other Expenses	16,200	16,200	-	16,186	14	-
City Planning						
Salaries and Wages	869,638	869,638	841,364	-	28,274	-
Other Expenses	8,300	8,300	3,220	1,495	3,585	-
Housing Code Enforcement						
Salaries and Wages	715,667	715,667	710,300	-	5,367	-
Other Expenses	43,800	43,800	35,190	3,951	4,659	-
Planning Board						
Other Expenses	102,500	102,500	79,064	10,386	13,050	-
Board of Adjustment						
Other Expenses	68,500	68,500	67,341	586	573	-
Historic District Commission						
Other Expenses	300	300	250	-	50	-
Zoning Officer						
Salaries and Wages	264,447	289,447	287,593	-	1,854	-
Other Expenses	9,800	9,800	4,650	157	4,993	-

CITY OF JERSEY CITY
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
INSURANCE						
Insurance - All Departments	$ 11,244,350	$ 11,244,350	$ 10,837,944	$ 100,000	$ 306,406	$ -
Employee Group Health Insurance	93,049,607	93,049,607	75,662,531	9,941,191	7,445,885	-
Health Benefit Waiver	1,450,000	1,450,000	1,426,991	-	23,009	-
UNCLASSIFIED						
Jersey City Incinerator Authority	5,418,182	5,418,182	5,418,182	-	-	-
Municipal Publicity	30,000	30,000	13,681	2,250	14,069	-
Other Municipal Advertising	25,000	25,000	-	-	25,000	-
Celebration of Public Events	350,000	350,000	331,662	17,354	984	-
Professional Affiliations	21,000	21,000	8,612	-	12,388	-
Ethical Standards Board	20,000	20,000	-	-	20,000	-
Electricity	3,000,000	3,000,000	1,440,291	1,503,715	55,994	-
Street Lighting	3,000,000	3,000,000	2,656,631	343,060	309	-
Municipal Rent	2,550,000	2,355,249	2,258,474	39,658	57,117	-
Gasoline	1,300,000	1,050,000	721,446	314,884	13,670	-
Communications	1,176,000	1,176,000	845,861	132,266	197,873	-
Office Services	1,863,000	2,113,000	1,439,756	379,446	293,798	-
Salary Adjustment	2,250,000	2,250,000	-	-	2,250,000	-
(B) Contingent	50,000	50,000	-	-	50,000	-
Total Operations Including Contingent within "CAPS"	390,279,036	394,746,448	360,153,887	18,216,463	16,376,098	-
Detail:						
Salaries and Wages	229,607,219	228,896,529	223,455,963	-	5,440,566	-
Other Expenses	160,671,817	165,849,919	136,697,923	18,216,463	10,935,533	-
(E) Deferred Charges and Statutory Expenditures within "CAPS"						
(1) DEFERRED CHARGES						
Prior Years' Bills	39,572	44,323	44,323	-	-	-
(2) STATUTORY EXPENDITURES						
Contribution to:						
Social Security System (O.A.S.I.)	5,250,000	5,250,000	5,102,996	-	147,004	-
Consolidated Police and Fire Fund	58,994	58,994	-	-	58,994	-
Police/Fire Retirement System (PFRS)	38,051,891	38,097,772	38,051,890	45,882	-	-
Municipal Employees Pension Fund	8,841,332	8,841,332	8,841,332	-	-	-
Employees Non-Contributory Pension	260,000	260,000	205,848	-	54,152	-
Pensioned Employees	34,735	59,735	59,735	-	-	-
Payments to Widows and Dependents of Deceased Public Safety Members	779	779	719	-	60	-
(E) Deferred Charges and Statutory Expenditures within "CAPS"						
(2) STATUTORY EXPENDITURES (continued)						
Contribution to:						
Unemployment Compensation Insurance	50,000	50,000	50,000	-	-	-
Public Employees Retirement (PERS)	3,643,010	3,796,490	3,787,868	-	8,622	-
Defined Benefit Contribution Plan	60,000	60,000	39,260	-	20,740	-
	56,290,313	56,519,425	56,183,971	45,882	289,572	-
(H-1)TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	446,569,349	451,265,873	416,337,858	18,262,345	16,665,670	-

CITY OF JERSEY CITY
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
(A) Operations - Excluded From "CAPS"						
GENERAL GOVERNMENT:						
Maintenance of Free Public Library	$ 8,500,000	$ 8,500,000	$ 8,465,379	$ -	$ 34,621	$ -
Employee Group Health Insurance	1,414,417	1,414,417	-	-	1,414,417	-
Reserve for Tax Appeals	400,000	400,000	27,453	-	372,547	-
Tax Overpayments	2,000,000	2,250,000	2,006,729	-	243,271	-
Snow Removal Emergency Costs	1,719,048	1,719,048	1,719,048	-	-	-
	14,033,465	14,283,465	12,218,609	-	2,064,856	-
PUBLIC AND PRIVATE APPROPRIATIONS OFFSET BY REVENUES						
Innovation Team Grant	750,163	750,163	750,163	-	-	-
Municipal Drug Alliance						
Grant Funds	-	213,903	213,903	-	-	-
City Match	-	53,476	53,476	-	-	-
Senior Farmers Market Nutrition Program	1,750	1,750	1,750	-	-	-
Drunk Driver Enforcement Fund	12,508	12,508	12,508	-	-	-
UASI Local Share	-	1,776,000	1,776,000	-	-	-
Recycling Tonnage Grant	290,150	290,150	290,150	-	-	-
Community Service Block Grant (CSBG)	742,397	933,576	933,576	-	-	-
NJDOH - Woman, Infants & Children (WIC)	1,795,318	1,795,318	1,795,318	-	-	-
Summer Food Program	569,382	569,382	569,382	-	-	-
Senior Nutrition						
Grant Funds	1,234,029	1,234,029	1,234,029	-	-	-
City Match	308,507	308,507	308,507	-	-	-
Urban Area Security Initiative (UASI)	200,000	200,000	200,000	-	-	-
Food Insecurity Nutrition	-	6,000	6,000	-	-	-
Comprehensive Cancer Center	-	6,000	6,000	-	-	-
Healthy Community Healthy Citizens	-	21,500	21,500	-	-	-
Healthy Community	-	10,000	10,000	-	-	-
Healthier JC Program	-	69,000	69,000	-	-	-
NJCU Nursing Student Program	-	12,000	12,000	-	-	-
Community Stewardship	-	300,000	300,000	-	-	-
HUD - CDBG	-	5,422,644	5,422,644	-	-	-
HUD - HOME	-	1,368,033	1,368,033	-	-	-
HUD - HOPWA	-	2,397,584	2,397,584	-	-	-
HUD - ESG	-	463,919	463,919	-	-	-
Hudson County Open Space: Public Library	-	392,000	392,000	-	-	-
Sub-Regional Transportation						
Grant Funds	90,530	90,530	90,530	-	-	-
City Match	22,632	22,632	22,632	-	-	-
JTPA	3,396,967	3,396,967	3,396,967	-	-	-
Port Security Fire	506,250	506,250	506,250	-	-	-
FEMA Hazard Mitigation						
Grant Funds	382,854	382,854	382,854	-	-	-
City Match	60,505	60,505	60,505	-	-	-
H.C. Open Space - Berry Lane Phase V	225,000	225,000	225,000	-	-	-
Body Armor Replacement	-	69,952	69,952	-	-	-
Women and Infant Children	14,400	14,400	14,400	-	-	-
STD Education	157,183	157,183	157,183	-	-	-
STD Additional Funding	10,000	10,000	10,000	-	-	-
PEER Grouping 2015/2016	80,000	80,000	80,000	-	-	-
Municipal Aid MLK Dr. Sec II	989,590	989,590	989,590	-	-	-
Local Safety - Marin Blvd	885,838	885,838	885,838	-	-	-
Local Safety - Oakland/St. Paul's Intersection	288,524	288,524	288,524	-	-	-
Sims Metal Management Donation	8,136	8,136	8,136	-	-	-
Hazardous Materials (HMEP)	18,000	18,000	18,000	-	-	-
Sub-Regional Studies Project						
Grant Funds	144,000	144,000	144,000	-	-	-
City Match	36,000	36,000	36,000	-	-	-
Sandy Relief Food Assistance	9,314	9,314	9,314	-	-	-
Target Corporation Grant	1,000	1,000	1,000	-	-	-
Clean Communities Program	456,610	456,610	456,610	-	-	-
Emergency Management Agency Assistance	10,000	10,000	10,000	-	-	-
Share Our Strength	15,000	15,000	15,000	-	-	-

CITY OF JERSEY CITY
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
PUBLIC AND PRIVATE APPROPRIATIONS OFFSET BY REVENUES (continued)						
Summer Works Initiative	$ 156,000	$ 156,000	$ 156,000	$ -	$ -	$ -
Comprehensive Traffic Safety	26,700	26,700	26,700	-	-	-
Local Safety - Summit Ave Corridor, Phase III	450,000	450,000	450,000	-	-	-
Local Safety - Communipaw Avenue	817,400	817,400	817,400	-	-	-
Local Safety - Dr MLK Blvd Sec 2	400,000	400,000	400,000	-	-	-
Local Safety - Montgomery Street	1,167,077	1,167,077	1,167,077	-	-	-
Recycling Bonus Grant	15,975	15,975	15,975	-	-	-
Make-A-Splash	-	14,400	14,400	-	-	-
CLPP (Porsche)	-	195,000	195,000	-	-	-
Bullet Proof Vest Partnership	-	120	120	-	-	-
USTA - School Tennis Youth	-	7,200	7,200	-	-	-
NRPA - Out of School	-	35,000	35,000	-	-	-
Citywide Adopt-A-Lot	-	20,000	20,000	-	-	-
Community Courts - Youth	-	200,000	200,000	-	-	-
Matching Funds for Grants	70,000	70,000	-	-	70,000	-
	16,815,689	30,060,599	29,990,599	-	70,000	-
Total Operations - Excluded from "CAPS"	30,849,154	44,344,064	42,209,208	-	2,134,856	-
Detail:						
Other Expenses	30,849,154	44,344,064	42,209,208	-	2,134,856	-
(C) Capital Improvements - Excluded from "CAPS"						
Capital Improvement Fund	1,200,000	1,200,000	1,200,000	-	-	-
	1,200,000	1,200,000	1,200,000	-	-	-
(D) Municipal Debt Service						
General Debt Service:						
Serial Bonds - General Qualified	9,037,000	9,037,000	9,037,000	-	-	-
Serial Bonds - General Refunding	22,610,000	22,610,000	22,610,000	-	-	-
Fire Pension Refunding Bonds - Interest	927,245	927,245	927,245	-	-	-
Police Pension Refunding Bonds - Interest	1,213,497	1,213,497	1,213,497	-	-	-
Interest on Bonds - General Qualified	4,106,211	4,106,211	4,106,211	-	-	-
Interest on Bonds - General Refunding	9,222,317	9,222,317	9,222,317	-	-	-
Interest on Notes - General and Refunding	910,510	910,510	910,509	-	-	1
Bond Anticipation Notes - Principal	6,018,489	6,018,489	6,018,489	-	-	-
Green Trust Loan Repayments for Principal and Interest						
Montgomery Gateway	3,110	3,110	3,109	-	-	1
Multi Parks	38,243	38,243	38,243	-	-	-
Wayne Street Park	9,021	9,021	9,020	-	-	1
Apple Tree House	14,669	14,669	14,669	-	-	-
Roberto Clemente Park	17,661	17,661	17,660	-	-	1
Sgt. Anthony Park	9,017	9,017	9,017	-	-	-
Marion Pavonia Pool	26,428	26,428	26,428	-	-	-
Berry Lane	8,084	8,084	8,084	-	-	-
Build America Bonds - Principal	1,240,000	1,240,000	1,240,000	-	-	-
Build America Bonds - Interest	5,946,607	5,946,607	5,946,606	-	-	1
Police/Fire Pension Refunding Bonds-Prin.	1,410,000	1,410,000	1,410,000	-	-	-
Water Debt Service:						
Serial Bonds - General Qualified	355,000	355,000	355,000	-	-	-
Serial Bonds - Refunding	2,595,000	2,595,000	2,595,000	-	-	-
Interest on Bonds - Refunding	929,966	929,966	929,966	-	-	-
Interest on Bonds - Qualified	15,088	15,088	15,088	-	-	-
	66,663,163	66,663,163	66,663,158	-	-	5

CITY OF JERSEY CITY
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

	Appropriations		Expended			Unexpended
	Adopted Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
(E) Deferred Charges - Municipal - Excluded from "CAPS"						
Emergency Authorizations	$ 7,530,000	$ 7,530,000	$ 7,530,000	$ -	$ -	$ -
Emergency Authorizations - H. Sandy	897,496	897,496	897,496	-	-	-
	8,427,496	8,427,496	8,427,496	-	-	-
(H-2)TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES - EXCLUDED FROM "CAPS"	107,139,813	120,634,723	118,499,862	-	2,134,856	5
(K) Local District School Purposes - Excluded from "CAPS"						
TYPE 1 DISTRICT SCHOOL DEBT						
Serial Bonds - School Qualified	12,355,000	12,355,000	12,355,000	-	-	-
Interest on Bonds - School Qualified	1,006,441	1,006,441	1,006,440	-	-	1
	13,361,441	13,361,441	13,361,440	-	-	1
(O) TOTAL GENERAL APPROPRIATIONS - EXCLUDED FROM "CAPS"	120,501,254	133,996,164	131,861,302	-	2,134,856	6
(L) Subtotal General Appropriations	567,070,603	585,262,037	548,199,160	18,262,345	18,800,526	6
(M) Reserve for Uncollected Taxes	3,847,492	3,847,492	3,847,492	-	-	-
TOTAL GENERAL APPROPRIATIONS	$ 570,918,095	$ 589,109,529	$ 552,046,652	$ 18,262,345	$ 18,800,526	$ 6

Budget As Adopted	$ 570,918,095	$ 3,847,492	Reserve for Uncollected Taxes
Added by N.J.S.A. 40A:4-87	13,191,434	211,780,069	Cash Disbursements
Added by N.J.S.A. 40A:4-53, Special Emergency	5,000,000	48,039,760	Qualified Bonds Paid by State
	589,109,529	156,014	Chargebacks - Interfunds
Less: Appropriations Canceled	6	(4,011)	Reimbursements - Interfunds
	$ 589,109,523	1,200,000	Capital Improvement Fund
		252,036,729	Payroll Clearing
		5,000,000	Reserve for Revaluation
		29,990,599	State and Federal Grants
		$ 552,046,652	

CITY OF JERSEY CITY
TRUST FUND
AS OF DECEMBER 31, 2016 AND 2015

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	2016	2015
Assets:		
Animal Control Fund:		
Cash and Cash Equivalents	$ 47,394	$ 48,408
Other Funds:		
Cash and Cash Equivalents:		
Other Trust	34,789,030	39,846,035
Insurance Trust	209,610	162,975
Unemployment Insurance Trust	1,487,828	1,489,679
Law Enforcement Trust	2,181,799	1,812,446
Community Development Block Grant	1,974,836	1,688,131
Home Investments Partnership Program	734,234	576,092
HOPWA Grant	54,242	54,242
Martin Luther King (MLK)	99,444	105,604
Total Cash and Cash Equivalents	41,531,023	45,735,204
Federal Grants Receivable	37,397,181	35,340,663
Allotment Receivable	-	38,683
Interfunds Receivable	106,404	39,861
	79,034,608	81,154,411
Payroll Clearing Fund:		
Cash and Cash Equivalents	2,171,384	2,137,309
Interfunds Receivable	97,938	64,841
	2,269,322	2,202,150
Total Trust Fund Assets	$ 81,351,324	$ 83,404,969

CITY OF JERSEY CITY
TRUST FUND
AS OF DECEMBER 31, 2016 AND 2015

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	2016	2015
Liabilities and Reserves		
Animal Control Fund:		
Interfunds Payable	$ 13	$ 30
Due to State of New Jersey	172	412
Reserve for Encumbrances	8,131	8,852
Reserve for Expenditures	25,068	22,450
Prepaid Licenses	14,010	16,664
	47,394	48,408
Other Funds:		
Interfunds Payable	109,756	170,429
Intergovernmental Payables	265,929	205,969
Reserve for Encumbrances	23,387,753	20,956,182
Reserve for:		
Dedicated Revenues and Special Deposits	25,729,642	32,378,689
Insurance Expenditures	210,095	162,985
Unemployment Expenditures	1,476,191	1,438,346
Federal Forfeitures	916,785	787,986
State Forfeitures	1,195,875	956,452
Federal Grant Expenditures	25,742,582	24,097,373
	79,034,608	81,154,411
Payroll Clearing Fund:		
Interfunds Payable	71	2
Due to Library	63,538	35,220
Reserve for Payroll Deductions	2,205,713	2,166,928
	2,269,322	2,202,150
Total Trust Fund Liabilities and Reserves	$ 81,351,324	$ 83,404,969

CITY OF JERSEY CITY
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2016 AND 2015

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	2016	2015
Assets		
Cash and Cash Equivalents	$ 69,544,114	$ 54,965,459
Deferred Charges to Future Taxation:		
Funded	468,414,405	478,075,901
Unfunded	55,145,081	58,914,529
Deferred Charges to Future Water Rents - Unfunded	1,461,658	10,091,002
Due from Municipal Utilities Authority	25,590,000	28,645,000
	$ 620,155,258	$ 630,691,891
Liabilities and Reserves		
Interfund Payable	$ 32,617	$ 1,151,403
Reserve for Encumbrances	16,023,817	18,507,269
Improvement Authorizations:		
Funded	47,065,617	42,414,152
Unfunded	29,430,993	12,630,180
School Serial Bonds Payable	27,155,000	39,510,000
General Serial and Term Bonds Payable	390,017,000	397,630,950
Pension Refunding Bonds	38,365,000	39,775,000
Water Serial Bonds Payable	25,590,000	28,645,000
Local Improvement Bonds	11,821,000	-
Green Trust Loans Payable	1,056,405	1,159,951
Bond Anticipation Notes	26,898,194	37,864,102
Tax Appeal Refunding Notes Payable	-	2,738,740
Capital Improvement Fund	77,066	298,916
Other Reserves	5,316,308	4,934,981
	618,849,017	627,260,644
Fund Balance	1,306,241	3,431,247
Total Liabilities, Reserves, and Fund Balance	$ 620,155,258	$ 630,691,891
Bonds and Notes Authorized But Not Issued	$ 29,708,545	$ 28,402,689

CITY OF JERSEY CITY
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015

COMPARATIVE STATEMENT OF CHANGES IN FUND BALANCE - REGULATORY BASIS

	2016	2015
Receipts		
Premiums on Bonds and Notes, Net of Closing Costs Applied	$ 15,517	$ 176,814
Other Reserves Cancelled	301,218	61,888
	316,735	238,702
Expenditures		
Fund Ord. No. 12-042 from Prior Year Premium	1,941,950	-
Balance of Ord. No. 01-057 Paid from Bond Proceeds	159	-
Ordinance No. 16.159 to Fully Fund the Acquisition of Roll Off Trucks	499,632	-
Capital Adjustment	-	463,711
	2,441,741	463,711
Change in Fund Balance	(2,125,006)	(225,009)
Fund Balance, January 1	3,431,247	3,656,256
Fund Balance, December 31	$ 1,306,241	$ 3,431,247

CITY OF JERSEY CITY
GENERAL FIXED ASSETS
AS OF DECEMBER 31, 2016 AND 2015

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	2016	2015
Assets		
Land	$ 138,916,522	$ 135,599,800
Improvements	130,980,911	125,658,997
Machinery and Equipment	79,395,979	62,024,548
Total Assets	$ 349,293,412	$ 323,283,345
Investment in Fixed Assets:		
Investment in Fixed Assets	$ 349,293,412	$ 323,283,345

See Accompanying Notes to Financial Statements

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The City of Jersey City (the "City") is organized as a Mayor – Council municipality under the provisions of N.J.S.A. 40:69A. The City is governed by an elected Mayor and Council, and by such other officers and employees as may be duly appointed. The Council consists of nine members, six of whom are elected from the City's six wards and three of whom are elected at-large by voters of the City. The Mayor is also elected directly by the voters of the City. The Mayor and each Council member serve a term of four years beginning on the first day of July next following their election.

The financial statements of the City include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the City, as required by N.J.S.A. 40A:5-5. The Governmental Accounting Standards Board (herein referred to as "GASB") establishes criteria to be used to determine which component units should be included in the financial statements of the primary government (the City). The State of New Jersey, Department of Community Affairs, Division of Local Government Services (the "Division") requires the financial statements of the City to be reported separately from it component units. If the provisions of GASB had been complied with, the financial statements of the following component units would have been discretely presented with the financial statements of the City:

Jersey City Incinerator Authority (1)	Jersey City Parking Authority (2)
Jersey City Free Public Library	Jersey City Employment & Training Program, Inc.
Jersey City Central Ave SID	Jersey City Economic Development Corp
Jackson Hill Main Street SID	Jersey City Municipal Utilities Authority
Jersey City Journal Square SID	Jersey City Employees' Retirement System
Jersey City McGinley Square SID	Jersey City Housing Authority
Jersey City Historic Downtown SID	Jersey City Redevelopment Agency

(1) The City dissolved and assumed control of the Jersey City Incinerator Authority on April 1, 2016.
(2) The City dissolved and assumed control of the Jersey City Parking Authority on January 1, 2015.

Audit reports of the component units are available at the offices of each of the respective component units.

The Jersey City Board of Education became a Type II School District effective November 4, 2008, rendering the entity no longer a component unit of the City. However, material outstanding bonds remain on the City's books which were originally issued prior to this date when the City operated as a Type I School District, at which time it met the criteria for inclusion as a component unit. See also "Note O. Related Party Transactions".

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF PRESENTATION

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund categories to be used by general purpose governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the City have been prepared in conformity with accounting principles and practices prescribed by the Division, which differ from GAAP. The principles and practices prescribed by the Division are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City accounts for its financial transactions through the following separate funds and account group, which differ from the fund structure required by GAAP.

DESCRIPTION OF FUNDS

Current Fund - is used to account for all resources and expenditures for governmental operations of a general nature.

Federal and State Grants Fund – is used to account for receivables due from grantor agencies and the balance of grant awards available for spending, after first having been formally adopted by Current Fund budget or subsequent insertion in the budget in accordance with N.J.S.A. 40A:4-87. In 2016, this fund is presented within the City’s Current Fund statements and schedules. Prior to 2016, this fund was presented within the City’s Trust Fund Statements and Schedules. This reclassification had no impact on operations or fund balance.

General Capital Fund - is used to account for the receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund or other funds. Also included in this fund are bonds and notes payable offset by deferred charges to future taxation and deferred charges to future water rents.

General Fixed Assets - is not a separate fund type, but is an account group used to account for all fixed assets of the City.

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DESCRIPTION OF FUNDS (continued)

Trust Funds - are used to account for receipts, custodianship and disbursement of dedicated revenues in accordance with the purpose for which each reserve was created, subject to available cash in each individual trust fund reserve established pursuant to applicable state statutes or as an agent for individuals and other governmental agencies. The City has the following Trust Funds:

Animal Control Trust Fund – is used to account for fees collected from dog and cat licenses and expenditures which are regulated by N.J.S.A 4:19-15.11.

Trust Fund – Other Funds – is used to account for the assets and resources held by the City in a trustee or agent capacity. Included in this fund are monies collected and disbursed for the purposes of: employee and employer contributions and obligations resulting from the administration of unemployment benefits, Council on Affordable Housing and NJHMFA fees, tax sale redemption and premiums, restitution, dedicated penalties, bid deposits, developer and other escrow accounts, the parking offenses adjudication act, public defender fees, self-insurance reserves, federal and state forfeitures, federal community block grant programs, miscellaneous other items and donations of various sorts and the outside employment of off-duty police officers whereas fees are charged contractors for the use of police officers and vehicles and police officer overtime is then paid from these contractor's fees.

Payroll Clearing Fund – is an agency fund established to account for assets transferred by the City from its other funds for the payment of employee payrolls and as agent of federal and state governments in the collection and remittance of employee withholding taxes, retirement contributions, social security taxes and other required remittances.

The accounts of the City are maintained in accordance with the Division's principles of fund accounting to ensure observance of limitations and restrictions on resources available. The Division's principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance (equity), revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. General Fixed Assets, on the other hand, is a financial reporting device designed to provide accountability for certain fixed assets and the investment in those fixed assets that are not recorded in the funds because they do not directly affect net expendable available financial resources.

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING

The City prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a special purpose framework of accounting other than accounting principles generally accepted in the United States of America. The current financial resources focus and modified accrual basis of accounting is generally followed with significant exceptions which are explained as follows:

Revenues – Revenues are realized when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal revenue sharing funds and other Federal and State grants are realized as revenue when anticipated in the budget. Receivables for property taxes and other amounts that are due to the City are recorded with offsetting reserves on the balance sheet of the Current Fund. Such amounts are not recorded as revenue until collected. Accordingly, no provision has been made to estimate that portion of receivables that are uncollectible. Taxes and payments in lieu of taxes collected in advance are recorded as cash liabilities in the financial statements. GAAP requires revenues to be recognized in the accounting period when they become measurable and available and in certain instances reduced by an allowance for doubtful accounts.

Reserve for Uncollected Taxes – Reserve for Uncollected Taxes is required to provide assurance that cash collected for taxes in the current year will provide sufficient cash flow to meet expected obligations. The minimum amount of Reserve for Uncollected Taxes is determined on the percentage of collections experienced in the immediate preceding year, unless allowable alternative methods are utilized. A Reserve for Uncollected Taxes is not established under GAAP.

Expenditures – Expenditures are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Appropriation reserves covering unexpended appropriation balances are automatically created at the end of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriations for principal and interest payments on general capital indebtedness are provided on the cash basis. GAAP requires expenditures in the current (or general) fund, to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on general long-term debt, which should be recognized when due.

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Encumbrances – Encumbrances are contractual orders outstanding at year end reported as expenditures through the establishment of an encumbrance payable. Outstanding encumbrances at year end are reported as a cash liability in the financial statements. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves – Appropriations are available until lapsed at the close of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Transfers are allowed between certain line items during the first three months of the fiscal year. Lapsed appropriation reserves are recorded as other credits to income. Appropriation Reserves do not exist under GAAP.

Interfunds - Advances from the current fund are reported as interfunds receivable with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfunds receivable in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

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

Property Acquired for Taxes – Property Acquired for Taxes is recorded in the current fund at the assessed valuation when the property was acquired and is subsequently updated for revaluations. The value of the property is fully reserved. GAAP requires such property to be recorded as a fixed asset at market value on the date of acquisition.

Deferred Charges to Future Taxation (Funded and Unfunded) - Upon the authorization of general capital projects, the City establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized costs of capital projects. The City may levy taxes on all taxable property within the City to repay the debt. Annually, the City raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced. GAAP does not require the establishment of deferred charges to future taxation.

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Deferred Charges to Future Water Rents – Upon the authorization of water capital projects, the City establishes deferred charges for the costs of the capital projects to be raised by future water rents. Funded deferred water rents relate to permanent debt issued. The City may impose water rents on all water users within the City to repay the debt. GAAP does not require the establishment of deferred charges to future water rents.

Improvement Authorizations – Improvement Authorizations in the general capital fund represent the unexpended balance of an ordinance appropriation and is similar to the unexpended portion of the budget in the current fund. GAAP does not recognize these amounts as liabilities.

Long-Term Obligations - General long-term debt is recognized as a liability of the General Capital Fund for the full principal amount.

Compensated Absences and Post-Employment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for post-employment benefits, if any, which are also funded on a pay-as-you-go basis. GAAP requires that the amount that would normally be liquidated with expendable financial resources to be recorded as an expenditure in the operating funds and the remaining obligations be recorded as long-term obligations.

Net Pension Liabilities - Had generally accepted accounting principles been followed, the City's share of its actuarially determined net pension liabilities for the Public Employees Retirement System ("PERS") and Police and Fire Retirement System ("PFRS") would be required to be accrued on the City's balance sheet. Accounting practices prescribed by the Division of Local Government Services only require note disclosure of these liabilities and related actuarial information. The City appropriates annually the amounts required to be paid in any fiscal year in that year's budget its share of PERS and PFRS obligations.

Reserves (Other than Reserve for Receivables) - Reserves, other than reserve for receivables, are considered liabilities, and not as a reservation of fund balance.

Reserves for Receivables – Receivables of the City, with the exception of certain intergovernmental receivables, are offset on the balance sheet with a credit that is created to preserve the revenue recognition basis required by the Division's accounting policies. The reserve delays the recognition of these revenues until they are received in cash.

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

General Fixed Assets - Accounting for Governmental Fixed Assets as promulgated by the Division differs in certain respects from GAAP, and requires the inclusion of a statement of general fixed assets as part of the City's basic financial statements.

Fixed assets used in governmental operations (general fixed assets) are accounted for in an account group identified as "General Fixed Assets" and are not included within the records of any fund types. Purchases from these funds for fixed assets are recorded as expenditures within the fund. Public domain (infrastructure) general fixed assets consisting of certain improvements, other than improvements to buildings, such as improvements to roads, bridges, curbs and gutters, streets and sidewalks and drainage systems, are not capitalized.

All fixed assets, except land, are valued at historical cost or estimated historical cost if actual historical cost is not available. Expenditures for construction in progress are recorded in the Capital Fund against authorizations under which the project was approved until such time as the construction is completed and put into operation.

The City is required to maintain a subsidiary ledger of detailed records of fixed assets and to provide property management standards to control fixed assets. General fixed assets are defined as non-expendable personal property having a physical existence, a useful life of more than five years and an acquisition cost of $5,000 or more per unit.

The City has developed a fixed assets accounting and reporting system based on an inspection and appraisal prepared by an independent appraisal firm.

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

No depreciation has been provided in the financial statements.

GAAP requires the recording of infrastructure assets and requires capital assets be depreciated over their estimated useful life unless they are either inexhaustible or are infrastructure assets reported using the modified approach.

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

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

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

Advertising Costs - Advertising costs are charged against the appropriate budget line as they occur. The City does not engage in direct-response advertising.

Fund Balance - Fund equity represented on the financial statements consists solely of Fund Balance, which is not further categorized with respect to reservations (portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use) or designations (plans for future use of financial resources).

Budgets and Budgetary Accounting – The City is required to adopt an annual budget and integrate it into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the City and approved by the Division in accordance with the Local Budget Law. Budgets are adopted on the same basis of accounting utilized for the preparation of the City’s financial statements. The budgetary requirements herein outlined are applicable to only the Current Fund, and not the Trust Fund, Capital Fund or General Fixed Assets.

Statutes further require the City to annually adopt a six-year capital plan. This plan allows the governing body to expend or incur obligations for capital purposes only. Such projects under the plan must be adopted through capital ordinance.

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Budgets and Budgetary Accounting – continued

The City must adhere to procedures for adoption of its annual budget as established by the Division. These procedures include statutory deadlines of: February 10 for introduction and approval and March 20 for adoption. These dates are subject to extension by the Division by approval of the Local Finance Board. Appropriations within the adopted budget cannot be modified until the final two months of the year at which time transfers between certain line items are allowed. Transfers from appropriations excluded from "CAPS" are prohibited unless they are between debt service appropriations. Under certain circumstances emergency authorizations and insertions of items of revenue and appropriation are allowed by authorization of the governing body, subject to approval of the Division.

The City must prepare its budgets in compliance with applicable laws capping the amounts by which both the budgeted appropriations and the tax levy can be increased. A description of both "CAPS" follows:

1977 Appropriation "CAP": The 1977 Appropriation Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.1 through 4-45.43a. The law was originally adopted in 1976 and was most recently amended in 2003. Under this law, the City is permitted to increase its overall appropriations (with certain exceptions) by 2.5% or the "cost of living adjustment" (COLA), whichever is less. The COLA is calculated based on the traditional Federal government inflation calculation. The City can, when the COLA is less than or equal to 2.5%, increase its allowable inside-the-cap spending to 3.5%, upon passage of a COLA Rate Ordinance.

2010 Levy "CAP": The 2010 Levy Cap is calculated using the formulas and provisions of N.J.S.A 40A:4-45.44 through 45.47. It establishes limits on the increase in the total City amount to be raised by taxation (tax levy). The core of the levy cap formula is a 2% increase to the previous year's amount to be raised by taxation, net of any applicable cap base adjustments and emergency or special emergency appropriations.

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Cash and Investments - New Jersey governmental units are required to deposit public funds in a public depository. Public depositories are defined by statutes as any state or federally chartered bank, savings bank or an association located in New Jersey or a state or federally chartered bank, savings bank or an association located in another state with a branch office in New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation ("FDIC") and which receives or holds public funds on deposit, but does not include deposits held by the State of New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

The City is also required to annually adopt a cash management plan and to deposit or invest its funds pursuant to the cash management plan. The cash management plan adopted by the City requires it to deposit funds as permitted in N.J.S.A 40:5-15.1, so long as the funds are deposited in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey and requires all public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

In 2009, legislation revised GUDPA to provide higher levels of security and oversight. The revised GUDPA ensures a common level of deposit risk for each bank choosing to accept local government deposits. It requires banks to fully collateralize deposits over $200 million, implements enforcement protocol which allows the Department of Banking and Insurance to institute risk-based collateral requirements promptly when a bank shows signs of stress, provides enhanced oversight by the Department of Banking and Insurance and permits GUDPA certificates to be provided through an online system.

Cash Equivalents include certificate of deposits with a maturity date of three (3) month or less.

Also see Note B - Cash and Cash Equivalents.

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIC FINANCIAL STATEMENTS

The GASB Codification also requires the financial statements of a governmental unit presented in the general purpose financial statements to be in accordance with GAAP. The City presents financial statements which are required by the Division and which differ from the financial statements required by GAAP. These financial statements are listed in the table of contents.

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

Reclassifications – Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year's format. These reclassifications had no effect on fund balance and changes in fund balance.

Reconciliation of Accounting Basis – As described throughout Note A, substantial differences exist between GAAP and the budgetary basis prescribed by the Division. Reconciliation between the two would not be meaningful or informative and therefore is not provided herein.

NOTE B. CASH AND CASH EQUIVALENTS

DEPOSITS

The City's cash and cash equivalents on deposit are partially insured by the FDIC up to $250,000 for each depository. Deposits in excess of FDIC limits, as noted below, are insured or collateralized by a collateral pool maintained by public depositories as required by GUDPA (see Note A - Cash and Investments) or are on deposit with the New Jersey Cash Management Fund or Municipal Investors Service Corporation.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a deposit policy for custodial credit risk.

NOTE B. CASH AND CASH EQUIVALENTS (continued)

DEPOSITS (continued)

Custodial Credit Risk – continued

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

a. Uncollateralized.
b. Collateralized with securities held by the pledging financial institution.
c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

The City's cash and cash equivalents on deposit at December 31, 2016 and 2015 are summarized in the following table. As of December 31, 2016, 53% of the City's deposits were with one financial institution, 20% with another and 18% with a third. The remaining 9% of deposits were distributed among five financial institutions. As of December 31, 2015, 44% of the City's deposits were with one financial institution and 38% with another. The remaining 18% of deposits were distributed among seven financial institutions.

	At December 31,	
	2016	2015
FDIC Insured	$ 1,893,799	$ 2,075,057
GUDPA Insured	241,326,094	192,405,439
New Jersey Cash Management Fund	113,730	113,271
	$ 243,333,623	$ 194,593,767

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect deposits. None of the City's deposits as of December 31, 2015 and 2014 are known to be held in foreign currency.

INVESTMENTS

Custodial Credit Risk - In the case of investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the City's name and are held by either the counterparty or its trust department or agent, but not in the City's name.

NOTE B. CASH AND CASH EQUIVALENTS (continued)

INVESTMENTS (continued)

New Jersey statutes permit the City to purchase the following types of securities when authorized by the cash management plan (described in note A):

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.
- Government money market mutual funds.
- Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located.
- Bonds or other obligations having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units.
- Local government investment pools.
- Deposits with the State of New Jersey Cash Management Fund.
- Agreements for the repurchase of fully collateralized securities if (a) the underlying securities are permitted investments pursuant to the first and third bullets of this section, (b) the custody of collateral is transferred to a third party, (c) the maturity of the agreement is not more than 30 days, (d) the underlying securities are purchased through a public depository and (e) a master repurchase agreement providing for the custody and security of collateral is executed.

Foreign Currency Risk - Investments are also exposed to the same foreign currency risk as deposits. It is the risk that changes in exchange rates will adversely affect investments. The City does not have any investments denominated in foreign currency as of December 31, 2016 and 2015.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have an investment policy regarding the management of credit risk.

NOTE B. CASH AND CASH EQUIVALENTS (continued)

INVESTMENTS (continued)

Concentration of Credit Risk - The City places no formal limit on the amount it may invest in any one issuer. New Jersey Statutes limit municipal investments to those specified and summarily identified in the first paragraph of the "Investments" section of this Note. Currently, the City's only investments consist of deposits in the New Jersey Cash Management Fund and MBIA Municipal Investors Service Corporation, which are both classified as Government Investment Pools.

The City's investments at December 31, 2016 and 2015are presented as follows:

		Investment Maturities (in Years)			
Investment Type	Fair Value*	< 1	1 - 5	6 - 10	> 10
At December 31, 2015:					
Government Investment Pools	$ 113,271	$ 113,271	$ -	$ -	$ -
At December 31, 2016:					
Government Investment Pools	$ 113,730	$ 113,730	$ -	$ -	$ -

* Short-term investments are carried at cost, which approximates fair value.

Government Investment Pools consists of investments in the New Jersey Cash Management Fund and MBIA Municipal Investors Service Corporation. Because of their liquidity, these investments are classified as cash and cash equivalents on the financial statements of the City. These investments are described in more detail as follows

New Jersey Cash Management Fund - All investments in the New Jersey Cash Management Fund are governed by the regulations of the State Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In addition to the Investment Council regulations, the Division of Investment sets further standards for specific investments and monitors the credit of all eligible securities issues on a regular basis. In all the years of the Division of Investment's existence, it has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated in the New Jersey Cash Management Fund as additional protection for the other-than-State participants, which includes the City. The City does not own specific identifiable securities, but instead has a net realizable interest in the joint value of the fund. There is no available credit rating for the New Jersey Cash Management Fund. As of December 31, 2016 and 2015, the City had a balance of $113,730 and $113,271, respectively, in the New Jersey Cash Management Fund.

NOTE C. PROPERTY TAXES

PROPERTY TAX CALENDAR

Property tax revenues are collected in quarterly installments due February 1, May 1, August 1 and November 1. The City annually holds an accelerated tax sale which includes unpaid taxes, as well as assessments and other municipal charges, as of November 11 of the current year.

The amount of tax levied includes not only the amount required in support of the City's annual budget, but also the amounts required in support of the budget of the following entities:

County Taxes - The City is responsible for levying, collecting and remitting county taxes for the County of Hudson. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. Monies are forwarded to the County quarterly. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year. As of December 31, 2016 and 2015, the City had County taxes payable of $1,070,539 and $850,340, respectively.

School Taxes - The City is responsible for levying, collecting and remitting school taxes for the local school district. Monies are forwarded to the school district monthly. Operations is charged for the full amount due to operate the local school district, and is based upon the annual County certification of apportionment of levies. As of December 31, 2016 and 2015, the City had no school taxes payable.

Special Improvement District - The City is responsible for levying, collecting and remitting Special Improvement District (SID) taxes for the Central Ave SID, Journal Square Restoration Corp. SID, Historic Downtown / Newark Ave SID, McGinley Square Partnership SID and the Jackson Hill Main Street SID. The SID taxes are derived from assessments made upon the members within the SID. Monies are forwarded to the SIDs monthly. As of December 31, 2016 and 2015, the City had on reserve for SIDs $208,752 and $193,787, respectively.

NOTE C. PROPERTY TAXES (continued)

PROPERTY TAXES RECEIVABLE

Reserve for Uncollected Taxes - Reserve for Uncollected Taxes is a non-spending item of appropriation required by statute to be included in the City's annual budget. This appropriation protects the City from taxes not paid currently by providing assurance that cash collected in the current year will provide sufficient cash flow to meet obligations as they become due. The minimum amount required to be appropriated in the budget is determined on the percentage of collections experiences in the immediate preceding year, unless the three-year average option is chosen. For the years ended December 31, 2016 and 2015, the budgeted reserve for uncollected taxes was $3,847,492 and $3,499,995, respectively.

Delinquent Taxes and Tax Title Liens - As described in Note A, taxes receivable and tax title liens are realized as revenue when collected. Uncollected receivables are fully reserved, so no provision is made for the uncollectible portions of these taxes. As of December 31, 2016 and 2015, property taxes receivable were $4,265,328 and $3,125,278, respectively, and tax title liens receivable were $37,154 and $659,482, respectively.

Prepaid Taxes - Taxes collected in advance are recorded as cash liabilities in the financial statements. Prepaid taxes as of December 31, 2016 and 2015 were $2,953,483 and $2,485,961, respectively.

Tax Overpayments - Overpaid taxes collected during the year and due to taxpayers either as a refund or tax credit are recorded as cash liabilities in the financial statements. Tax overpayments as of December 31, 2016 and 2015 were $2,377,608 and $3,139,995, respectively.

Property Acquired by Tax Title Lien Liquidation – The City held its annual accelerated tax sale on December 15, 2016. The value of properties acquired by tax title liens at December 31, 2016 and 2015 were $1,455,500 and $1,680,900, respectively.

When such property is sold in the manner provided by statute and sales contracts are entered into in lieu of cash sales, a separate account must be maintained for "Sales Contracts Receivable – Property Acquired for Taxes". The value of such receivables at December 31, 2016 and 2015 were $285,550 and $430,550, respectively.

NOTE D. MUNICIPAL DEBT

SUMMARY OF MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds to finance general municipal and utility capital expenditures. Most bonds are retired in serial installments within the statutory period of usefulness. Other bonds may be term bonds with sinking fund requirements. Bonds issued by the City are general obligation bonds, backed by the full faith and credit of the City. Bond Anticipation Notes, which are issued to temporarily finance capital projects, must be paid off within ten years or retired by the issuance of bonds.

School Debt (Included as Obligations of the City) – In the general election of November 4, 2008, the Jersey City Board of Education was voted to become a Type II School District. As such, statutes require bonds and notes issued and authorized by the Board of Education to be included in the City's statutory gross debt, but are not obligations of the City. Only the amount of school district debt exceeding the school district's debt limit, if any, is included in the net debt of the City.

However, prior to the general election of November 4, 2008, including its time as a State-Operated School District from October 4, 1989 through April 17, 2008, the Jersey City Board of Education operated as a Type I school district. Therefore any bonds and notes issued and authorized by the Board of Education prior to November 4, 2008, and still outstanding as of December 31, 2015 and 2014, remain general obligations of the City.

Qualified Bonds

Certain bonds of the City are issued pursuant to the Municipal Qualified Bond Act. Under this act, portions of State Aid revenues are withheld by the State of New Jersey and forwarded directly to paying agents for principal and interest payments of such bonds. The City is responsible to certify maturity schedules of the qualified bonds to the State. Qualified bonds are identified within each of bond schedules that follow. During the years ended December 31, 2016 and 2015, the State of New Jersey paid $48,039,760 and $46,585,295, respectively, of qualified bond interest and principal maturities on behalf of the City in lieu of direct State Aid payments to the City.

NOTE D. MUNICIPAL DEBT (continued)

SUMMARY OF MUNICIPAL DEBT (continued)

At December 31, 2016 and 2015, the City's statutory debt as defined by the Local Bond Law is summarized as follows:

Statutory Debt Pursuant to Local Bond Law

	Dec. 31, 2016			
Issued:	Issued and Outstanding	Authorized but Note Issued	Total	Dec. 31, 2015 Total
General:				
General Improvement Bonds	$ 390,017,000	$ 26,659,629	$ 416,676,629	$ 411,677,392
Green Trust Loans	1,056,405	-	1,056,405	1,159,951
Tax Appeal Refunding Notes	-	-	-	2,738,740
Bond Anticipation Notes	26,898,194	-	26,898,194	37,864,102
Local Improvement Bonds	11,821,000	-	11,821,000	-
Water Improvement Bonds	25,590,000	1,461,658	27,051,658	38,736,002
School Improvement Bonds	27,155,000	1,587,258	28,742,258	43,775,245
Pension Refunding Bonds	38,365,000	-	38,365,000	39,775,000
Total Gross Statutory Debt Issued	520,902,599	29,708,545	550,611,144	575,726,432
Debt of JCMUA Guaranteed by City	199,455,227	-	199,455,227	199,163,381
	720,357,826	29,708,545	750,066,371	774,889,813
Less Statutory Deductions to Debt Limit:				
Debt of JCMUA Guaranteed by City	199,455,227	-	199,455,227	199,163,381
Due from JCMUA for Issued Water Debt	25,590,000	1,461,658.00	27,051,658	38,736,002
Bonds and Notes for School Purposes	27,155,000	1,587,258	28,742,258	43,775,245
NJSA40A:2-52 Refunding Bonds:				
Pension Refunding	38,365,000	-	38,365,000	39,775,000
Tax Appeal Refunding	-	-	-	2,738,740
Net Statutory Bonds and Notes Issued and Authorized but not Issued	$ 429,792,599	$ 26,659,629	$ 456,452,228	$ 450,701,445

In addition to the general capital debt shown in the preceding schedule, the City had additional debt which, in accordance with statutes, is not included as part of the City's statutory debt position. All such debt is recorded in the Current Fund and is as follows:

Current Fund Debt

Issued:	Dec. 31, 2016	Dec. 31, 2015
Emergency Notes (40A:4-55):		
Severance Liabilities	$ 14,700,000	$ 21,600,000
Revaluation of Properties	5,000,000	630,000
Superstorm Sandy	897,496	1,794,992
	$ 20,597,496	$ 24,024,992

NOTE D. MUNICIPAL DEBT (continued)

SUMMARY OF MUNICIPAL DEBT (continued)

The following is a summary of changes in long-term debt for the year ended December 31, 2016:

	Balance Dec. 31, 2015	(1) New Issues	(1) Retirements	Balance Dec. 31, 2016	Due by Dec. 31, 2017
School Serial Bonds	$ 39,510,000	$ -	$ 12,355,000	$ 27,155,000	$ 6,325,000
General Serial and Term Bonds	397,630,950	26,777,000	34,390,950	390,017,000	35,982,000
Pension Refunding Bonds	39,775,000	-	1,410,000	38,365,000	1,655,000
Water Serial Bonds	28,645,000	190,000	3,245,000	25,590,000	4,440,000
Local Improvement Bond	-	11,821,000	-	11,821,000	595,000
Green Trust Loans	1,159,951	-	103,546	1,056,405	105,626
	$ 506,720,901	$ 38,788,000	$ 51,504,496	$ 494,004,405	$ 49,102,626

Scheduled Amortization	$ 49,705,546
Additional Principal Paid on Refunding	1,798,950
	$ 51,504,496

The following is a summary of changes in long-term debt for the year ended December 31, 2015:

	Balance Dec. 31, 2014	(1) New Issues	(1) Retirements	Balance Dec. 31, 2015	Due by Dec. 31, 2016
School Serial Bonds	$ 47,130,000	$ -	$ 7,620,000	$ 39,510,000	$ 12,355,000
General Serial and Term Bonds	427,145,950	-	29,515,000	397,630,950	32,887,000
Pension Refunding Bonds	40,980,000	-	1,205,000	39,775,000	1,410,000
Water Serial Bonds	31,180,000	-	2,535,000	28,645,000	2,950,000
HCIA Pooled Loan	361,112	-	361,112	-	-
Green Trust Loans	1,261,457	-	101,506	1,159,951	103,546
	$ 548,058,519	$ -	$ 41,337,618	$ 506,720,901	$ 49,705,546

(1) New issues and retirements are shown net of amounts refunded, which are described more fully as follows.

Debt Refunding

On May 13, 2016, the City issued General Obligation Refunding Bonds, Series 2016, in the amount of $32,335,000, consisting of:

- $26,000,000 General Improvement Refunding Bonds, Series 2016A, the proceeds of which refunded $24,418,000 of the callable Qualified General Improvement Bonds, Series 2009 issued on February 10, 2009 in the original amount of $39,928,000, and $2,705,950 of the callable Qualified General Improvement Bonds, Series 2009A issued on December 30, 2009 in the original amount of $3,380,950.
- $6,335,000 Water Improvement Refunding Bonds, Series 2016B, the proceeds of which refunded $6,580,000 of callable Qualified Water Refunding Bonds, Series 2006D issued on March 30, 2006 in the original amount of $6,660,000.
- Proceeds were also used to pay certain costs associated with the issuance of the bonds.

NOTE D. MUNICIPAL DEBT (continued)

Debt Refunding (continued)

On November 2, 2016, the City issued Refunding Bonds consisting of:

- $18,635,000 General Improvement Refunding Bonds, Taxable Series 2016A, the proceeds of which refunded $17,725,000 of the Qualified General Improvement Bonds, Series 2007A issued on April 25, 2007 in the original amount of $27,680,000.
- $3,945,000 Water Refunding Bonds, Taxable Series 2016B, the proceeds of which refunded $3,755,000 of Qualified Water Refunding Bonds, Series 2007B issued on April 25, 2007 in the original amount of $10,930,000.
- Proceeds were also used to pay certain costs associated with the issuance of the bonds.

On November 17, 2016, the City issued $11,821,000 of Local Improvement Bonds, Series 2016A for the purposes of funding Ordinance No. 01-057 adopted on June 15, 2001 authorizing the Greene Street Local Improvement Project.

On November 25, 2015, the City issued General Obligation Refunding Bonds, Series 2015, in the amount of $22,890,000, consisting of:

- $13,060,000 General Improvement Refunding Bonds, Series 2015A, the proceeds of which refunded $13,217,000 of the remaining principal balance of $16,322,000 of the Qualified General Improvement Bonds, Series 2007 issued on December 7, 2007 in the original amount of $26,242,000.
- $9,830,000 School Refunding Bonds, Series 2015B, the proceeds of which refunded $10,170,000 of the remaining principal balance of $11,770,000 of the Qualified Public Improvement Refunding Bonds, Series 2007A issued on February 3, 2007 in the original amount of $17,050,000.

The City also renewed or refunded Bond Anticipation Notes in the amount of $22,763,194. Proceeds of the renewed or refunded notes were used to pay the principal of the maturing notes less statutory minimum payments appropriated through the Current Fund budget. Bond Anticipation Notes are more fully discussed herein.

NOTE D. MUNICIPAL DEBT (continued)

BONDS PAYABLE

General Serial and Term Bonds Payable

The City has outstanding at December 31, 2016 and 2015 various general serial and term bonds. The following table, which includes fiscal year adjustment bonds in addition to the general improvement bonds, is a summary of the activity for such debt during the year ended December 31, 2016 and the short term liability for each bond outstanding at year end:

2016 Summary of General Serial Bonds Activity

Description	Balance Dec. 31, 2015	Increase	Decrease	Balance Dec. 31, 2016	Due by Dec. 31, 2017
General Qualified Refunding Bonds Issued 12/01/2002 for $38,020,000 Maturing annually from 2002 to 2016 Bearing interest rates of 5-5.25%	$ 2,865,000	$ -	$ 2,865,000	$ -	$ -
Qualified Fiscal Year Adjustment Refunding Bonds, Taxable Series 2004D Issued 10/15/2004 for $5,515,000 Maturing annually from 2004 to 2020 Bearing interest rates of 4.306-5.246%	2,165,000	-	390,000	1,775,000	410,000
Qualified Fiscal Year Adjustment Refunding Bonds, Taxable Series 2004D Issued 10/15/2004 for $5,330,000 Maturing annually from 2004 to 2020 Bearing interest rates of 4.306-5.246%	2,085,000	-	375,000	1,710,000	395,000
Qualified Fiscal Year Adjustment Refunding Bonds, Taxable Series 2004D Issued 10/15/2004 for $6,570,000 Maturing annually from 2004 to 2020 Bearing interest rates of 4.306-5.246%	2,585,000	-	465,000	2,120,000	490,000
Qualified Public Improvement Refunding Bonds, Taxable Series 2006B Issued 3/30/2006 for $72,595,000 Maturing in one lump sum in 2021 Bearing an interest rate of 5.49%	72,595,000	-	-	72,595,000	10,425,000
Qualified Fiscal Year Adjustment Refunding Bonds, Taxable Series 2006E Issued 3/30/2006 for $27,305,000 Maturing in one lump sum in 2016 Bearing an interest rate of 5.38%	5,190,000	-	5,190,000	-	-
Qualified General Improvement Bonds Series 2006A Issued 11/2/2006 for $32,163,000 Maturing annually from 2006 to 2023 Bearing interest rates of 4.125-4.25%	2,050,000	-	2,050,000	-	-

NOTE D. MUNICIPAL DEBT (continued)

General Serial and Term Bonds Payable (continued)

2016 Summary of General Serial Bonds Activity - continued

Description	Balance Dec. 31, 2015	Increase	Decrease	Balance Dec. 31, 2016	Due by Dec. 31, 2017
Qualified General Improvement Refunding Bonds, Series 2007A Issued 4/25/2007 for $27,680,000 Maturing annually from 2014 to 2023 Bearing interest rates of 4-5.55%	$ 27,410,000	$ -	$ 22,475,000	$ 4,935,000	$ 4,935,000
Qualified General Improvement Refunding Bonds, Series 2007A Issued 12/7/2007 for $26,242,000 For funding of Ordinance No. 07-162 Maturing annually on August 1 from 2010 to 2024 Bearing interest rates of 4-4.25%	3,105,000	-	1,520,000	1,585,000	1,585,000
Qualified General Improvement Bonds Series 2009 Issued 12/29/2009 for $39,928,000 For funding of Ordinance No. 08-148 Maturing annually on January 15 from 2011 to 2029 Bearing an interest rate of 5%	31,478,000	-	26,063,000	5,415,000	1,725,000
Qualified General Improvement HCIA Bonds Series 2009 Issued 12/17/2009 for $2,000,000 Maturing annually on August 1 from 2010 to 2019 Bearing an interest rate of 8%	907,000	-	212,000	695,000	222,000
Qualified General Improvement Bonds JCPA Tax Exempt, Series 2009A Issued 12/17/2009 for $3,380,950 For funding of Ordinance No. 09-109 Maturing annually on July 15 from 2010 to 2029 Bearing interest rates of 4-5%	3,080,950	-	2,785,950	295,000	90,000
Qualified General Improvement Bonds JCPA Taxable, Series 2009A For funding of Ordinance No. 09-109 Issued 12/17/2009 for $1,000,000 Maturing annually on July 15 from 2010 to 2019 Bearing interest rates of 4.75-6.00%	400,000	-	100,000	300,000	100,000
General Improvement Bonds Taxable Series 2010B, Build America Bonds For funding of Ordinance No. 09-068 and 10-081 Issued 11/3/2010 for $84,495,000 Maturing annually on Nov. 1, 2011-2027 and 2031, 2036, 2040 Bearing interest rates of 3.25-7.25%	81,730,000	-	1,240,000	80,490,000	1,690,000
General Improvement Bonds, Taxable Series 2010C Recovery Zone Economic Development Bonds For funding of Ordinance No. 09-068 and 10-081 Issued 11/3/2010 for $6,420,000 Maturing annually on Nov. 1, 2021-2025 and 2030, 2035, 2040 Bearing interest rates of 3.25-7.25%	6,420,000	-	-	6,420,000	-

NOTE D. MUNICIPAL DEBT (continued)

General Serial and Term Bonds Payable (continued)

2016 Summary of General Serial Bonds Activity - continued

Description	Balance Dec. 31, 2015	Increase	Decrease	Balance Dec. 31, 2016	Due by Dec. 31, 2017
General Improvement Refunding Bonds, Series 2015A Issued 11/25/2015 for $13,060,000 To refund Qualified Public Improvement Refunding Bonds dated 12/07/2007 Maturing on Feb. 15, 2016 and annually therafter from 2018-2024 Bearing interest rates of 2.0%-4.0%	$ 13,060,000	$ -	$ 85,000	$ 12,975,000	$ -
General Improvement Refunding Bonds, Series 2016A Issued 5/13/2016 for $26,000,000 To refund Qualified General Improvement Bonds dated 2/10/2009 And to refund Qualified General Improvement bonds dated 12/30/2009 Maturing on July 15, 2016 and annually on Jan. 15 from 2020 through 2029 Bearing interest rates of 3.25%-5%	-	26,000,000	380,000	25,620,000	-
General Improvement Bonds, Series 2016 Issued 6/29/2016 for $25,867,000 To fund Ordinance No. 16.083 Providing for Various Capital Improvements Maturing annually on July 15 from 2017 through 2029 Bearing interest rates of 2%-4%	-	25,867,000	-	25,867,000	1,750,000
General Improvement Refunding Bonds, Taxable Series 2016A Issued 11/2/2016 for $18,635,000 To refund Qualified General Improvement Bonds dated 4/25/2007 Maturing annually on Sept.1 from 2017 through 2021 and 2023.	-	18,635,000	-	18,635,000	400,000
Bearing interest rates of 1.137%-2.573%	-	-	-	-	-
	$ 397,630,950	$ 70,502,000	$ 78,115,950	$ 390,017,000	$ 35,982,000
Refunded		(43,725,000)	(43,725,000)		
New Debt/ Retired on Refunding		(910,000)	(1,503,950)		
Increase and Decrease Net of Refunding		$ 25,867,000	$ 32,887,000		

NOTE D. MUNICIPAL DEBT (continued)

General Serial and Term Bonds Payable (continued)

The following table is a summary of the activity for general serial and term bonds payable during the year ended December 31, 2015 and the short term liability for each bond outstanding at year end:

2015 Summary of General Serial Bonds Activity

Description	Balance Dec. 31, 2014	Increase	Decrease	Balance Dec. 31, 2015	Due by Dec. 31, 2016
General Qualified Refunding Bonds Issued 12/01/2002 for $38,020,000 Maturing annually from 2002 to 2016 Bearing interest rates of 5-5.25%	$ 5,620,000	$ -	$ 2,755,000	$ 2,865,000	$ 2,865,000
Qualified Fiscal Year Adjustment Refunding Bonds, Taxable Series 2004D Issued 10/15/2004 for $5,515,000 Maturing annually from 2004 to 2020 Bearing interest rates of 4.306-5.246%	2,535,000	-	370,000	2,165,000	390,000
Qualified Fiscal Year Adjustment Refunding Bonds, Taxable Series 2004D Issued 10/15/2004 for $5,330,000 Maturing annually from 2004 to 2020 Bearing interest rates of 4.306-5.246%	2,445,000	-	360,000	2,085,000	375,000
Qualified Fiscal Year Adjustment Refunding Bonds, Taxable Series 2004D Issued 10/15/2004 for $6,570,000 Maturing annually from 2004 to 2020 Bearing interest rates of 4.306-5.246%	3,030,000	-	445,000	2,585,000	465,000
Qualified Public Improvement Refunding Bonds, Taxable Series 2006B Issued 3/30/2006 for $72,595,000 Maturing in one lump sum in 2021 Bearing an interest rate of 5.49%	72,595,000	-	-	72,595,000	-
Qualified Fiscal Year Adjustment Refunding Bonds, Taxable Series 2006E Issued 3/30/2006 for $27,305,000 Maturing in one lump sum in 2016 Bearing an interest rate of 5.38%	10,105,000	-	4,915,000	5,190,000	5,190,000
Qualified General Improvement Bonds Series 2006A Issued 11/2/2006 for $32,163,000 Maturing annually from 2006 to 2023 Bearing interest rates of 4.125-4.25%	4,015,000	-	1,965,000	2,050,000	2,050,000
Qualified General Improvement Refunding Bonds, Series 2007A Issued 4/25/2007 for $27,680,000 Maturing annually from 2014 to 2023 Bearing interest rates of 4-5.55%	27,660,000	-	250,000	27,410,000	4,750,000

NOTE D. MUNICIPAL DEBT (continued)

General Serial and Term Bonds Payable (continued)

2015 Summary of General Serial Bonds Activity - continued

Description	Balance Dec. 31, 2014	Increase	Decrease	Balance Dec. 31, 2015	Due by Dec. 31, 2016
Qualified General Improvement Refunding Bonds, Series 2007A Issued 12/7/2007 for $26,242,000 For funding of Ordinance No. 07-162 Maturing annually on August 1 from 2010 to 2024 Bearing interest rates of 4-4.25%	$ 17,782,000	$ -	$ 14,677,000	$ 3,105,000	$ 1,520,000
Qualified General Improvement Bonds Series 2009 Issued 12/29/2009 for $39,928,000 For funding of Ordinance No. 08-148 Maturing annually on January 15 from 2011 to 2029 Bearing an interest rate of 5%	33,053,000	-	1,575,000	31,478,000	1,645,000
Qualified General Improvement HCIA Bonds Series 2009 Issued 12/17/2009 for $2,000,000 Maturing annually on August 1 from 2010 to 2019 Bearing an interest rate of 8%	1,110,000	-	203,000	907,000	212,000
Qualified General Improvement Bonds JCPA Tax Exempt, Series 2009A Issued 12/17/2009 for $3,380,950 For funding of Ordinance No. 09-109 Maturing annually on July 15 from 2010 to 2029 Bearing interest rates of 4-5%	3,150,950	-	70,000	3,080,950	80,000
Qualified General Improvement Bonds JCPA Taxable, Series 2009A For funding of Ordinance No. 09-109 Issued 12/17/2009 for $1,000,000 Maturing annually on July 15 from 2010 to 2019 Bearing interest rates of 4.75-6.00%	500,000	-	100,000	400,000	100,000
General Improvement Bonds Taxable Series 2010B, Build America Bonds For funding of Ordinance No. 09-068 and 10-081 Issued 11/3/2010 for $84,495,000 Maturing annually on Nov. 1, 2011-2027 and 2031, 2036, 2040 Bearing interest rates of 3.25-7.25%	82,770,000	-	1,040,000	81,730,000	1,240,000
General Improvement Bonds, Taxable Series 2010C Recovery Zone Economic Development Bonds For funding of Ordinance No. 09-068 and 10-081 Issued 11/3/2010 for $6,420,000 Maturing annually on Nov. 1, 2021-2025 and 2030, 2035, 2040 Bearing interest rates of 3.25-7.25%	6,420,000	-	-	6,420,000	-
Qualified General Improvement Refunding Bonds, Series 2011A Issued 12/30/2011 for $11,253,000 To refund Qualified General Improvement Bonds dated 9/1/2003 Maturing annually on Sept. 1, 2012-2019 and 2022 semiannually 2014 Bearing interest rates of 1.75-4.00%	9,525,000	-	2,705,000	6,820,000	45,000

NOTE D. MUNICIPAL DEBT (continued)

2015 Summary of General Serial Bonds Activity - continued

Description	Balance Dec. 31, 2014	Increase	Decrease	Balance Dec. 31, 2015	Due by Dec. 31, 2016
Qualified General Improvement Bonds, Series 2012	$ 22,295,000	$ -	$ 1,350,000	$ 20,945,000	$ 1,390,000
Issued 8/21/2012 for $24,875,000					
For partial funding of Ordinance No. 12-042					
Maturing annually on March 1, 2013-2027					
Bearing interest rates of 3.00-5.00%					
Qualified General Improvement Refunding Bonds, Series 2012A	16,055,000	-	170,000	15,885,000	1,375,000
Issued 9/6/2012 for $16,405,000					
To refund Qualified General Improvement Bonds dated 5/15/2005					
Maturing annually on Sept. 1, 2013-2025					
Bearing interest rates of 2.75-4.00%					
Qualified General Improvement Refunding Bonds, Taxable Series 2012C	4,355,000	-	165,000	4,190,000	165,000
Issued 9/6/2012 for $4,690,000					
Maturing annually on Sept. 1, 2013-2022 and 2033					
Qualified Public Improvement Refunding Bonds, Taxable Series 2013A	23,770,000	-	6,625,000	17,145,000	6,565,000
Issued 3/20/2013 for $24,670,000					
Maturing annually on Sept. 1, 2014-2020					
Bearing interest rates of 0.942-2.723%					
General Improvement Bonds, Series 2014	31,820,000	-	2,065,000	29,755,000	2,040,000
Issued 12/11/2014 for $31,820,000					
To Fund Ordinance No. 14.131					
Maturing annually on Dec. 1, 2015-2027					
Bearing interest rates of 3-5%					
Qualified General Improvement Refunding Bonds Tax-Exempt Series 2014A	16,590,000	-	180,000	16,410,000	-
Issued 11/20/2014 for $16,590,000					
To refund Qualified General Improvement Bonds dated 11/2/2006					
Maturing annually on August 1, 2015-2023					
Bearing interest rates of 2-5%					
Qualified Public Improvement Refunding Bonds, Taxable Series 2014	29,945,000	-	590,000	29,355,000	340,000
Issued 11/20/2014 for $29,945,000					
To refund Qualified Public Improvement Refunding Bonds dated 3/30/2006					
Maturing annually on Sept. 1, 2015-2022					
Bearing interest rates of 0.659-3.286%					
General Improvement Refunding Bonds, Series 2015A	-	13,060,000	-	13,060,000	-
Issued 11/25/2015 for $13,060,000					
To refund Qualified Public Improvement Refunding Bonds dated 12/07/2007					
Maturing on Feb. 15, 2016 and annually therafter from 2018-2024					
Bearing interest rates of 2.0%-4.0%	-	-	-	-	-
	$ 427,145,950	$ 13,060,000	$ 42,575,000	$ 397,630,950	$ 32,802,000
Refunded		(13,060,000)	(13,060,000)		
Additional Debt Paid on Refunding		-	(157,000)		
Increase and Decrease Net of Refunding		$ -	$ 29,358,000		

NOTE D. MUNICIPAL DEBT (continued)

General Serial and Term Bonds – Sinking Fund Redemption

The General Improvement Bonds dated November 3, 2010 (Series 2010B and 2010C), the Qualified General Improvement Refunding Bonds dated September 6, 2012 (Taxable Series 2012C) and the Taxable Refunding Bonds dated November 2, 2016 (Series 2016A and 2016B) consist partially of term bonds in addition to serial payments. These term bonds are subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest thereon to the date fixed for redemption. Following is the sinking fund schedule for each of the term bond payments required for these bonds:

SCHEDULE OF MANDATORY SINKING FUND PAYMENTS

	Series 2010B Term Bonds Maturing			Series 2010C Term Bonds Maturing			Series 2012C Term Bonds Maturing	Series 2016A-B Term Bonds Maturing	Series 2016B Term Bonds Maturing	
	Nov. 1, 2031	Nov. 1, 2036	Nov. 1, 2040	Nov. 1, 2030	Nov. 1, 2035	Nov. 1, 2040	Sept. 1, 2033	Sept. 1, 2023	Sept. 1, 2033	TOTAL
2022	$ -	$ -	$ -	$ -	$ -	$ -	$ 205,000	$ 290,000	$ -	$ 495,000
2023	-	-	-	-	-	-	205,000	3,980,000	-	4,185,000
2024	-	-	-	-	-	-	215,000	-	15,000	230,000
2025	-	-	-	-	-	-	225,000	-	15,000	240,000
2026	-	-	-	255,000	-	-	240,000	-	15,000	510,000
2027	-	-	-	265,000	-	-	250,000	-	15,000	530,000
2028	3,075,000	-	-	275,000	-	-	265,000	-	15,000	3,630,000
2029	3,205,000	-	-	295,000	-	-	275,000	-	395,000	4,170,000
2030	3,355,000	-	-	305,000	-	-	290,000	-	405,000	4,355,000
2031	3,515,000	-	-	-	315,000	-	310,000	-	425,000	4,565,000
2032	-	3,665,000	-	-	335,000	-	320,000	-	435,000	4,755,000
2033	-	3,840,000	-	-	345,000	-	335,000	-	455,000	4,975,000
2034	-	4,020,000	-	-	355,000	-	-	-	-	4,375,000
2035	-	4,200,000	-	-	375,000	-	-	-	-	4,575,000
2036	-	4,390,000	-	-	-	395,000	-	-	-	4,785,000
2037	-	-	4,595,000	-	-	405,000	-	-	-	5,000,000
2038	-	-	4,795,000	-	-	435,000	-	-	-	5,230,000
2039	-	-	5,025,000	-	-	450,000	-	-	-	5,475,000
2040	-	-	5,250,000	-	-	465,000	-	-	-	5,715,000
Due at Maturity	$ 13,150,000	$ 20,115,000	$ 19,665,000	$ 1,395,000	$ 1,725,000	$ 2,150,000	$ 3,135,000	$ 4,270,000	$ 2,190,000	$ 67,795,000

Series 2016A	$ 3,685,000
Series 2016B	585,000
	$ 4,270,000

Build America and Recovery Zone Bonds

The City has outstanding at December 31, 2016 and 2015 Build America Bonds and Recovery Zone Economic Development Bonds. As part of the American Recovery and Reinvestment Act (ARRA), the City is to receive Federal subsidy payments equal to 35% of the interest payments on Build America Bonds and 45% of the interest payments on Recovery Zone Bonds.

	Outstanding at December 31,		Federal Government Subsidies	
	2016	2015	2016	2015
Build America Bonds	$ 80,490,000	$ 81,730,000	$ 1,785,824	$ 1,793,324
Recovery Zone Economic Development Bonds	6,420,000	6,420,000	196,715	196,187
	$ 86,910,000	$ 88,150,000	$ 1,982,539	$ 1,989,511

NOTE D. MUNICIPAL DEBT (continued)

BONDS PAYABLE (continued)

School Serial Bonds Payable

The City has outstanding at December 31, 2016 and 2015 various school serial bond debt issues. The following table is a summary of the activity for such debt during the year ended December 31, 2016 and the short term liability for each bond outstanding at year end:

2016 Summary of School Serial Bonds Activity

Description	Balance Dec. 31, 2015	Increase	Decrease	Balance Dec. 31, 2016	Due by Dec. 31, 2017
School Refunding Bonds Issued 12/01/2002 for $38,505,000 Maturing annually from 2003 to 2016 Bearing interest rates of 5-5.25%	$ 2,905,000	$ -	$ 2,905,000	$ -	$ -
Qualified School Refunding Bonds, Series 2007C Issued 4/25/2007 for $12,645,000 Maturing annually from 2013 to 2016 Bearing an interest rate of 5%	3,130,000	-	3,130,000	-	-
Qualified School Bonds, Series 2007A Issued 2/23/2007 for $17,050,000 Maturing annually on Feb. 15 from 2008 to 2027 Bearing interest rates of 4-4.25%	1,600,000	-	785,000	815,000	815,000
Qualified School Refunding Bonds Taxable Series, 2014B Issued 11/20/2014 for $22,610,000 To Refund Qualified School Refunding Bonds dated 6/16/2005 Maturing annually on Sept. 1 from 2015 to 2021 Bearing interest rates of 0.659-3.139%	22,045,000	-	5,455,000	16,590,000	5,510,000
School Refunding Bonds Series 2015B Issued 11/25/2015 for $9,830,000 To Refund Qualified School Bonds dated 2/23/2007 Maturing on Feb. 15, 2016 and annually therafter from 2018-2027 Bearing interest rates of 2.0%-4.0%	9,830,000 -	- -	80,000 -	9,750,000 -	- -
	$ 39,510,000	$ -	$ 12,355,000	$ 27,155,000	$ 6,325,000

NOTE D. MUNICIPAL DEBT (continued)

BONDS PAYABLE (continued)

School Serial Bonds Payable (continued)

The following table is a summary of the activity for such debt during the year ended December 31, 2015 and the short term liability for each bond outstanding at year end:

2015 Summary of School Serial Bonds Activity

Description	Balance Dec. 31, 2014	Increase	Decrease	Balance Dec. 31, 2015	Due by Dec. 31, 2016
School Refunding Bonds	$ 5,700,000	$ -	$ 2,795,000	$ 2,905,000	$ 2,905,000
Issued 12/01/2002 for $38,505,000					
Maturing annually from 2003 to 2016					
Bearing interest rates of 5-5.25%					
Qualified School Refunding Bonds, Series 2007C	6,295,000	-	3,165,000	3,130,000	3,130,000
Issued 4/25/2007 for $12,645,000					
Maturing annually from 2013 to 2016					
Bearing an interest rate of 5%					
Qualified School Bonds, Series 2007A	12,525,000	-	10,925,000	1,600,000	785,000
Issued 2/23/2007 for $17,050,000					
Maturing annually on Feb. 15 from 2008 to 2027					
Bearing interest rates of 4-4.25%					
Qualified School Refunding Bonds	22,610,000	-	565,000	22,045,000	5,455,000
Taxable Series 2014B					
Issued 11/20/2014 for $22,610,000					
To Refund Qualified School Refunding Bonds dated 6/16/2005					
Maturing annually on Sept. 1 from 2015 to 2021					
Bearing interest rates of 0.659-3.139%					
School Refunding Bonds	-	9,830,000	-	9,830,000	80,000
Series 2015B					
Issued 11/25/2015 for $9,830,000					
To Refund Qualified School Bonds dated 2/23/2007					
Maturing on Feb. 15, 2016 and annually therafter from 2018-2027					
Bearing interest rates of 2.0%-4.0%	-	-	-	-	-
	$ 47,130,000	$ 9,830,000	$ 17,450,000	$ 39,510,000	$ 12,355,000
Refunded		(9,830,000)	(9,830,000)		
Increase and Decrease Net of Refunding		$ -	$ 7,620,000		

NOTE D. MUNICIPAL DEBT (continued)

BONDS PAYABLE (continued)

Water Serial Bonds Payable

The City has outstanding at December 31, 2016 and 2015 various water serial bond debt issues. The following table is a summary of the activity for such debt during the year ended December 31, 2016 and the short term liability for each bond outstanding at year end:

2016 Summary of Water Serial Bonds Activity

Description	Balance Dec. 31, 2015	Increase	Decrease	Balance Dec. 31, 2016	Due by Dec. 31, 2017
Qualified Water Refunding Bonds, Series 2006D Issued 9/1/2005 for $6,660,000 Maturing annually from 2016 to 2022 Bearing interest rates of 4.1-4.125%	$ 6,660,000	$ -	$ 6,660,000	$ -	$ -
Qualified Water Improvement Bonds, Series 2006B Issued 11/2/2006 for $5,000,000 Maturing annually from 2007 to 2021 Bearing interest rates of 4.125-4.25%	355,000	-	355,000	-	-
Qualified Water Refunding Bonds, Series 2007B Issued 4/25/2007 for $10,930,000 Maturing annually from 2010 to 2023 and 2033 Bearing interest rates of 4-5%	4,010,000	-	3,775,000	235,000	235,000
Qualified Water Improvement Refunding Bonds, Series 2011B Issued 12/30/2011 for $1,987,000 Maturing annually: 2012-2019, 2022, 2024-2028; semiannually 2014 Bearing interest rates of 1.75-4.00%	1,910,000	-	220,000	1,690,000	10,000
Qualified Water Improvement Refunding Bonds, Series 2012B Issued 9/6/12 for $4,265,000 To refund Water Capital Improvement Bonds dated 3/1/2003 and Qualified Water Improvement Bonds dated 5/15/2005 Maturing annually: 2013-2024 Bearing interest rates of 2.75-4.00%	4,195,000	-	25,000	4,170,000	625,000
Qualified Water Improvement Refunding Bonds, Series 2013B Issued 3/20/2013 for $12,050,000 To refund Qualified Water Refunding Bonds dated 10/15/2005 Maturing annually: 2014-2021 Bearing interest rates of 0.942-3.055%	9,550,000	-	2,250,000	7,300,000	2,180,000
Qualified Water Improvement Refunding Bonds, Series 2014A Issued 11/20/14 for $1,990,000 To Refund Qualified Water Improvement Bonds dated 11/2/2006 Maturing annually on Aug. 1 from 2015 to 2021 Bearing interests of 2-4%	1,965,000	-	-	1,965,000	365,000

NOTE D. MUNICIPAL DEBT (continued)

Water Serial Bonds Payable (continued)

2016 Summary of Water Serial Bonds Activity - continued

Description	Balance Dec. 31, 2015	Increase	Decrease	Balance Dec. 31, 2016	Due by Dec. 31, 2017
Water Improvement Refunding Bonds, Series 2016B Issued 5/13/16 for $6,335,000 To Refund Qualified Water Refunding Bonds dated 3/30/2006 Maturing annually on Jan. 15 from 2017 to 2022 Bearing interests of 2-5%	-	6,335,000	50,000	6,285,000	965,000
Water Refunding Bonds, Taxable Series 2016B Issued 11/2/16 for $3,945,000 To Refund Qualified Water Refunding Bonds dated 4/25/2007 Maturing annually on Sept. 1 from 2017 to 2021 and 2023. Bearing interests of 1.137-3.758%	-	3,945,000	-	3,945,000	60,000
	-	-	-	-	-
	$ 28,645,000	$ 10,280,000	$ 13,335,000	$ 25,590,000	$ 4,440,000
Refunded		(10,090,000)	(10,090,000)		
New Debt/ Retired on Refunding		(190,000)	(295,000)		
Increase and Decrease Net of Refunding		$ -	$ 2,950,000		

The following table is a summary of the activity for such debt during the year ended December 31, 2015 and the short term liability for each bond outstanding at year end:

2015 Summary of Water Serial Bonds Activity

Description	Balance Dec. 31, 2014	Increase	Decrease	Balance Dec. 31, 2015	Due by Dec. 31, 2016
Qualified Water Refunding Bonds, Series 2006D Issued 9/1/2005 for $6,660,000 Maturing annually from 2016 to 2022 Bearing interest rates of 4.1-4.125%	$ 6,660,000	$ -	$ -	$ 6,660,000	$ 80,000
Qualified Water Improvement Bonds, Series 2006B Issued 11/2/2006 for $5,000,000 Maturing annually from 2007 to 2021 Bearing interest rates of 4.125-4.25%	695,000	-	340,000	355,000	355,000
Qualified Water Refunding Bonds, Series 2007B Issued 4/25/2007 for $10,930,000 Maturing annually from 2010 to 2023 and 2033 Bearing interest rates of 4-5%	4,030,000	-	20,000	4,010,000	20,000
Qualified Water Improvement Refunding Bonds, Series 2011B Issued 12/30/2011 for $1,987,000 Maturing annually: 2012-2019, 2022, 2024-2028; semiannually 2014 Bearing interest rates of 1.75-4.00%	1,925,000	-	15,000	1,910,000	220,000

NOTE D. MUNICIPAL DEBT (continued)

Water Serial Bonds Payable (continued)

2015 Summary of Water Serial Bonds Activity - continued

Description	Balance Dec. 31, 2014	Increase	Decrease	Balance Dec. 31, 2015	Due by Dec. 31, 2016
Qualified Water Improvement Refunding Bonds, Series 2012B Issued 9/6/12 for $4,265,000 To refund Water Capital Improvement Bonds dated 3/1/2003 and Qualified Water Improvement Bonds dated 5/15/2005 Maturing annually: 2013-2024 Bearing interest rates of 2.75-4.00%	4,215,000	-	20,000	4,195,000	25,000
Qualified Water Improvement Refunding Bonds, Series 2013B Issued 3/20/2013 for $12,050,000 To refund Qualified Water Refunding Bonds dated 10/15/2005 Maturing annually: 2014-2021 Bearing interest rates of 0.942-3.055%	$ 11,665,000	$ -	$ 2,115,000	$ 9,550,000	$ 2,250,000
Qualified Water Improvement Refunding Bonds Series, 2014A Issued 11/20/14 for $1,990,000 To Refund Qualified Water Improvement Bonds dated 11/2/2006 Maturing annually on Aug. 1 from 2015 to 2021	1,990,000	-	25,000	1,965,000	-
Bearing interests of 2-4%	-	-	-	-	-
	$ 31,180,000	$ -	$ 2,535,000	$ 28,645,000	$ 2,950,000

Local Improvement Bonds Payable

The City has outstanding at December 31, 2016 a bond issued for the Greene Street Local Improvement Project. The following table is a summary of the activity for such debt during the year ended December 31, 2016 and the short term liability outstanding at year end:

2016 Summary of Local Improvement Bonds Activity

Description	Balance Dec. 31, 2015	Increase	Decrease	Balance Dec. 31, 2016	Due by Dec. 31, 2017
Pension Obligation Refunding Bonds Series 2003A, Taxable Issued 1/15/2003 for $23,595,000 Maturing annually from 2012 to 2024	$ -	$ 11,821,000	$ -	$ 11,821,000	$ 595,000
Bearing interest rates of 4.8-5.5%	-	-	-	-	-
	$ -	$ 11,821,000	$ -	$ 11,821,000	$ 595,000

NOTE D. MUNICIPAL DEBT (continued)

Pension Refunding Bonds Payable

The City has outstanding at December 31, 2016 and 2015 various pension refunding bond debt issues. The following table summarizes the activity of such debt during the year ended December 31, 2016 and the short term liability for each bond outstanding at year end:

2016 Summary of Pension Refunding Bonds Activity

Description	Balance Dec. 31, 2015	Increase	Decrease	Balance Dec. 31, 2016	Due by Dec. 31, 2017
Pension Obligation Refunding Bonds Series 2003A, Taxable Issued 1/15/2003 for $23,595,000 Maturing annually from 2012 to 2024 Bearing interest rates of 4.8-5.5%	$ 19,325,000	$ -	$ 1,225,000	$ 18,100,000	$ 1,430,000
Pension Obligation Refunding Bonds Series 2003A, Taxable Issued 3/15/2003 for $17,465,000 Maturing annually from 2012 to 2033 Bearing interest rates of 4.58-5.46%	17,105,000	-	185,000	16,920,000	225,000
Pension Obligation Refunding Bonds Series 2006, Taxable Issued 3/22/2006 for $3,345,000 Maturing in one lump sum in 2018	3,345,000	-	-	3,345,000	-
Bearing an interest rate of 5.51%	-	-	-	-	-
	$ 39,775,000	$ -	$ 1,410,000	$ 38,365,000	$ 1,655,000

The following table is a summary of the activity for such debt during the year ended December 31, 2015 and the short term liability for each bond outstanding at year end:

2015 Summary of Pension Refunding Bonds Activity

Description	Balance Dec. 31, 2014	Increase	Decrease	Balance Dec. 31, 2015	Due by Dec. 31, 2016
Pension Obligation Refunding Bonds Series 2003A, Taxable Issued 1/15/2003 for $23,595,000 Maturing annually from 2012 to 2024 Bearing interest rates of 4.8-5.5%	$ 20,365,000	$ -	$ 1,040,000	$ 19,325,000	$ 1,225,000
Pension Obligation Refunding Bonds Series 2003A, Taxable Issued 3/15/2003 for $17,465,000 Maturing annually from 2012 to 2033 Bearing interest rates of 4.58-5.46%	17,270,000	-	165,000	17,105,000	185,000
Pension Obligation Refunding Bonds Series 2006, Taxable Issued 3/22/2006 for $3,345,000 Maturing in one lump sum in 2018	3,345,000	-	-	3,345,000	-
Bearing an interest rate of 5.51%	-	-	-	-	-
	$ 40,980,000	$ -	$ 1,205,000	$ 39,775,000	$ 1,410,000

NOTE D. MUNICIPAL DEBT (continued)

LOANS PAYABLE

Green Trust Loans

The City has outstanding at December 31, 2016 and 2015 various Green Trust Loans. The following table summarizes such loan activity for the year ended December 31, 2016 and the short term liability for each loan outstanding at year end:

2016 Summary of Green Trust Loans Activity

Description	Balance Dec. 31, 2015	Increase	Decrease	Balance Dec. 31, 2016	Due by Dec. 31, 2017
Wayne Street Park Loan Received 7/29/1998 - $142,000 Due semi-annually until 2018 Bearing an interest rate of 2%	$ 21,888	$ -	$ 8,625	$ 13,263	$ 8,798
Apple Tree House Loan Received 7/07/2004 - $235,894 Due semi-annually until 2024 Bearing an interest rate of 2%	114,139	-	12,448	101,691	12,698
Sgt. Anthony's Park Project Loan Received 7/08/2005 - $145,000 Due semi-annually until 2025 Bearing an interest rate of 2%	77,659	-	7,501	70,158	7,652
Roberto Clemente Park Project Loan Received 7/08/2005 - $284,000 Due semi-annually until 2025 Bearing an interest rate of 2%	152,105	-	14,691	137,414	14,986
Marion Pavonia Pool Project Loan Received 7/08/2005 - $425,000 Due semi-annually until 2025 Bearing an interest rate of 2%	227,622	-	21,985	205,637	22,427
Multi-Park Loan Received 6/30/2009 - $615,000 Due semi-annually until 2028 Bearing an interest rate of 2%	435,876	-	29,673	406,203	30,269
Montgomery Gateway Loan Received 6/30/2009 - $50,000 Due semi-annually until 2028 Bearing an interest rate of 2%	35,437	-	2,412	33,025	2,461
Berry Lane Park Loan Received 6/30/2010 - $130,000 Due semi-annually until 2029 Bearing an interest rate of 2%	95,225	-	6,211	89,014	6,335
	-	-	-	-	-
	$ 1,159,951	$ -	$ 103,546	$ 1,056,405	$ 105,626

NOTE D. MUNICIPAL DEBT (continued)

LOANS PAYABLE (continued)

Green Trust Loans (continued)

The following table summarizes such loan activity for the year ended December 31, 2015 and the short term liability for each loan outstanding at year end:

2015 Summary of Green Trust Loans Activity

Description	Balance Dec. 31, 2014	Increase	Decrease	Balance Dec. 31, 2015	Due by Dec. 31, 2016
Wayne Street Park Loan Received 7/29/1998 - $142,000 Due semi-annually until 2018 Bearing an interest rate of 2%	$ 30,344	$ -	$ 8,456	$ 21,888	$ 8,625
Apple Tree House Loan Received 7/07/2004 - $235,894 Due semi-annually until 2024 Bearing an interest rate of 2%	126,342	-	12,203	114,139	12,448
Sgt. Anthony's Park Project Loan Received 7/08/2005 - $145,000 Due semi-annually until 2025 Bearing an interest rate of 2%	85,012	-	7,353	77,659	7,501
Roberto Clemente Park Project Loan Received 7/08/2005 - $284,000 Due semi-annually until 2025 Bearing an interest rate of 2%	166,507	-	14,402	152,105	14,691
Marion Pavonia Pool Project Loan Received 7/08/2005 - $425,000 Due semi-annually until 2025 Bearing an interest rate of 2%	249,173	-	21,551	227,622	21,985
Multi-Park Loan Received 6/30/2009 - $615,000 Due semi-annually until 2028 Bearing an interest rate of 2%	464,964	-	29,088	435,876	29,673
Montgomery Gateway Loan Received 6/30/2009 - $50,000 Due semi-annually until 2028 Bearing an interest rate of 2%	37,802	-	2,365	35,437	2,412
Berry Lane Park Loan Received 6/30/2010 - $130,000 Due semi-annually until 2029 Bearing an interest rate of 2%	101,313 -	- -	6,088 -	95,225 -	6,211 -
	$ 1,261,457	$ -	$ 101,506	$ 1,159,951	$ 103,546

NOTE D. MUNICIPAL DEBT (continued)

LOANS PAYABLE (continued)

Pooled Loan with Hudson County Improvement Authority

The City had outstanding at December 31, 2015 a pooled loan with the Hudson County Improvement Authority. This loan fully matured in 2015, therefore there is no 2016 activity. The following table is a summary of the activity for the loan during the year ended December 31, 2015:

2015 Summary of HCIA Pooled Loan Activity

Description	Balance Dec. 31, 2014	Increase	Decrease	Balance Dec. 31, 2015	Due by Dec. 31, 2016
Fire Apparatus and Related Equipment Received 8/1/2007 - $3,250,000 Due annually until 2015 Bearing variable interest rates	$ 361,112	$ -	$ 361,112	$ -	$ -

The fire apparatus purchased with this loan is recorded in the General Fixed Assets account group as an asset in the machinery and equipment class.

DEBT SERVICE REQUIREMENTS TO MATURITY

The repayment schedule of annual debt service principal and interest for the next five years, and five-year increments there-after, for bonds and loans issued and outstanding is as follows:

Schedule of Debt Service Requirements to Maturity - Combined Principal and Interest as of December 31, 2016

	Loans	Bonds Issued and Outstanding				
Year	Issued and Outstanding	Total Bonds	Assessment & General Bonds	Pension Refunding	School Serial Bonds	Water Serial Bonds
2017	$ 126,229	$ 71,362,210	$ 55,354,727	$ 3,711,710	$ 7,105,818	$ 5,189,955
2018	121,719	71,713,498	53,668,057	7,233,435	5,561,763	5,250,243
2019	117,209	71,563,063	58,544,985	3,880,375	5,256,763	3,880,940
2020	117,209	75,193,726	64,349,812	4,021,257	2,869,646	3,953,011
2021	117,209	71,347,663	60,964,114	4,166,738	2,788,848	3,427,963
2022-2026	469,715	161,003,374	134,395,106	16,169,891	5,927,375	4,511,002
2027-2031	102,913	78,016,661	64,490,690	10,003,229	1,177,400	2,345,342
2032-2036	-	44,505,398	38,505,128	5,059,725	-	940,545
2037-2040	-	25,400,226	25,400,226	-	-	-
	$ 1,172,203	$ 670,105,819	$ 555,672,845	$ 54,246,360	$ 30,687,613	$ 29,499,001
Principal	$ 1,056,409	$ 492,948,000	$ 401,838,000	$ 38,365,000	$ 27,155,000	$ 25,590,000
Interest	115,794	177,157,819	153,834,845	15,881,360	3,532,613	3,909,001
	$ 1,172,203	$ 670,105,819	$ 555,672,845	$ 54,246,360	$ 30,687,613	$ 29,499,001

NOTE D. MUNICIPAL DEBT (continued)

NOTES PAYABLE

Bond Anticipation Notes

The City issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year, but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes may be paid no later than the close of the tenth fiscal year next following the date of the original notes.

The Division also prescribes that notes cannot be renewed past the third anniversary date of the original note unless an amount equal to at least the first legally required installment is paid prior to each anniversary date.

The following is a schedule of bond anticipation note activity for the year ended December 31, 2016.

Ordinance	Original Issue:		Interest	Date of	Balance	Notes	Notes	Budget	Bonds	Balance
Number	Date	Amount	Rate %	Maturity	Dec. 31, 2015	Issued	Refunded	Appropriation	Issued	Dec. 31, 2016
PJP Landfill Acquisition										
09-097	01/20/10	$ 8,700,000	1.75%	12/11/16	$ 8,364,948	$ -	$ (8,253,948)	$ 111,000	$ -	$ -
09-097	01/20/10	8,700,000	1.50%	01/20/17	-	-	8,253,948	-	-	8,253,948
Newark Avenue Streetscape										
09-127	01/20/10	2,476,000	1.75%	12/11/16	2,085,052	-	(1,954,052)	131,000	-	-
09-127	01/20/10	2,476,000	1.50%	01/20/17	-	-	1,954,052	-	-	1,954,052
Sixth Street Embankment										
10-085	08/31/10	7,500,000	1.15%	07/06/16	7,215,000	-	(7,085,000)	130,000	-	-
10-085	08/31/10	7,500,000	1.50%	06/23/17	-	-	7,085,000	-	-	7,085,000
Greene Street										
01-057A	12/11/15	11,821,160	1.50%	12/09/16	11,821,159	-	-	159	11,821,000	-
W. Campus Redevelopment										
16.106	12/08/16	4,135,000	1.15%	12/08/17	-	4,135,000	-	-	-	4,135,000
Hurricane Sandy Recovery										
13.031	12/12/13	1,282,583	1.50%	12/09/16	1,282,583	-	-	1,282,583	-	-
13.031	12/12/13	8,717,417	1.00%	12/09/16	7,095,360	-	(5,470,194)	1,625,166	-	-
13.031	12/12/13	8,717,417	1.15%	12/08/17	-	-	5,470,194	-		5,470,194
					$ 37,864,102	$ 4,135,000	$ -	$ 3,279,908	$ 11,821,000	$ 26,898,194

NOTE D. MUNICIPAL DEBT (continued)

Bond Anticipation Notes (continued)

The following is a schedule of bond anticipation note activity for the year ended December 31, 2015.

Balance at December 31, 2014					Balance at December 31, 2015		
Interest Rate	Maturity Date	Amount	New Notes Issued	Paid by Budget Appropriation	Amount	Interest Rate	Maturity Date
PJP Landfill Acquisition and Newark Avenue Streetscape							
Ordinance No. 09-097/097A and 09-127/127A							
Notes Originally Issued 1/20/10 for $11,176,000							
1.000%	11/25/2015	$ 10,692,000	$ -	$ 242,000	$ 10,450,000	1.750%	12/11/2016
Sixth Street Embankment							
Ordinance No. 10-085/085A							
Notes Originally Issued 8/31/10 for $7,500,000							
1.250%	7/15/2015	7,310,000	-	95,000	7,215,000	1.150%	7/6/2016
Hurricane Sandy Recovery - Capital Items							
Ordinance No. 13.031							
Notes Originally Issued 12/12/13 for $10,000,000							
1.000%	12/11/2015	8,377,943	(1,282,583)	-	7,095,360	1.000%	12/9/2016
*	*	-	1,282,583	-	1,282,583	1.500%	12/9/2016
Greene Street Improvements							
Ordinance No. 01-057							
Notes Originally Issued 12/11/15 for $11,821,159							
*	*	-	11,821,159	-	11,821,159	1.500%	12/9/2016
		$ 26,379,943	$ 11,821,159	$ 337,000	$ 37,864,102		

Landfill and Streetscape – On January 20, 2010, the City issued Bond Anticipation Notes in the amount of $11,176,000 to fund two separate authorizations: the acquisition of the PJP Landfill for $8,700,000 and the Newark Ave Streetscape for $2,476,000, as authorized by Ordinance No. 09-127.

Sixth Street Embankment – On August 31, 2010, the City issued Bond Anticipation Notes in the amount of $7,500,000 to fund costs to obtain the property known as the Sixth Street in accordance with a legal settlement of January, 2010, as authorized by Ordinance No. 10-085.

Hurricane Sandy Recovery – On December 12, 2013, the City issued Bond Anticipation Notes in the amount of $10,000,000 to fund costs associated with efforts to recover, repair or replace streets, roads and other public property lost or damaged in Hurricane Sandy, as authorized by Ordinance No. 13.031.

Greene Street Improvements – On December 11, 2015, the City issued Bond Anticipation Notes in the amount of $11,821,159 to fund costs associated with the undertaking of various public improvements to Greene Street as authorized by Ordinance No. 01-057.

NOTE D. MUNICIPAL DEBT (continued)

NOTES PAYABLE (continued)

Tax Refunding Notes

The City issues tax refunding notes in order to finance tax refunds arising from successful appeals by property owners. Taxpayers are obligated to pay taxes owed to the City as they become due, or have their property subject to tax sale. However, taxpayers may appeal their property assessments and, if successful, be granted a refund, often in a year subsequent to when the taxes were paid. The Division has allowed the City to issue notes to finance such refunds. The tax refunding notes are one year notes, renewable annually for five to seven years.

The following is a schedule of tax refunding note activity for the year ended December 31, 2016.

Ordinance Number	Original Issue: Date	Original Issue: Amount	Interest Rate %	Date of Maturity	Balance Dec. 31, 2015	Budget Appropriation	Balance Dec. 31, 2016
Refunding Notes (Real Property Tax Appeal							
09-028	06/25/09	$ 11,471,819	1.00%	04/14/16	$ 1,638,740	$ 1,638,740	$ -
11-116	12/14/11	5,500,000	1.50%	12/09/16	1,100,000	1,100,000	-
					$ 2,738,740	$ 2,738,740	$ -

The following is a schedule of tax refunding note activity for the year ended December 31, 2015.

	Balance at December 31, 2014				Balance at December 31, 2015		
	Interest Rate	Maturity Date	Amount	Paid by Budget Appropriation	Amount	Interest Rate	Maturity Date
Real Property Tax Appeal Refunding Notes							
Approved by Ordinance No. 09-028							
Notes Originally Issued 6/25/09 for $11,471,819							
	0.860%	4/15/2015	$ 3,277,580	$ 1,638,840	$ 1,638,740	1.000%	4/14/2016
Approved by Ordinance No. 10-031							
Notes Originally Issued 4/20/10 for $7,201,450							
	0.860%	4/15/2015	1,440,290	1,440,290	-	*	*
Approved by Ordinance No. 11-116							
Notes Originally Issued 12/14/11 for $5,500,000							
	1.000%	12/11/2015	2,200,000	1,100,000	1,100,000	1.500%	12/9/2016
			$ 6,917,870	$ 4,179,130	$ 2,738,740		

NOTE D. MUNICIPAL DEBT (continued)

NOTES PAYABLE (continued)

Special Emergency Notes

Statutes allow the City to adopt ordinances authorizing special emergency appropriations for the carrying out of certain specific purposes, including the revaluation of real property and contractually required severance liabilities resulting from the layoff or retirement of employees. Statutes further provide for the borrowing of money and the issuance of Special Emergency Notes to finance such special emergency appropriations, which may be renewed from time to time, but at least 1/5 of all such notes, and the renewals thereof, shall mature and be paid in each year, so that all notes and renewals shall have matured and have been paid not later than the last day of the fifth year following the date of the emergency resolution.

The following is a schedule of special emergency note activity for the year ended December 31, 2016.

Ordinance	Original Issue:		Interest	Date of	Balance	Notes	Notes	Budget	Balance
Number	Date	Amount	Rate %	Maturity	Dec. 31, 2015	Issued	Refunded	Appropriation	Dec. 31, 2016
Contractual Severance Payments									
11-124	12/14/11	$ 9,500,000	1.50%	12/09/16	$ 1,900,000	$ -	$ -	$ 1,900,000	$ -
13-118	12/12/13	9,500,000	1.50%	12/09/16	5,700,000	-	(3,800,000)	1,900,000	-
13-118	12/12/13	9,500,000	1.25%	12/08/17	-	-	3,800,000	-	3,800,000
14-132	12/12/14	7,500,000	1.50%	12/09/16	6,000,000	-	(4,500,000)	1,500,000	-
14-132	12/12/14	7,500,000	1.25%	12/08/17	-	-	4,500,000	-	4,500,000
15.149	12/11/15	8,000,000	1.50%	12/09/16	8,000,000	-	(6,400,000)	1,600,000	-
15.149	12/11/15	8,000,000	1.25%	12/08/17	-	-	6,400,000	-	6,400,000
Revaluation of Properties									
11-043	06/23/11	3,150,000	1.00%	04/14/16	630,000	-	-	630,000	-
16.031	12/08/16	5,000,000	1.15%	12/08/17	-	5,000,000	-	-	5,000,000
Hurricane Sandy Recovery									
12-841	12/28/12	5,965,000	1.00%	12/09/16	1,794,992	-	(897,496)	897,496	-
12-841	12/28/12	5,965,000	1.15%	12/08/17	-	-	897,496	-	897,496
					$ 24,024,992	$ 5,000,000	$ -	$ 8,427,496	$ 20,597,496

NOTE D. MUNICIPAL DEBT (continued)

Special Emergency Notes (continued)

The following is a schedule of special emergency note activity for the year ended December 31, 2015.

Balance at December 31, 2014					Balance at December 31, 2015		
Interest Rate	Maturity Date	Amount	New Notes Issued	Paid by Budget Appropriation	Amount	Interest Rate	Maturity Date
Contractual Severance Payments							
Approved by Ordinance No. 10-141							
Notes Originally Issued 12/31/10 for $9,300,000							
1.000%	12/11/2015	$ 1,860,000	$ -	$ 1,860,000	$ -	*	*
Approved by Ordinance No. 11-124							
Notes Originally Issued 12/14/11 for $9,500,000							
1.000%	12/11/2015	3,800,000	-	1,900,000	1,900,000	1.500%	12/9/2016
Approved by Ordinance No. 13-118							
Notes Originally Issued 12/12/13 for $9,500,000							
1.000%	12/11/2015	7,600,000	-	1,900,000	5,700,000	1.500%	12/9/2016
Approved by Ordinance No. 14.132							
Notes Originally Issued 12/12/14 for $7,500,000							
1.000%	12/11/2015	7,500,000	-	1,500,000	6,000,000	1.500%	12/9/2016
Approved by Ordinance No. 15.149							
Notes Originally Issued 12/11/15 for $8,000,000							
*	*	-	8,000,000	-	8,000,000	1.500%	12/9/2016
Revaluation of Properties, Ord. 11-043							
Originally Issued 6/23/11 for $3,150,000							
0.860%	4/15/2015	1,260,000	-	630,000	630,000	1.000%	4/14/2016
Superstorm Sandy, Reso. No. 12-842							
Originally Issued 12/28/12 for $5,965,000							
1.000%	12/11/2015	2,987,992	-	1,193,000	1,794,992	1.000%	12/9/2016
		$ 25,007,992	$ 8,000,000	$ 8,983,000	$ 24,024,992		

Contractual Severance Liabilities – The City has passed various special emergency appropriations for the purposes of funding contractually required severance liabilities resulting from the retirement of City employees as allowed by N.J.S.A. 40A:4-53h.

Revaluation of Properties – The City passed Ordinance No. 11-043 to provide for the preparation and execution of a complete program of revaluation of real property for the use of the local assessor. This special emergency appropriation is authorized by N.J.S.A. 40A:4-53b.

Sandy (Natural Disaster) – The City passed Resolution No. 12-842 to provide for the funding of various costs associated with damages sustained from Superstorm Sandy. This special emergency appropriation is authorized as an extraordinary expense by N.J.S.A. 40A:4-54.

NOTE D. MUNICIPAL DEBT (continued)

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2016 and 2015, the City has authorized but not issued bonds and notes of $29,708,545 and $28,402,689, respectively, in the General Capital Fund.

The following activity relates to bonds and notes authorized but not issued that occurred during the years ended December 31, 2016:

	Total	General / Local	School	Water
Balance: December 31, 2015	$ 28,402,689	$ 14,046,442	$ 4,265,245	$ 10,091,002
Add:				
Authorizations	197,096,905	185,936,905	-	11,160,000
Receivables Cancelled	-	-	-	-
Notes Matured	40,602,842	40,602,842	-	-
Subtotal	266,102,436	240,586,189	4,265,245	21,251,002
Less:				
Bonds Issued	38,788,000	38,598,000	-	190,000
Notes Issued	26,898,194	26,898,194	-	-
Cash Receipts	4,511,438	4,511,438	-	-
Authorized for Refunding	141,848,950	131,758,950	-	10,090,000
Cancelled	18,328,661	6,141,330	2,677,987	9,509,344
Budget Appropriations	6,018,648	6,018,648	-	-
Balance: December 31, 2016	$ 29,708,545	$ 26,659,629	$ 1,587,258	$ 1,461,658

The following activity relates to bonds and notes authorized but not issued that occurred during the years ended December 31, 2015:

	Total	General / Local	School	Water
Balance: December 31, 2014	$ 56,518,941	$ 28,835,386	$ 6,216,027	$ 21,467,528
Add:				
Notes Matured	33,297,813	33,297,813	-	-
Subtotal	89,816,754	62,133,199	6,216,027	21,467,528
Less:				
Notes Issued	40,602,842	40,602,842	-	-
Cancelled	16,148,093	2,820,785	1,950,782	11,376,526
Capital Improvement Fund	147,000	147,000	-	-
Budget Appropriations	4,516,130	4,516,130	-	-
Balance: December 31, 2015	$ 28,402,689	$ 14,046,442	$ 4,265,245	$ 10,091,002

NOTE D. MUNICIPAL DEBT (continued)

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement.

At December 31, 2016: Net Debt of $456,452,228 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, $22,343,602,064 = 2.04%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	$ 28,742,258	$ 28,742,258	$ -
General Debt	721,324,113	264,871,885	456,452,228
	$ 750,066,371	$ 293,614,143	$ 456,452,228

At December 31, 2015: Net Debt of $450,701,445 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, $19,967,470,207 = 2.26%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	$ 43,775,245	$ 43,775,245	$ -
General Debt	731,114,568	280,413,123	450,701,445
	$ 774,889,813	$ 324,188,368	$ 450,701,445

Equalized valuation basis is the average of the equalized valuations of real estate, including improvements, and the assessed valuation of class II Railroad Property of the County for the last 3 preceding years.

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

	At December 31,	
	2016	2015
Three-Year Average Equalized Valuation	$ 22,343,602,064	$ 19,967,470,207
3 1/2 % of Equalized Valuation Basis	782,026,072	698,861,457
Net Debt	456,452,228	450,701,445
Excess Borrowing Power	$ 325,573,844	$ 248,160,012

NOTE D. MUNICIPAL DEBT (continued)

CITY-GUARANTEE OF OTHER PUBLIC BODY DEBT

The City has adopted various ordinances over the years guaranteeing the payment of principal and interest on debt issues of the Jersey City Municipal Utilities Authority (MUA), for the purpose of providing additional security therefor. The amount of debt guaranteed by the City on behalf of the MUA as of December 31, 2016 and 2015 was $199,455,227 and $199,163,381, respectively.

NOTE E. FUND BALANCES APPROPRIATED

Fund balance of the City consists of cash surplus and non-cash surplus. The City can anticipate fund balance to support its budget of the succeeding year, however, the use of non-cash surplus is subject to the prior written consent of the Division. Fund balances at December 31, 2016 and 2015 which were appropriated and included as anticipated revenue in the current fund budget of the succeeding year were as follows:

	Fund Balance Dec. 31, 2016	Utilized in 2017 Budget	Fund Balance Dec. 31, 2015	Utilized in 2016 Budget
Current Fund	$ 78,920,179	$ 39,960,250	$ 50,705,610	$ 20,745,651
Capital Fund	1,306,241	-	3,431,247	-

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION

Substantially all City employees participate in the Consolidated Police and Fireman's Pension Fund (CPFPF), Public Employees Retirement System (PERS), Police and Fireman's Retirement System of New Jersey (PFRS) or the Defined Contribution Retirement Program (DCRP), all of which are multiple employer plans sponsored and administered by the State of New Jersey, with the exception of the CPFPF, which is a single employer plan. The CPFPF, PERS and PFRS are cost sharing contributory defined benefit public employee retirement systems. The DCRP is a defined contribution plan.

In addition, certain employees participate in the Employees' Retirement System of the City of Jersey City (JCERS) and the City's Deferred Compensation Plan.

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – CPFPF

The Consolidated Police and Fireman's Pension Fund (CPFPF) is a single employer contributory defined benefit plan which was established on January 1, 1952, under the provisions of N.J.S.A. 43:16 to provide retirement, death and disability benefits to county and municipal police and firemen who were appointed prior to July 1, 1944. The fund is a closed system with no active member and therefore no base payroll. The City currently only makes contributions for its retirees who are enrolled in this pension fund. During the years ended December 31, 2016, 2015 and 2014, the City contributed $-0-, $46,592 and $46,542, respectively.

STATE-MANAGED PENSION PLANS – PERS

Plan Description and Eligibility

The PERS was established in January, 1955 under provisions of N.J.S.A. 43:15A and provides retirement, death, disability and post-retirement medical benefits to certain qualifying Plan members and beneficiaries. Membership is mandatory to substantially all full time employees and vesting occurs after 8 to 10 years of service for pension benefits. Significant modifications to enrollment, benefits and eligibility for benefits under the plan were made in 2007, 2008, 2010 and 2011. These changes resulted in various "tiers" which distinguish period of eligibility for enrollment. The delineation of these tiers is as follows:

- Tier 1: Employees enrolled before July 1, 2007.
- Tier 2: Employees eligible for enrollment after June 30, 2007 but before November 2, 2008.
- Tier 3: Employees eligible for enrollment after November 1, 2008 but before May 22, 2010.
- Tier 4: Employees eligible for enrollment after May 21, 2010 but before June 28, 2011.
- Tier 5: Employees eligible for enrollment after June 27, 2011.

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

Tier 1 and 2 employees must earn a base salary of $1,500 or more to enroll in the plan. Pensionable salaries are limited to the IRS maximum salary compensation limits for Tier 1 employees and social security maximum wage for Tier 2 employees. Tier 2 employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount. Tier 3 employees must earn a base salary that is annually adjusted. For the fiscal year ended December 31, 2016 and 2015 this base salary amount was $8,300 and $8,200, respectively. Employees earning between $5,000 and the Tier 3 minimum base salary are eligible for participation in DCRP. Pensionable salaries are limited to the social security maximum wage. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount. Tier 4 and 5 employees do not have a minimum salary requirement to enroll, but must work a minimum of 32 hours per week. Employees not meeting the minimum hour requirement but that make over $5,000 are eligible to enroll in DRCP. Pensionable salaries are limited to the social security maximum wage. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount.

Plan Benefits

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 64. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of their respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Each of the 5 Tiers have eligibility requirements and benefit calculations which vary for deferred retirements, early retirements, veteran retirements, ordinary disability retirements and accidental disability retirements. There is no minimum service requirement to receive these pension benefits. State-paid insurance coverage may be obtained after 25 years of service for employees in Tiers 1 through 4 and 30 years of service for Tier 5 employees.

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

Contributions and Liability

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and their employers. Such contributions may be amended by State legislation. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and non-contributory death benefits. The employee contributions include funding for basic retirement allowances and contributory death benefits. Contributions made by the City and its employees for the previous three years are as follows:

	City Contribution			Employee Contributions	
Year Ended December 31,	Amount Paid or Charged	As a Percentage of Base Wages	Base Wages Subject to Contributions	As a Percentage of Base Wages	Amount Contributed
2016	$ 3,796,490	15.9%	$ 23,906,845	7.20% (1)	$ 1,705,719
2015	2,767,056	14.6%	19,018,935	7.06% (1)	1,330,083
2014	2,147,151	12.9%	16,648,901	6.92% (1)	1,140,521

(1) The rate noted took effect on July 1.

The net pension liability was measured as of June 30, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016 and 2015, the City's net pension liability for PERS, including the City's proportionate share, was as follows:

Year Ended	Proportionate Share		Net Pension
June 30,	Rate	Change	Liability
2016	0.38820%	0.14823%	$ 114,973,627
2015	0.23997%	0.00145%	53,867,949

The City dissolved and assumed control of the Jersey City Incinerator Authority (JCIA) on April 1, 2016, therefore the 2016 liability includes the JCIA's share as calculated in the actuarial valuation.

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

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

The following presents the City's proportionate share of the net pension liability of the as of June 30, 2016 and 2015, calculated using the discount rate as disclosed in the table and paragraphs that follow as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	2015		2016	
At:	Rate	Amount	Rate	Amount
1% Decrease	3.90%	$ 66,951,270	2.98%	$ 140,886,760
Current Discount Rate	4.90%	53,867,949	3.98%	114,973,627
1% Increase	5.90%	42,898,988	4.98%	93,580,089

Actuarial Assumptions

The total pension liability for the June 30, 2016 and June 30, 2015 measurement dates were determined by actuarial valuations as of July 1, 2015 and 2014, respectively, which were rolled forward to June 30, 2016 and 2015, respectively. These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement:

		Salary Increases (Based on Age)			Investment
Measurement	Inflation	Through			Rate of
Date of	Rate	2026	2021	Thereafter	Return
June 30, 2016	3.08%	1.65-4.15%	N/A	2.65-5.15%	7.65%
June 30, 2015	3.04%	N/A	2.15-4.40%	3.15-5.40%	7.90%

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

Actuarial Assumptions (continued)

Mortality – For the June 30, 2016 Measurement Date, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants (set back two years for males and seven years for females). In addition, the tables provided for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back three years for males and set forward one year for females). The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

For the June 30, 2015 Measurement Date, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements will be.

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

Actuarial Assumptions (continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016 and 7.90% at June 30, 2015) 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 PERS target asset allocations as of June 30, 2016 and 2015 are summarized in the following table:

	Target Allocation June 30,		Long-Term Expected Real Rate of Return June 30,	
Asset Class	2016	2015	2016	2015
Cash	5.00%	5.00%	87.00%	1.04%
U.S. Treasuries	1.50%	1.75%	1.74%	1.64%
Investment Grade Credit	8.00%	10.00%	1.79%	1.79%
Mortgages	2.00%	2.10%	1.67%	1.62%
High Yield Bonds	2.00%	2.00%	4.56%	4.03%
Inflation-Indexed Bonds	1.50%	1.50%	3.44%	3.25%
Broad U.S. Equities	26.00%	27.25%	8.53%	8.52%
Developed Foreign Equities	13.25%	12.00%	6.83%	6.88%
Emerging Market Equities	6.50%	6.40%	9.95%	10.00%
Private Equity	9.00%	9.25%	12.40%	12.41%
Hedge Funds / Absolute Return	12.50%	12.00%	4.68%	4.72%
Real Estate (Property)	2.00%	2.00%	6.91%	6.83%
Commodities	50.00%	1.00%	5.45%	5.32%
Global Debt ex U.S.	5.00%	3.50%	-2.50%	-0.40%
REIT	5.25%	4.25%	5.63%	5.12%

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

Actuarial Assumptions (continued)

Discount Rate - The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and 7.9% as of June 30, 2016 and 2015, respectively, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year for the June 30, 2016 measurement date and the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions for the June 30, 2015 measurement date.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034 and 2033 as of June 30, 2016 and 2015, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and 2033 as of June 30, 2016 and 2015, respectively, and the municipal bond rate was applied to projected benefit payments after those dates in determining the total pension liability.

Deferred Outflows and Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources for the years ended June 30, 2016 and 2015:

	June 30, 2015			June 30, 2016		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)
Changes of Assumptions	$ 5,784,988	$ -	$ 5,784,988	$ 23,816,395	$ -	$ 23,816,395
Difference Between Expected and Actual Experience	1,285,100	-	1,285,100	2,138,161	-	2,138,161
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(866,093)	(866,093)	4,384,049	-	4,384,049
Changes in Proportion	672,006	-	672,006	10,684,502	(9,913,856)	770,646
	$ 7,742,094	$ (866,093)	$ 6,876,001	$ 41,023,107	$ (9,913,856)	$ 31,109,251

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PERS (continued)

Deferred Outflows and Inflows of Resources

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

Year Ended June 30,		
2017	$	7,030,244
2018		7,030,244
2019		7,695,560
2020		6,821,630
2021		2,531,573
Thereafter		-
	$	31,109,251

STATE-MANAGED PENSION PLANS – PFRS

Plan Description and Eligibility

The 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 or firefighters and state police appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. Significant modifications to enrollment, benefits and eligibility for benefits under the plan were made in 2010 and 2011. These changes resulted in various “tiers” which distinguish period of eligibility for enrollment. The delineation of these tiers is noted as follows:

- Tier 1: Employees enrolled before May 22, 2010.
- Tier 2: Employees enrolled after May 21, 2010 but before June 29, 2011.
- Tier 3: Employees enrolled after June 28, 2011.

There is no minimum salary requirement to enroll, regardless of tier. Pensionable salaries are limited to the social security maximum wage for Tier 2 and 3 employees and federal pensionable maximum for Tier 1 employees. Employees earning over the social security maximum wage are eligible to participate in DCRP for the excess amount.

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Plan Benefits

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions and Liability

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and their employers. Such contributions may be amended by State legislation. Employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. The annual employer contributions include funding for basic retirement allowances and non-contributory death benefits. The employee contributions include funding for basic retirement allowances and contributory death benefits. Contributions made by the City and its employees for the previous three years are as follows:

	City Contribution			Employee Contributions	
Year Ended December 31,	Amount Paid or Charged	As a Percentage of Base Wages	Base Wages Subject to Contributions	As a Percentage of Base Wages	Amount Contributed
2016	$ 38,097,772	26.1%	$ 145,992,133	10.00%	$ 14,599,213
2015	34,790,479	24.4%	142,418,958	10.00%	14,241,896
2014	33,817,251	24.3%	139,132,920	10.00%	13,913,164

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 which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.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.

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Contributions and Liability (continued)

The amounts contributed on behalf of the City under this legislation are considered to be a special funding situation. As such, the State is treated as a non-employer contributing entity. Since the City does not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability to report in the financial statements of the City related to this legislation. However, the notes to the financial statements of the City must disclose the portion of the State's total proportionate share of the collective net pension liability that is associated with the City.

At June 30, 2016 and 2015, the City's net pension liability for PFRS, including the special funding situation described above and changes in the City's proportionate share, was as follows:

		City (employer)			State of N.J. (nonemployer)	
		Proportionate Share		Net Pension	On-Behalf	
Year Ended June 30,	Unit	Rate	Change	Liability	of City	Total
2016	Police	2.56750%	0.02666%	$ 490,457,948	$ 41,186,303	$ 531,644,251
2016	Fire	1.92303%	0.04428%	367,347,939	30,848,116	398,196,055
2016	Total	*	*	$ 857,805,887	$ 72,034,419	$ 929,840,306
2015	Police	2.54084%	0.05471%	$ 423,215,306	$ 37,114,563	$ 460,329,869
2015	Fire	1.87875%	0.11141%	312,933,723	27,443,238	340,376,961
2015	Total	*	*	$ 736,149,029	$ 64,557,801	$ 800,706,830

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

The following presents the City's proportionate share of the net pension liability of the as of June 30, 2015 and 2014, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	2015		2016	
At:	Rate	Amount	Rate	Amount
1% Decrease	4.79%	$ 970,478,129	4.55%	$ 1,106,077,793
Current Discount Rate	5.79%	736,149,029	5.55%	857,805,887
1% Increase	6.79%	545,074,585	6.55%	381,323,823

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2016 and June 30, 2015 measurement dates were determined by actuarial valuations as of July 1, 2015 and 2014, respectively, which were rolled forward to June 30, 2016 and 2015, respectively. These actuarial valuations used the following actuarial assumptions:

		Salary Increases (Based on Age)			Investment
Measurement	Inflation	Through			Rate of
Date of	Rate	2026	2021	Thereafter	Return
June 30, 2016	3.08%	2.10-8.98%	N/A	3.10-9.98%	7.65%
June 30, 2015	3.04%	N/A	2.60-9.48%	3.60-10.48%	7.90%

Mortality – For the June 30, 2016 Measurement Date, preretirement mortality rates were based on the RP-2000 Preretirement Mortality Tables projected 13 years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Postretirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Health Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected 13 years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement. The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

For the June 30, 2015 Measurement Date, mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year 2014 based on Projection Scale BB. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Actuarial Assumptions (continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016 and 7.90% at June 30, 2015) 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 PFRS target asset allocations as of June 30, 2016 and 2015 are summarized in the following table.

	Target Allocation June 30,		Long-Term Expected Real Rate of Return June 30,	
Asset Class	2016	2015	2016	2015
Cash	5.00%	5.00%	87.00%	1.04%
U.S. Treasuries	1.50%	1.75%	1.74%	1.64%
Investment Grade Credit	8.00%	10.00%	1.79%	1.79%
Mortgages	2.00%	2.10%	1.67%	1.62%
High Yield Bonds	2.00%	2.00%	4.56%	4.03%
Inflation-Indexed Bonds	1.50%	1.50%	3.44%	3.25%
Broad U.S. Equities	26.00%	27.25%	8.53%	8.52%
Developed Foreign Equities	13.25%	12.00%	6.83%	6.88%
Emerging Market Equities	6.50%	6.40%	9.95%	10.00%
Private Equity	9.00%	9.25%	12.40%	12.41%
Hedge Funds / Absolute Return	12.50%	12.00%	4.68%	4.72%
Real Estate (Property)	2.00%	2.00%	6.91%	6.83%
Commodities	50.00%	1.00%	5.45%	5.32%
Global Debt ex U.S.	5.00%	3.50%	-2.50%	-0.40%
REIT	5.25%	4.25%	5.63%	5.12%

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

Actuarial Assumptions (continued)

Discount Rate - The discount rate used to measure the total pension liability was 5.55% and 5.79% as of June 30, 2016 and 2015, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and 7.9% as of June 30, 2016 and 2015, respectively, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on 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. 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 made based on the contribution rate in most recent fiscal year, for the measurement date of June 30, 2016, and on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions, for the measurement date of June 30, 2015. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050 and 2045 as of June 30, 2016 and 2015, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050 and 2045 as of June 30, 2016 and 2015, respectively, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Deferred Outflows and Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources for the years ended June 30, 2016 and 2015:

	June 30, 2015			June 30, 2016		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow / (Inflow)
Changes of Assumptions	$ 135,911,398	$ -	$ 135,911,398	$ 118,813,164	$ -	$ 118,813,164
Difference Between Expected and Actual Experience	-	(6,349,520)	(6,349,520)	-	(5,623,044)	(5,623,044)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(12,812,026)	(12,812,026)	60,104,732	-	60,104,732
Changes in Proportion	18,222,290	(8,687,344)	9,534,946	22,360,402	(6,604,048)	15,756,354
	$ 154,133,688	$ (27,848,890)	$ 126,284,798	$ 201,278,298	$ (12,227,092)	$ 189,051,206

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PFRS (continued)

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

Year Ended June 30,	
2017	$ 44,888,428
2018	44,888,428
2019	58,538,341
2020	37,257,507
2021	3,478,502
Thereafter	-
	$ 189,051,206

STATE-MANAGED PENSION PLANS - GENERAL

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

The State also administers the Pension Adjustment Fund (PAF) which provides cost of living increases, equal to 60 percent of the change in the average consumer price index, to eligible retirees in all State-sponsored pension systems except SACT. The cost of living increases for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for that system.

According to state statutes, all obligations of PERS and PFRS will be assumed by the State of New Jersey should the PERS and PFRS be terminated.

PERS and PFRS Fiduciary Net Position

The State of New Jersey issues publicly available financial reports that include the financial statements, required supplementary information and detailed information about the fiduciary net position of the PERS and PFRS. These financial statements were prepared in accordance with accounting principles generally accepted in the United States. This report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or accessed at www.state.nj.us/treasury/pensions.

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

STATE-MANAGED PENSION PLANS – PENSION DEFERRAL

Legislation, known as Chapter 19 of the Public Laws of 2009 (P.L. 2009, c. 19), was enacted and effective on March 17, 2009 allowing for an adjustment in the contributions that local employers, such as the City, must make to the PERS and PFRS during the year ended June 30, 2009. Under this legislation, local governments were given the option to defer exactly 50% of their required pension contribution as certified by the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits or pay the full amount of the required contribution for the year ended June 30, 2009.

The City elected the 50% deferral, totaling $14,826,590, consisting of $14,129,001 for PFRS and $697,589 for PERS. Under the terms of the pension deferral, the City is obligated to repay the entire deferral in 15 amortized annual installments starting April 1, 2012 and ending April 1, 2026. These payments will be added to the regular pension bills. The amount of the deferral paid during the years ended December 31, 2016 and 2015, as well as the short term liability of the deferral, are as follows:

	Combined Interest and Principal		
	Paid During Year Ended Dec. 31,		Due April 1,
	2015	2016	2017
PERS	$ 106,411	$ 107,071	$ 148,612 *
PFRS	2,120,956	2,127,246	2,147,947
Total	$ 2,227,367	$ 2,234,317	$ 2,296,559

* Includes payment required for the JCIA, dissolved and assumed by City in 2016.

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

DEFINED CONTRIBUTION RETIREMENT PROGRAM

The DCRP was established under the provisions of P.L. 2007, Chapters 92 and 103 and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. It provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

Individuals eligible for membership in the DCRP include (a) state or local officials elected or appointed to new office on or after July 1, 2007, (b) employees enrolled in PERS on or after July 1, 2007 or PFRS after May 21, 2010 who earn salary in excess of established maximum compensation limit and (c) employees otherwise eligible for PERS on or after November 2, 2008 or PFRS after May 21, 2010 that earn below the minimum PERS or PFRS salary but more than $5,000 annually.

Vesting occurs upon commencement of the third year of membership. Should the vesting period not be reached, contributions will be refunded to the appropriate contributing parties. Employer matching contributions and earnings are only available after the age of 55. Distributions render the member retired and ineligible for future participation in any State-administered plans. Otherwise, distributions are available at any time as lump sum, fixed term or life annuity.

Members are covered by employer-paid life insurance in the amount of 1 ½ times the annual base salary on which DCRP contributions were based. Members are also eligible for employer-paid long-term disability coverage after one year of participation. Eligibility occurs after six consecutive months of total disability. Members would receive a regular monthly income benefit up to 60% of the base salary on which DCRP contributions were based during the 12 months preceding the onset of the disability, offset by any other periodic benefit the member may be receiving. Benefits will be paid until the age of 70 so long as the member remains disabled and has not begun receiving retirement annuity payments. The following table represents the City and employee contributions during the previous three years:

	Employee Contributions		City Contributions	
Year Ended Dec. 31,	Amount	As a Percentage of Base Payroll	Amount	As a Percentage of Base Payroll
2016	$ 71,977	5.50%	$ 39,260	3.00%
2015	72,582	5.50%	39,590	3.00%
2014	52,465	5.50%	28,617	3.00%

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

EMPLOYEES' RETIREMENT SYSTEM OF JERSEY CITY

The Employees' Retirement System of Jersey City (JCERS) became effective February 22, 1965, under N.J.S.A. 43:13-22.50, et seq. Legislation was approved amending the JCERS on May 9, 1990, effective June 1, 1990 and August 19, 1996 to revise the retirement and survivorship benefits payable to retirees and beneficiaries. Legislation in 2003 (Chapter 167, P.L. 2003) increased retirement allowances to 100% of CPI increases, replacing the previous 60%. Finally, Chapter 247, P.L. 2005 decreased the early retirement factor from 2/12 of 1% to 1/12 of 1% per month for retirees prior to the age of 60. The following plan description reflects these amendments. Under Chapter 282, P.L. 2013, legislation amends Section 43:13-22.73 to decrease retirants' Cost of Living Adjustments from 100% to 50% of the percentum of change in the Department of Labor's Consumer Price Index, which is assumed to increase at 3% per year.

Plan Members - The number of plan members at January 1, 2016 was as follows:

Retired Members and Eligibles Survivors	345
Inactive Members Entitled to But Not Yet Receiving Benefits	27
Active Members	734
	1,106

Plan Description - The Plan is a single employer defined benefit pension plan covering certain employees of the City. Employees who were members of the former pension system (other than police, fire and Board of Education employees) hired after February 22, 1965, and under age 40 at the date of employment must become members of the Plan. In addition, temporary employees hired after October 7, 1984, with one year's continuous service, and under age 40 at the date of employment, must also become members of the Plan. Employees of the City who are not eligible to become members of the Plan are covered under the Public Employees' Retirement System which is managed by the State of New Jersey.

The activities of the JCERS are administered by a Pension Commission, which consists of the Mayor, Chief Financial Officer, two elected employee representatives, and one appointed citizen member. UBS and Trust Company of the West are designated custodians of the Plan's investments.

The JCERS has an actuarial valuation performed bi-annually as required by GASB. The most recent actuarial valuation shows the financial condition of the JCERS as of January 1, 2016 and gives a basis for determining the contributions payable by the City.

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

EMPLOYEES' RETIREMENT SYSTEM OF JERSEY CITY (continued)

The JCERS issues publicly available financial reports that include the financial statements and required supplementary information of the system. The financial report may be obtained by writing to the City Clerk, City of Jersey City, 280 Grove Street, Jersey City, NJ 07302.

Funding Policy - The JCERS is supported by joint contributions of its members and of the City.

Each member, on the effective date of the system, is required to contribute 6% to 8.5% of gross payroll. The contribution percentage varies with the member's age at the time of appointment. Each active member, who became a member after the effective date of the Plan, is required to contribute from 6.2% to 10.15% of their salary. The contribution percentage varies with the member's age on the date of entry to the Plan.

Although it has not expressed any intention to do so, the City has the right to discontinue its contributions to the JCERS at any time and to terminate the JCERS subject to legislation. The City's contribution to the JCERS for the years ended December 31, 2016 and 2015 was $8,841,332 and $7,782,323, respectively.

Pension Benefits - For the purpose of this section "final salary" for benefit purposes is to be defined as the average annual salary during the member's final 3 years of service or for any 3 fiscal years of membership providing the largest possible benefit to the member or beneficiary. Final Salary for employees hired after January 17, 2014 is changed to be the average annual compensation for any five fiscal years of membership providing the largest benefit.

Pension benefits partially vest after 10 years of credited service. If a member has completed 10 years of credited service, and is separated from service either voluntarily or involuntarily, prior to age 60 (65 for employees hired after January 17, 2014), the member may elect to receive a lump- sum distribution of their own contributions, or to receive a deferred pension commencing at age 60 (65 for employees hired after January 17, 2014). The deferred pension is equal to 50% of the member's final salary multiplied by the ratio of years of credited service to years of credited service which would have been attained had the member continued to age 60 (65 for employees hired after January 17, 2014). The minimum annual pension is $3,600.

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

EMPLOYEES' RETIREMENT SYSTEM OF JERSEY CITY (continued)

On August 19, 1996, the Plan was amended. Participants are eligible to receive normal retirement benefits upon completion of 20 years (25 years for employees hired after January 17, 2014) of service and attainment of age 60 (age 65 for employees hired after January 17, 2014). Benefits under the Plan are calculated on the basis of 55% of final salary, plus 1% of the final salary for each year in excess of 20 (25 years for employees hired after January 17, 2014) years.

Participants are eligible for retirement benefits upon attaining age 60 (65 for employees hired after January 17, 2014) with less than 20 (25 years for employees hired after January 17, 2014) years of service. Benefits under the Plan are calculated on the basis of 2% of the retirant's final salary for each year of creditable service.

For members electing early retirement, prior to age 60 (65 for employees hired after January 17, 2014), with 25 (30 years for employees hired after January 17, 2014) years of credited service, benefits under the Plan equal 55% of final salary reduced by 1/12 of 1% for each month that the member is less than age 60 (3/12 of 1% for each month that the member is less than age 65 for employees hired after January 17, 2014).

Disability and Death Benefits - Any member who has 5 or more years of creditable service and has become permanently disabled may retire on a disability pension computed on the basis of 50% of their final salary plus 1% for each year of creditable service in excess of 20 years. Any member who becomes permanently disabled as a result of the performance of their regular duties during employment may retire on a disability pension. The pension is equal to two-thirds of final salary.

In the event of the member's death, there is a survivorship benefit to the member's surviving spouse of 50% of the member's final salary provided the member was employed by the City for a period of five years. In the case of no surviving spouse, other dependents receive a benefit to a lesser extent. Death of a retirant will result in the surviving spouse, minor children or dependent parents, receiving a survivorship benefit equal to 50% of the retirant's pension at retirement, not less than $3,600.

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

EMPLOYEES' RETIREMENT SYSTEM OF JERSEY CITY (continued)

Net Pension Liability - The components of the net pension liability as of December 31, 2016 and 2015 are as follows:

	As of December 31,	
	2015	2016
Total Pension Liability	$ 209,666,894	$ 212,425,996
Plan Fiduciary Net Position	99,943,789	104,203,727
City's Net Pension Liability	$ 109,723,105	$ 108,222,269
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	47.7%	49.1%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability, calculated using the discount rate of 8.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.25%) or 1- percentage-point higher (9.25%) than the current rate:

	1% Decrease to 7.25%	Current Discount Rate 8.25%	1% Increase to 9.25%
Net Pension Liability	$ 134,039,810	$ 108,222,269	$ 86,853,297

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

EMPLOYEES' RETIREMENT SYSTEM OF JERSEY CITY (continued)

Actuarial Assumptions - The total pension liability as of December 31, 2016 were determined by use of update procedures to roll forward the plan's total pension liability as of December 31, 2015 to December 31, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method: Entry Age Normal, Level Percentage of Pay

Inflation: 3.00% per annum

Salary increases: Salaries are assumed to increase as follows:

Age	Annual Rate of Salary Increase	Age	Annual Rate of Salary Increase
20	4.91%	50	3.57%
25	5.00	55	3.09
30	4.86	60	2.74
35	4.50	62	2.57
40	4.23	65	2.30
45	3.85	69	1.86

Investment rate of return: 8.25%, net of pension plan investment expenses. This is based on an average inflation rate of 3.00% and a real rate of return of 5.25%.

Mortality rates among healthy annuitants were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) with a one year static projection based on mortality improvement scale AA and further projected from the base year of 2013 using a generational approach based on the Conduent Modified 2015 projection scale. Mortality rates among disabled annuitants were based he RP- 2000 Disabled Mortality Tables (set back 3 years for males and set forward 1 year for females) and further projected from the base year of 2013 using a generational approach based on the Conduent Modified 2015projection scale.

The long-term expected rate of return on pension plan investments 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.

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

EMPLOYEES' RETIREMENT SYSTEM OF JERSEY CITY (continued)

Best estimates of arithmetic rates of return for each major asset class included in the pension plan’s target asset allocation are summarized in the following table (note that the rates shown below include the inflation component).

The long-term expected rate of return on pension plan investments 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 are summarized in the following table (note that the rates shown below include the inflation component):

	Long-Term Expected Rate of Return at December 31,	
Asset Class	2015	2016
Domestic Equity	7.59%	7.50%
International Equity	8.79%	8.50%
Fixed Income	2.71%	3.50%
Real Estate	8.52%	8.50%
Cash	2.50%	2.50%

Discount Rate - The discount rate used to measure the total pension liability was 8.25%. The projection of cash flows used to determine the discount rate assumed that Jersey City contributions will continue to follow the current funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. In the event for benefit payments that are not covered by the pension plan's fiduciary net position, a municipal bond rate of 3.71% and 3.20% as of December 31, 2016 and 2015, respectively, are to be used to discount the benefit payments not covered by the pension plan's fiduciary net position. The rates are based on the S&P Municipal Bond 20 Year High Grade Rate Index. However, since the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return of 8.25% per annum was used to reflect the expected asset allocation.

NOTE F. RETIREMENT SYSTEMS AND DEFERRED COMPENSATION (continued)

DEFERRED COMPENSATION PLAN (unaudited)

The City has established a deferred compensation program for its employees under Section 457 of the Internal Revenue Code. The deferred compensation program is a Public Employees' Deferred Compensation Plan, covering employees and elected officials who perform services for the City. The plan is underwritten by Prudential Insurance Company.

The Plan is a tax-deferred supplemental retirement program that allows City employees to contribute a portion of their salaries, before federal taxes, to a retirement account. Contributions, or deferrals, are made through payroll deductions. Individuals are 100% vested. Distributions are not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the individual contributors and are not subject to the claims of the City's general creditors.

Assets of the plans are invested in various mutual funds at the discretion of the participants.

NOTE G. POST-EMPLOYMENT BENEFITS

Plan Description

The City provides eligible retirees with medical, prescription drug, and life insurance benefits. Retirees who do not meet eligibility requirements for 100% City paid coverage but meet the eligibility requirements for 100% employee paid coverage can continue coverage by paying premiums established by the City.

Two medical plans are offered to eligible retirees and their dependents: a Traditional plan and a Direct Access plan. These plans are self- insured through Horizon Blue Cross. Future retirees are only eligible for the Direct Access plan.

Medical benefits coordinate with Medicare and retirees and their dependents are required to participate in Medicare A and B upon eligibility for these programs. Retirees, dependents, and surviving spouses are reimbursed the Part B premium by the City.

Prescription drug benefits are provided to eligible retirees and their dependents at varying co-pays.

NOTE G. POST-EMPLOYMENT BENEFITS (continued)

Plan Description – continued

Dental and Vision benefits are available to eligible retirees and their dependents, however, retirees are required to pay 100% of the cost of these plans.

Retirees of the Jersey City Police Officers Benevolent Association, Jersey City Police Superior Officers Association, Uniformed Fire Fighters Association of Jersey City and Jersey City Uniformed Fire Officers Associations receive life insurance or death benefits ranging from $1,500 to $2,500 dependent on retirement date. Employees other than Police and Firemen have no postemployment death benefits paid by Jersey City.

Eligible dependents of retirees are provided medical and prescription drug benefits for their lifetime.

In March 2010, the Patient Protection and Affordable Care Act (PPACA) was signed into law. The high cost excise tax (“Cadillac tax”) provisions of the Act are applicable. Additionally, on June 28, 2011 P.L. 2011 c. 78 (Chapter 78) was enacted. Chapter 78 contained many changes to the retirement and healthcare plans offered to employees and retirees of New Jersey State and Local government..

The number of retirees receiving benefits as of December 31, 2016, the effective date of the, valuation is 2,397; 1,048 of whom receive single benefit coverage. Active employees number 2,514 as of the same valuation date. The average age of active employees is 46 with an average accrued years of service of 12 years.

Eligibility

The above benefits are available for employees who retire under the following conditions:

- After twenty-five years of service in PFRS or PERS
- Upon disability retirement from PFRS, service requirements of four years for ordinary disability and none for accidental disability
- Upon disability retirement from PERS, service requirements of ten years for ordinary disability and none for accidental disability
- Upon disability from JCERS, service requirements of five years for ordinary disability and none for accidental disability

NOTE G. POST-EMPLOYMENT BENEFITS (continued)

Funding Policy

Current retirees, dependents and survivors are not required to contribute toward the cost of the postretirement medical and prescription drug coverage. All costs are paid 100% by the City. Any employee who retires after satisfying the eligibility requirements who had less than 20 years of PERS or PFRS as of June 28, 2011, shall be required to contribute toward the cost of postretirement healthcare benefits. The retiree contributions are based on a percentage of the postretirement healthcare cost. The contribution percentages, which are phased-in over a four-year period, vary based on healthcare coverage tier and amount of PERS or PFRS pension amounts. Retired Police and Firefighters are not required to contribute toward the cost of post retirement life insurance benefits.

The City currently accounts for these post retirement benefits on a pay-as-you-go basis. During the years ended December 31, 2016 and 2015, the City paid $20,518,187 and $19,873,491, respectively, for post-employment benefits. The City receives additional funding from the Early Retirement Reinsurance Program (ERRP) which is budgeted as a reduction to retiree health insurance costs.

Actuarial Valuation Results

Under GASB criteria, the City would recognize the cost of other post-employment benefits in the year when the employee services are received, report the accumulated liability from prior years, and provide information useful in assessing potential demands on the City’s future cash flows. However, since the City is using the modified accrual basis of accounting as prescribed by the Division, the City is not required to show any accrued liability on the face of its financial statements, only to the notes to those financial statements.

The actuary has assumed the Annual Required Contribution will be amortized over 30 years, the maximum funding period. The OPEB’s benefit obligations, currently, are in two parts: (1) the present value of the benefits yet to be paid for those who are currently covered as retirees and (2) the present value of the benefits to be paid for those active participants once they become eligible for retiree benefits.

Included in each present value is a cost for administering the retiree claims. The determination of the benefit obligation for those who are retired and covered involves estimating the survival and future claims for them and then discounting those future claims for the present time. With regard to the active group, a further estimate must be made regarding who will actually survive, in active employment, to retire and be covered after employment.

NOTE G. POST-EMPLOYMENT BENEFITS (continued)

Actuarial Valuation Results – continued

The Actuarial Accrued Liability is as follows:

Summary of Valuation Results - December 31, 2016

Actuarial Accrued Liability		
Retirees	$	561,855,273
Active or Terminated Vested Participants Not Yet Retired		74,847,202
Other Active Participants		399,343,585
Unfunded Actuarial Accrued Liability	$	1,036,046,060
Discount Rate		4.50%
Normal Cost	$	39,125,035
Annual Amount Toward Unfunded Actuarial Accrued Liability		60,865,518
Annual Required Contribution		99,990,553
Less: Actuarial Determined City Contribution (estimated)		28,476,360
Net Increase	$	71,514,193

Actuarial Assumptions and Methods

Turnover – The actuary assumed that terminations of employment other than for death or retirement will occur in the future in accordance with twice the rate of the US Office of Personnel Management regarding the experience of the employee group covered by the Federal Employees Retirement System some excerpts from which are:

Age	Termination Percent
20	35.2%
40	8.0%
50	0.0%

Furthermore, the actuary assumed no terminations of employment other than for death or retirement once an employee accrued ten years of service.

NOTE G. POST-EMPLOYMENT BENEFITS (continued)

Actuarial Assumptions – continued

The remaining actuarial assumptions used to value the City's post-employment benefits are as follows:

Mortality:	The mortality table employed is the 1994 sex distinct Group Annuity Mortality Table.
Disability:	No terminations of employment due to disability. Retirees resulting from a disability were factored into the actuary's determination of age at retirement.
Age at Retirement:	Police and Fire active employees, on average, will receive their benefits when eligible but no earlier than age 45. For those eligible to retire at such age, a 10% load in the actuarial liabilities was included. Civilian active employees, on average, will receive their benefits when eligible but no earlier than age 55
Spousal Coverage:	Married employees will remain married.
Prior Service:	No prior service for active employees.
Health Care Cost of Inflation:	Health care gross costs will increase at an annual rate of 7.0% for both Pre-Medicare and Post-Medicare benefits.
Administration Expenses	The annual cost to administer the retiree claims, approximately 2%, is included in the annual health care costs.
Final Average Salary	The actuary assumed that the final average salary for retirees age 55 and over is $78,000.
Current Per Capita Claims Costs	An annual average gross claims costs of $11,880 per covered retiree was used based on review of claims data for the 24 month period July 1, 2015 through December 31, 2016.

Methods

Actuarial Cost Method - There are several acceptable actuarial methods listed in the GASB standard. The actuarial cost method used to determine the plan's costs is the "unit credit" cost method in establishing the annual required contribution and actuarial accrued liability for the participants.

Asset Valuation Method - The plan is currently unfunded.

Amortization Method and Period - The unfunded actuarial accrued liability is amortized as a level dollar amount using an open period of 30 years.

NOTE H. COMPENSATED ABSENCES

Under the existing contracts and policies of the City, certain employees are allowed to accumulate certain levels of vacation and sick pay over the duration of their employment. As of December 31, 2016 and 2015, the total accumulated absence liability was $116,308,347 and $117,785,923, respectively. As of December 31, 2016 and 2015, the City had $-0- and $1,634,427, respectively in its reserve for accumulated absence account.

During the year ended December 31, 2016, the City expended $8,373,405 for compensated absences, $1,634,427 from its accumulated absence reserve and the remaining $6,738,978 was expended without appropriation, which is required by statute to be funded in the 2017 budget. During the year ended December 31, 2015, the City passed Special Emergency Appropriations to pay for severance liabilities arising from retirements and layoffs in the amount of $8,000,000, and issued Special Emergency Notes to finance the appropriations. As described more fully in Note D, total Special Emergency Notes issued for contractual severance payments and outstanding as of December 31, 2016 and 2015 were $14,700,000 and $21,600,000, respectively.

NOTE I. RISK MANAGEMENT

<u>Disaster Recovery</u>

The City has entered into contracts with various vendors in an effort to protect its financial processes and data in the event unforeseen disaster should occur. Included in these contracts are offsite storage of financial data tapes and payroll data offsite backup. The latter also provides the City the ability to run such process offsite if needed.

<u>Insurance Coverage</u>

The City established a self-insurance program in 1982 in accordance with New Jersey Statute Chapter 40:10-6. The Chapter enables the governing body of any local unit to create a fund to provide insurance coverage for its exposure to a wide variety of property casualty risks, including property damage caused to any of the unit's property, motor vehicles, equipment or apparatus; liability resulting from the use or operation of such motor vehicles, equipment or apparatus; liability for the unit's negligence, including that of its officers, employees and servants and workers' compensation obligations.

NOTE I. RISK MANAGEMENT (continued)

Insurance Coverage - continued

The City self insures against tort claims (including claims arising from the use of motor vehicles), claims arising from police activities, unemployment compensation and workers' compensation lawsuits.

The City has also obtained the following coverage:

- Public officials' liability insurance with limits of $1,000,000 for employee theft, $1,500,000 for premises theft, $500,000 for computer fraud and $500,000 for forgery.
- Directors and Officers liability policy with limits of $2,000,000.
- General liability excess coverage of $2,500,000 per occurrence, $5,000,000 aggregate, after exhaustion of a retained limit of $1,000,000 for workers' compensation claims.
- Building coverage ranging from $33,600 to $25,154,150, depending on the location insured.
- Business personal property coverage ranging from $12,485 to $12,778,198, depending on the location insured.
- Total property coverage of $259,312,328.
- Commercial watercraft insurance providing hull coverage for $1,671,422 and protection and indemnity coverage in the amount of $1,000,000 per incident.
- Recreation Department liability policy with limits of $1,000,000.
- Flood insurance for maintenance building on Berry Street of $100,000.
- Site pollution incident legal liability select (spills) coverage in the amount of $25,000,000.

NOTE J. CLEARING ACCOUNT

The City maintains a clearing account in the Current Fund General Ledger so that cash received for revenues may be deposited promptly and distributed to proper accounts at a later date. The City also maintains a claims account, or a cash clearing bank account, from which bills are paid for the Current, Trust and Capital Funds.

NOTE K. PREPAID DEBT SERVICE – QUALIFIED BONDS

The City reverted its fiscal year from one ending June 30, annually, to one ending December 31, annually. This resulted in a six month transition year as follows:

12 months ended June 30, 2010…………….....	Final "June 30" Year End
July 1, 2010 through December 31, 2010….......	Six Month Transition Year
January 1, 2011 through December 31, 2011…..	First "December 31" Year End

The Division requires municipalities reverting to a calendar year to anticipate a full year of State Aid during the six month Transition Year. Whereas the City receives State Aid in two forms; (1) direct cash receipts from the State, and (2) debt payments made by the State on behalf of the City (Qualified Bonds), the City realized State Aid during the Transition Year as follows:

Six Month Transition Year Ended December 31, 2010		
State Aid Anticipated		$ 66,933,632
Less:		
State Aid Received in Cash	$ 28,599,305	
Qualifed Bond Program Payments	21,329,093	
Subtotal: Aid Received		49,928,398
Prepaid Debt Service (To Realize State Aid in Full)		$ 17,005,234

As a result, the City recognized State Aid revenues in the amount of $17,005,234 for debt service payments of the succeeding year, resulting in prepaid debt service at year end.

The following schedule summarizes the State Aid received, qualified bond payments applied and the prepaid amounts as of December 31, 2016 and 2015.

		2016	2015
Balance, Beginning of Year		$ 17,029,830	$ 17,355,207
Add:	State Aid	69,465,660	68,430,369
		86,495,490	85,785,576
Less:	Received in Cash	25,893,268	22,170,451
	Qualified Bond Payments	48,039,760	46,585,295
Balance, End of Year		$ 12,562,462	$ 17,029,830

NOTE L. FIXED ASSETS

In accordance with accounting practices prescribed by the Division, and as further detailed in Note A, no depreciation has been provided for and fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

The City had the following investment balance and activity in general fixed assets as of and for the year ended December 31, 2016:

	Balance, Dec. 31, 2015	Activity During Current Year Additions	Activity During Current Year Dispositions	Balance, Dec. 31, 2016
Land	$ 135,599,800	$ 3,316,722	$ -	$ 138,916,522
Improvements	125,658,997	5,321,914	-	130,980,911
Machinery and Equipment	62,024,548	17,371,431	-	79,395,979
	$ 323,283,345	$ 26,010,067	$ -	$ 349,293,412

The City had the following investment balance and activity in general fixed assets as of and for the year ended December 31, 2015:

	Balance, Dec. 31, 2014	Activity During Current Year Additions	Activity During Current Year Dispositions	Balance, Dec. 31, 2015
Land	$ 135,599,800	$ -	$ -	$ 135,599,800
Improvements	125,651,897	7,100	-	125,658,997
Machinery and Equipment	60,780,563	1,243,985	-	62,024,548
	$ 322,032,260	$ 1,251,085	$ -	$ 323,283,345

NOTE M. PREPAYMENTS OF PILOT REVENUES

The City has entered into certain financial agreements under the Long Term Tax Exemption Law, which allows developers to pay Annual Service Charges in Lieu of Taxes (PILOTs) upon completion of such construction projects. The City further structured many PILOT agreements prior to 2009 whereas (a) entities would prepay to the City, upon execution of the agreement and well in advance of project completion, the first year’s estimated Annual Service Charge and (b) the City would be required to refund or credit this prepayment to the entity once the project is completed, typically over a period of four years.

The City realized these prepayments as revenues in the period received. In each of the first four years after project completion, the City reduces the amount of revenues from the calculated Annual Service Charges by crediting 25% of the prepaid amount each year. As of December 31, 2016 and 2015, the balance of City revenues collected in prior years which will be applied as refunds and credits on Annual Services Charges was $12,725,940 and $14,728,397, respectively.

NOTE N. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the following deferred charges are shown on the balance sheets of the various funds. The appropriations in the 2017 budget are not less than that required by statute.

	Balance, Dec. 31, 2015	Add: Results of Current Year	Less: 2016 Budget Appropriation	Balance, Dec. 31, 2016	2017 Budget Appropriation	Balance to Succeeding Budgets
Special Emergency Authorizations (40A:4-53.b)						
Revaluation of Properties-2011	$ 630,000	$ -	$ 630,000	$ -	$ -	$ -
Revaluation of Properties-2016	-	5,000,000	-	5,000,000	1,000,000	4,000,000
Special Emergency Authorizations (40A:4-53.h)						
Contractual Severance Payments-2011	1,900,000	-	1,900,000	-	-	-
Contractual Severance Payments-2013	5,700,000	-	1,900,000	3,800,000	1,900,000	1,900,000
Contractual Severance Payments-2014	6,000,000	-	1,500,000	4,500,000	1,500,000	3,000,000
Contractual Severance Payments-2015	8,000,000	-	1,600,000	6,400,000	1,600,000	4,800,000
Special Emergency Authorizations (40A:4-54)						
Superstorm Sandy	1,829,992	-	897,496	932,496	932,496	-
Expenditure without an Appropriation						
Contractual Severance Payments-2016	-	6,738,978	-	6,738,978	6,738,978	-
	$ 24,059,992	$ 11,738,978	$ 8,427,496	$ 27,371,474	$ 13,671,474	$ 13,700,000

Further descriptions of the above deferred charges follow.

Contractual Severance Liabilities

A significant number of employees either retired or otherwise had their employment with the City terminated. The City passed special emergency appropriations to provide for payment of the resulting severance liabilities in 2015, 2014, 2013 and for $8,000,000, $7,500,000, $9,5000,000, and $9,500,000, respectively. The current balance to be raised is noted in the preceding table. The special emergency appropriations were financed with special emergency notes, discussed further in Note D.

Superstorm Sandy

During the year ended December 31, 2012, the City suffered extensive damages from the effects of Superstorm Sandy and subsequent flooding. The City passed Resolution No. 12-842 which consisted of two emergencies related to this storm. The first is a $580,000 emergency appropriation and the second is a $15,420,000 special emergency appropriation. On March 28, 2013, the City adopted Ordinance No. 13-031 which re-appropriated $10,000,000 of this emergency as a capital ordinance for items as allowable under State statutes. The current balance to be raised in future current fund budgets is noted in the preceding table.

NOTE N. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS (continued)

Revaluation of Properties

During the years ended December 31, 2016 and 2011, the City passed Special Emergency Appropriations in the amount of $5,000,000 and $3,150,000, respectively, for the preparation and execution of a complete program of revaluation of real property for the use of the local assessor. The current balance to be raised is noted in the preceding table.

Expenditure without Appropriation

During the year ended December 31, 2016, the City expended $6,738,978 for contractual severance liabilities for which there was no legal appropriation. In accordance with N.J.S.A. 40A:4-57, such expenditure without appropriation is required to be raised in full in the budget of the succeeding year.

NOTE O. RELATED PARTY TRANSACTIONS

JERSEY CITY MUNICIPAL UTILITIES AUTHORITY

On February 1, 1998, the City transferred its water operating functions to the Jersey City Municipal Utilities Authority (JCMUA). Pursuant to the franchise and service agreement, the City and the JCMUA agreed that the JCMUA will, in addition to paying the City an up-front franchise fee and annual franchise concession fees, (a) assume the responsibility for and the payment of the principal and interest on the City's water bonds; (b) pay the City for the oversight of the operations of the water system and (c) provide water and sewer service to the City free of charge for all governmental public facilities as identified by the City.

As noted above, the JCMUA is responsible to reimburse the City for payments of principal and interest on water bonds. The amount of Water Serial Bonds payable, and therefore the amount receivable from the JCMUA to the City’s Capital Fund, at December 31, 2016 and 2015 was $25,590,000 and $28,645,000, respectively.

During the year ended June 30, 2003, the City and the JCMUA agreed to extend the franchise agreement through March 31, 2028 for the price of $42,000,000. The City received $28,000,000 for the franchise extension in 2003 and 2004 combined, while the final payment of $14,000,000 was deferred and collected in 2016. As of December 31, 2016 and 2015, the City had a receivable due from the JCMUA of $-0- and $14,000,000, respectively, for the franchise extension.

NOTE O. RELATED PARTY TRANSACTIONS (continued)

JERSEY CITY MUNICIPAL UTILITIES AUTHORITY (continued)

A summary of the amounts due from the JCMUA at December 31, 2016 is as follows:

	Balance Dec. 31, 2015	Additional Debt Issued	Payments Received	Balance Dec. 31, 2016
Current Fund:				
Franchise Extension Agreement	$ 14,000,000	$ -	$ 14,000,000	$ -
Capital Fund:				
Water Bond Principal	28,645,000	190,000	3,245,000	25,590,000
	$ 42,645,000	$ 190,000	$ 17,245,000	$ 25,590,000

A summary of the amounts due from the JCMUA at December 31, 2015 is as follows:

	Balance Dec. 31, 2014	Payments Received	Balance Dec. 31, 2015
Current Fund:			
Franchise Extension Agreement	$ 14,000,000	$ -	$ 14,000,000
Capital Fund:			
Water Bond Principal	31,180,000	2,535,000	28,645,000
	$ 45,180,000	$ 2,535,000	$ 42,645,000

During the year ended December 31, 2016 and 2015, the City also received the following payments from the JCMUA:

- Franchise Concession Payments of $20,000,001 and $19,000,000, respectively.
- Franchise Extension Fees of $14,000,000 and $-0-, respectively (as noted in the preceding table)
- Water Debt Service Payments of $3,837,778 (for principal of $2,950,000 and interest of $887,778) and $3,493,569 (for principal of $2,535,000 and interest of $958,569, respectively.

NOTE O. RELATED PARTY TRANSACTIONS (continued)

JERSEY CITY BOARD OF EDUCATION

As described in Note D, although the Jersey City Board of Education (JCBOE) is a Type II School District effective November 4, 2008, prior to that date the Board of Education operated as a Type I School District, therefore, bonds and notes authorized by the Board of Education prior to November 4, 2008 are general obligations of the City, are reported on the balance sheet of the City's General Capital Fund and are accordingly included in the summary of municipal debt. The City budgets the principal and interest payments of the Board of Education's obligations as they become due. These obligations are funded by the City through an amount to be raised by taxation called "addition to local district school tax", less any regular school debt service aid received from the State of New Jersey.

For the years ended December 31, 2016 and 2015, the City's budget included the following debt service requirements of the Board of Education and corresponding anticipated revenues:

	Dec. 31, 2016	Dec. 31, 2015
Debt Service Requirements of the Board of Education:		
Maturing Serial Bonds - School Qualified	$ 12,355,000	$ 8,555,000
Interst on Bonds - School Qualified	1,006,441	1,444,305
	13,361,441	9,999,305
Less: Applicable Revenues Anticipated		
Building Aid Allowance for School Aid*	5,658,968	4,569,847
Balance for Support of Board of Education:		
Addition to Local District School Tax	$ 7,702,473	$ 5,429,458

NOTE P. INTERFUND BALANCES

The City has various transactions by and between its individual funds. Certain accounts of the Trust and Capital Funds earn interest which is required to be recorded as revenue in the Current Fund budget. Other transactions include budget appropriations in the Current Fund which are required to be turned over to the Federal and State Grant, Trust and Capital Funds. All these transfers are routine and are consistent with the activities of the funds making the transfers.

NOTE P. INTERFUND BALANCES (continued)

Transfers by and between the City's funds during the years ended December 31, 2016 and 2015 consisted of the following:

	December 31, 2016		December 31, 2015	
	Transfers In	Transfers Out	Transfers In	Transfers Out
Current Fund	$ 287,336,721	$ 287,174,745	$ 270,939,027	$ 271,098,406
Federal & State Grants Fund	24,784,423	23,667,351	23,700,347	24,439,317
General Capital Fund	1,398,353	2,517,139	3,001,405	2,249,140
Animal Control Fund	-	17	-	5
Trust Fund - Other Funds	11,043,625	11,170,841	1,612,797	1,683,448
Payroll Clearing Fund	252,945,712	252,978,741	245,819,748	245,603,008
	$ 577,508,834	$ 577,508,834	$ 545,073,324	$ 545,073,324

Current Fund interfunds receivable are fully reserved and recognized as credits to operations in the year the interfunds are received in cash. Interfunds receivable in the Trust Funds and General Capital Fund are not reserved. The City expects to fully repay all balances in the subsequent year.

As of December 31, 2016, the City had the following interfunds on its balance sheets:

Amount	Due From Fund	Due To Fund	Purpose
$ 147,426	Current	Grants	Grant Cancelled in Prior Year
2,587	Current	Trust - Other	Miscellaneous
32,617	General Capital	Current	Interest Earned
13	Animal Control	Current	Miscellaneous
71	Payroll Clearing	Current	Miscellaneous
11,818	Trust - Other	Current	Anticipated Revenues
103,817	Trust - Other	Grants	Off Duty Police
97,938	Payroll Clearing	Trust - Other	Federal Grant Charges

As of December 31, 2015, the City had the following interfunds on its balance sheets:

Amount	Due From Fund	Due To Fund	Purpose
$ 205,764	General Capital	Current	Net Adjustments to Capital Reserves
105,589	Trust - Other	Current	Anticipated Revenues
2	Payroll Clearing	Current	Cancelled Reserves
253,754	Current	Grants	Chargebacks
30	Animal Control	Current	Miscellaneous
1,149	Current	Trust - Other	Various Items
7,985	Trust - Other	Grants	Program Income
945,639	Grants	General Capital	Budget Reimbursements
30,727	Grants	Trust - Other	Budget Reimbursements
69,486	Trust - Other	Payroll Clearing	Federal Grant Payrolls

NOTE Q. REVENUE ACCOUNTS RECEIVABLE

Revenue accounts receivable include various receivables due from entities for revenues anticipated in support of the City's budget. These receivables are fully reserved.

The following table illustrates the activity of the revenue accounts receivable balances for the year ended December, 2016:

	Balance Dec. 31, 2015	Current Year Accruals	Collections	Balance Dec. 31, 2016
Hackensack Meadowlands Adjustment	$ 44,615	$ 605,487	$ 650,102	$ -
Municipal Court Fines and Costs	1,026,824	13,680,522	13,592,007	1,115,339
Due from FEMA (Hurricane Sandy)	846,146	773,724	1,619,870	-

The following table illustrates the activity of the revenue accounts receivable balances for the year ended December, 2015:

	Balance Dec. 31, 2014	Current Year Accruals	Collections	Balance Dec. 31, 2015
Hackensack Meadowlands Adjustment	$ -	$ 1,184,030	$ 1,139,415	$ 44,615
Municipal Court Fines and Costs	-	12,366,836	11,340,012	1,026,824
Due from FEMA (Hurricane Sandy)	-	1,193,000	346,854	846,146

NOTE R. ECONOMIC DEPENDENCY

State Aid

The City is a recipient of State Aid. During the years ended December 31, 2016 and 2015, State Aid accounted for 12, each year, of the City's realized revenues. Significant changes in State Aid policy, if they were to occur, in conjunction with legislation capping increases to the tax levy, could have a material impact on the City's operations, if any such policy modifications were to occur.

Major Taxpayers

The City does not have significant economic dependence on any one taxpayer. However, the ten largest taxpayers of the City as listed in the table on the following page comprise 10.5% and 10.1%, respectively, of the City's total tax levies for the years ended December 31, 2016 and 2015.

NOTE R. ECONOMIC DEPENDENCY (continued)

Major Taxpayers (continued)

2016 Top 10 Taxpayers

	Name	Type		Assessed Value
1.	NC Housing Associates	Office	$	132,666,800
2.	Cali Harborside Associates	Office		120,092,000
3.	101 Hudson St. Associates	Office		90,855,800
4.	Newport Centre, LLC (Indianapolis)	Shopping		58,088,000
5.	MEPT Newport Tower	Office		45,000,000
6.	John Hancock Life Insurance	Office		43,490,400
7.	70 Columbus Urban Renewal, LLC	Office		42,775,100
8.	Newport Center (Rego Park)	Mixed - Retail, Office, Hotel		39,253,400
9.	Wells REIT	Office		35,625,000
10.	Grove Pointe, Urban Renewal	Mixed - Residential, Office, Retail		34,512,000
			$	642,358,500
		Net Valuation Taxable	$	6,093,045,338
		Top 10 Taxpayers as a Percentage of Assessments		10.54%

2015 Top 10 Taxpayers

	Name	Type		Assessed Value
1.	Mack Cali	Office	$	227,222,700
2.	Newport Centre (Rego Park)	Mixed - Retail, Office, Hotel		71,202,300
3.	Newport Centre, LLC	Shopping		58,088,000
4.	MEPT Newport Tower	Office		45,000,000
5.	John Hancock Life Insurance	Office		43,215,400
6.	Wells REIT	Office		38,625,000
7.	Grove Pointe Urban Renewal	Development		34,512,100
8.	RREEF America REIT II	Warehousing		30,406,200
9.	Tower East, U.R.	Development		30,194,000
10.	PKG Associates, LLC	Mixed - Residential, Office, Retail		27,169,700
			$	605,635,400
		Net Valuation Taxable	$	5,997,768,597
		Top 10 Taxpayers as a Percentage of Assessments		10.10%

NOTE R. ECONOMIC DEPENDENCY (continued)

Major Payers in Lieu of Taxes

Below are listed the ten largest PILOT agreements in terms of realized revenues for the years ended December 31, 2016 and 2015. These PILOT agreements comprise 27.7% and 28.2%, respectively, of the PILOT revenues collected and 6.3% and 6.5%, respectively, of total Current Fund revenues.

2016 Top 10 PILOTs		
Name		Payment
K. Hovnanian at 77 Hudson St.,		
Urban Renewal Co., LLC	$	5,127,959
Vector UR Assoc. I (Harborspire I)		4,487,423
30 Hudson Street		4,432,741
Port Liberte II		4,029,645
Cali Harbor Plaza V		3,731,479
James Monroe		3,642,976
Libert Towers Urban Renewal		
Essex Waterfront		3,580,777
90 Hudson Urban Renewal		3,140,919
EQR at 77 Hudson Street		3,016,749
Newport Office Center VII		2,920,031
	$	38,110,699
Total PILOT Revenues	$	137,532,843
Top 10 PILOT Revenues as a Percentage of:		
PILOT Revenues		27.7%
Total Revenues		6.3%

2015 Top 10 PILOTs		
Name		Payment
K. Hovnanian at 77 Hudson St.,		
Urban Renewal Co., LLC	$	4,970,351
30 Hudson Street		4,436,021
Vector UR Assoc. I (Harborspire I)		4,358,217
Port Liberte II		3,902,125
James Monroe		3,575,931
Libert Towers Urban Renewal		
Essex Waterfront		3,433,035
Cali Harbor Plaza V		3,235,613
20 River Court West		3,137,961
90 Hudson Urban Renewal		2,970,430
EQR at 77 Hudson Street		2,897,303
	$	36,916,987
Total PILOT Revenues	$	130,861,698
Top 10 PILOT Revenues as a Percentage of:		
PILOT Revenues		28.2%
Total Revenues		6.5%

NOTE S. LEASE COMMITMENTS

The City has various operating and capital lease commitments at December 31, 2016 and 2015 for office space, employee parking, police vehicles and fire apparatus.

Descriptions of the capital leases follow:

Fire Apparatus – In 2014 the City acquired two fire apparatus for a total original cost of $1,761,871. The terms of these leases are 7 and 8 years with total annual payments of $232,769 through 2021 and a payment of $132,488 in 2022.

NOTE S. LEASE COMMITMENTS (continued)

Police Vehicles – In 2016, the City entered into two leases for the acquisition of a total of 29 police interceptor vehicles and 3 SUVs. The first lease is for 24 police interceptor with total annual payments of $241,920 from December 15, 2016 through December 15, 2020. The second lease is for five police interceptor vehicles and three SUVs with total annual payments of $83,700 from December 15, 2016 through December 15, 2020. Both leases contained a bargain purchase option of $1 for each vehicle.

MLK HUB - A $1 bargain purchase option for the "MLK HUB" located at the intersection of Kearney Avenue and Martin Luther King Drive as authorized by Ordinance No. 15.020 adopted on March 11, 2015. The basic term of this lease agreement is 25 year bondable triple net lease with base rent payments commencing on the date of substantial completion of the building, but not later than February 1, 2017. Annual rent will range from a minimum of $963,000 in the first five years of the lease to a minimum payment of $1,944,708 in year 25. Total minimum payments under the lease would be $35,889,174.

The minimum future operating and capital lease payments are as follows:

Year Ended December 31,	Total	Operating	Capital
2017	$ 3,551,150	$ 2,110,011	$ 1,441,139
2018	2,520,908	999,519	1,521,389
2019	1,749,528	228,139	1,521,389
2020	1,717,560	213,226	1,504,334
2021	1,412,193	216,424	1,195,769
2022-2026	7,467,723	1,105,217	6,362,506
2027-2031	8,316,169	1,096,469	7,219,700
2032-2036	9,127,129	958,788	8,168,341
2037-2041	9,241,818	-	9,241,818
2042	162,059	-	162,059
	$ 45,266,237	$ 6,927,793	$ 38,338,444

NOTE T. AGGREGATION OF ENCUMBRANCES

Other significant commitments include encumbrances outstanding for the Current, Trust and General Capital Funds.

Below are the aggregated outstanding encumbrances as of December 31, 2016.

	Current Fund	Federal and State Grants Fund	Trust Funds	General Capital Fund	Total Encumbrances
Budget Year 2015	$ 5,791,936	$ -	$ -	$ -	$ 5,791,936
Other Reserves	1,170,000	-	-	342,304	1,512,304
H. Sandy Expenditures	730	-	-	-	730
Animal Control Fund	-	-	8,852	-	8,852
Other Trust Fund	-	-	7,212,856	-	7,212,856
Law Enforcement Trust Fund	-	-	98,785	-	98,785
CDBG Trust	-	-	6,882,972	-	6,882,972
Home Trust	-	-	4,673,480	-	4,673,480
HOPWA Trust	-	-	2,088,089	-	2,088,089
Grant Reserves	-	12,038,816	-	-	12,038,816
Improvement Authorizations	-	-	-	18,164,965	18,164,965
	$ 6,962,666	$ 12,038,816	$ 20,965,034	$ 18,507,269	$ 58,473,785

Below are the aggregated outstanding encumbrances as of December 31, 2015.

	Current Fund	Federal and State Grants Fund	Trust Funds	General Capital Fund	Total Encumbrances
Budget Year 2016	$ 18,262,345	$ -	$ -	$ -	$ 18,262,345
Other Reserves	16,035	-	-	131,286	147,321
Revaluation	1,170,000	-	-	-	1,170,000
H. Sandy Expenditures	730	-	-	-	730
Animal Control Fund	-	-	8,131	-	8,131
Other Trust Fund	-	-	8,898,608	-	8,898,608
Law Enforcement Trust Fund	-	-	69,968	-	69,968
CDBG Trust	-	-	7,847,466	-	7,847,466
Home Trust	-	-	4,508,449	-	4,508,449
HOPWA Trust	-	-	2,063,262	-	2,063,262
Grant Reserves	-	12,426,499	-	-	12,426,499
Improvement Authorizations	-	-	-	15,892,531	15,892,531
	$ 19,449,110	$ 12,426,499	$ 23,395,884	$ 16,023,817	$ 71,295,310

All encumbrances noted above are included on the balance sheets of the City.

NOTE U. TAX ABATEMENTS

The City negotiates property tax abatement agreements on an individual basis. The City has tax abatement agreements with approximately 180 entities as of December 31, 2016:

Purpose of Agreements	Taxing Government	Taxes if Billed at Full 2016 Tax Rate	Received for Payments in Lieu of Taxes & Land Tax	Payments to Other Governments	Taxes Abated Amount	Taxes Abated (%)	Aggregate Reduction of Government Revenue
Construction of Commercial and Residential Redevelopment Projects, Low and Moderate Income Housing Projects and Relocation Projects	School	$ 53,792,781	$ -	$ -	$ 53,792,781	100%	$ -
	County	52,330,137	-	2,126,465	50,203,672	96%	-
	City	102,466,309	137,692,520	(2,126,465)	(33,099,746)	-32%	-
	Total	$ 208,589,227	$ 137,692,520	$ -	$ 70,896,707	34%	$ -
	Budget Revenues		$ 137,532,843				
	Non-Budget Revenues		159,677				
			$ 137,692,520				

The full amount to be raised by taxes for support of each Government's budget is levied on properties not subject to such agreements, therefore there is no aggregate reduction of tax revenue to the Governments as a result of the abatement.

These agreements were negotiated under the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq. (the Law), which authorizes municipalities to enter into financial agreements with Urban Renewal Entities. An Urban Renewal Entity is a limited-dividend entity or a nonprofit entity which undertakes redevelopment projects (both commercial and residential), relocation projects for residents displaced by the redevelopment area, and low and moderate income housing projects in return for tax exemptions, or payments in lieu of taxes referred to as "annual service charges".

The Law allows annual service charges to be calculated as a percentage of either gross revenue from each unit of the project or from total project cost, if the project is not undertaken in units. In the case of low and moderate income housing projects, the annual service charge shall not exceed 15% of annual gross revenue or 2% of total project cost. For all other projects, the annual service charge shall not be less than 10% of annual gross revenue or 2% of total project cost. The City's abatements are across in multiple categories. There are a total of five stages in the abatement period. The final four phases require the Urban Renewal Entity to remit the greater of the agreed upon annual service charge or 20%, 40%, 60% and 80%, respectively, of the amount of taxes otherwise due on the value of the land and improvements.

NOTE U. TAX ABATEMENTS (continued)

The Law only allows for taxes on improvements to be abated. Taxes on land are billed quarterly to the Urban Renewal Entity and are credited against the annual service charges due. To administer the billing, the land value and improvement value of the abated property are separate line items in the tax assessment and collection records. The land value is billed quarterly at the total property tax rate. The improvement value is classified as exempt property (Class 15F), generating no bill.

Under the Law, abatements may provide for an exemption period of less than 30 years from the completion of the entire project or less than 35 years from the execution of the financial agreement. Further, Urban Renewal Entity profits are restricted and any excess profits are payable to the municipality as an additional annual service charge.

The Law does not provide for the recapture of abated taxes in the event an abatement recipient does not fulfill the commitment it makes in return for the tax abatement. However, in the event of default, the City has the right to proceed against the property pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54:5-1 and/or may terminate the agreement. The City has not made any commitments as part of the agreements other than to reduce taxes. The City is not subject to any tax abatement agreements entered into by other governmental entities.

NOTE V. CONTINGENCIES

Non-Recourse Debt

On November 13, 2013, the City adopted Ordinances 13.122 through 13.124 approving the execution of financial agreements with Journal Square I Urban Renewal, LLC, Journal Square II Urban Renewal, LLC and Journal Square III Urban Renewal, LLC related to the authorization and issuance by the Jersey City Redevelopment Agency of not to exceed $10,000,000 for each agreement ($30,000,000 total) of Redevelopment Area Bonds.

On February 8, 2017, Ordinance 16.194 was adopted approving the execution of a financial agreement with Paulus Hook Urban Renewal, LLC related to the authorization and issuance by the Jersey City Redevelopment Agency of not to exceed $1,000,000 of Redevelopment Area Bonds

Under N.J.S.A. 40A:12A-67, these bonds are issued as non-recourse obligations to the full faith and credit of the City and are not considered to be direct and general obligations of the City. The City is not obligated to levy and collect tax sufficient in an amount to pay the principal and interest on the bonds when they become due and payable. Further, these bonds are not considered gross debt of the City on any debt statement filed in accordance with the Local Bond Law, N.J.S.A. 40A:2-1 et sq.

NOTE V. CONTINGENCIES (continued)

Arbitrage Rebate

The City is subject Section 148 of Internal Revenue Code, which was enacted to minimize the arbitrage benefits from investing gross proceeds of tax-exempt bonds in higher yielding investments and to remove the arbitrage incentives to issue more bonds, to issue bonds earlier, or to leave bonds outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes for which the bonds were issued. During the year ended December 31, 2016 and 2015, the City was not obligated to remit any funds for arbitrage rebate, yield reduction and interest payments. As of December 31, 2016 and 2015, the City had $-0- and $937,315, respectively, on reserve for such payments.

Grant Programs

The City participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. The state and federal grants received and expended in the years ended December 31, 2016 and 2015 were subject to the Uniform Guidance and NJ OMB Circular 15-08, which mandate that grant revenues and expenditures be audited in conjunction with the City's annual audit. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives.

In a report dated March 30, 2016, the City was notified by the Office of Inspector General (OIG) that, among other concerns, the City should reimburse $11,532,769 million in program income to the City's CDBG bank account, for program income the OIG claims the City generated on the disposition of real property. The City continues to appeal these findings. It is the opinion of Counsel that the City should be able to defend its CDBG expenditures and develop the documentation needed to avoid repayment of funds.

The State of New Jersey is transitioning from the Urban Enterprise Zone Program (UEZ) and will no longer provide additional UEZ grant funding to municipalities containing such zones, which includes the City. The City has received significant UEZ grant funding in previous years. All unspent First and Second Generation Zone Funds will be available to complete existing projects and fund new projects until the funds are exhausted. The City will continue to draw down on Second Generation UEZ Funds until such funds are exhausted.

NOTE V. CONTINGENCIES (continued)

Tax Appeals

The City is a defendant in various tax appeals that they are defending vigorously. Counsel provided a listing of 226 pending tax court complaints at December 31, 2016. The tax appeals it is currently defending are not unusual for a municipality of its size. In the past, the City has utilized both the Reserve for Tax Appeals account, which is funded through budget appropriations, and has issued refunding notes to pay for the appeals. During the years ended December 31, 2016 and 2015 the City appropriated a total of $2,400,000 and $1,900,000, respectively, to fund tax appeal interest and overpayments. During the years ended December 31, 2016 and 2015, the City further funded tax appeal payments through a charge to operations of $1,206,040 and $2,719,265, respectively.

In addition, the Local Finance Board has allowed the City to issue tax refunding obligations to finance certain tax refunds. They are renewable annually for five to seven years after their date of issuance, with the amortization schedule approved by the Local Finance Board. The following table illustrates ordinances which have been adopted to fund the payment of tax appeals as well as any the outstanding balance of notes issued on those ordinances.

Activity for the year ended December 31, 2016:

Ord. No.	Original Authorization	Encumbered and Reserved Balance Dec. 31, 2015	Paid or Charged	Reserved Balance Dec. 31, 2016	Outstanding Notes at Dec. 31, 2016
09-028	$ 11,471,819	$ -	$ -	$ -	$ -
10-031	7,201,450	94	94	-	-
11-116	7,000,000	96,613	90,254	6,359	-
	$ 25,673,269	$ 96,707	$ 90,348	$ 6,359	$ -

Activity for the year ended December 31, 2015:

Ord. No.	Original Authorization	Encumbered and Reserved Balance Dec. 31, 2014	Paid or Charged	Encumbered and Reserved Balance Dec. 31, 2015	Outstanding Notes at Dec. 31, 2015
09-028	$ 11,471,819	$ -	$ -	$ -	$ 1,638,740
10-031	7,201,450	40,351	40,257	94	-
11-116	7,000,000	231,402	134,789	96,613	1,000,000
	$ 25,673,269	$ 271,753	$ 175,046	$ 96,707	$ 2,638,740

NOTE V. CONTINGENCIES (continued)

Litigation

The City of Jersey City, its officers and employees are defendants in a number of lawsuits including, but not limited to, lawsuits arising out of alleged torts, alleged breaches of contract and alleged violations of civil rights, none of which is unusual for a municipality of its size. The City is also engaged in activities, such as police protection and public works construction, which could result in future litigation with a possible significant monetary exposure to the City.

Based upon the information available to date, it does not appear that any individual lawsuit or the cumulative effect of these lawsuits will impair the City's ability to pay any judgments or settlements in an orderly manner, since the likelihood is that the amount of any judgments and eventual settlements will be much less than the amount claimed, and payments can be spread over two or more fiscal years. Because many lawsuits are still in the discovery stage, the Corporation Counsel is unable to determine the probability of a successful defense to them at this time.

The City self-insures against tort claims, which include general liability, automobile liability, employment practices, public officials and police professional and workers compensation lawsuits. The City also carries excess insurance for all lines of coverage which provides $2 million coverage with a self-insured retention in the amount of $1 million for each covered event. The cases listed below have a potential monetary exposure in excess of $500,000.

EQR-LPC Urban Renewal North Pier, LLC and EQR-Lincoln Urban Renewal Jersey City, LLC v City of Jersey City – The City's PILOT revenue collection office identified a PILOT agreement in which the City claims excess net profits were not paid to the City as an additional service charge per the terms of the abatement agreement. The City issued a default notice dated August 27, 2013 in the amount of $2,266,345 for such billings. The entity paid the bill "under protest" and initiated litigation to recover the amount paid. The matter is before the Supreme Court and if EQR is victorious, the monies, which are currently in escrow, would have to be returned to EQR.

MEPT v City of Jersey City - In 2009, the City entered into financial agreements with plaintiffs concerning tax abatements for property in the city. Under the terms of the financial agreements, plaintiffs paid $710,769 to affordable housing trust fund contribution and also made a prepayment of $2 million to the city. Approximately 6 years after the financial agreements were signed, plaintiffs sold the property and commenced this declaratory judgment action seeking to recover the monies which they previously paid. On October 4, 2016, the court entered an order in favor of plaintiffs and awarded them the sum of $2,710,769. The City's appeal of this decision is currently pending. If the City does not succeed on its appeal, its exposure will be in the amount of $2,710,769.

NOTE V. CONTINGENCIES (continued)

Litigation (continued)

212 Marin Blvd. et. al. v City of Jersey City (*Sixth Street Embankment*) – This case involves various complex lawsuits involving the original plaintiffs, counter suits and notices of intent to file by outside parties. It was originally brought by several commonly owned/controlled LLC ("the LLCs") entities owning property know as the Sixth Street Embankment, alleging that the City has interfered with their development rights and violated constitutional rights. These matters have been pending in Superior Court for several years despite numerous attempts to achieve a settlement. The main case is now before the Surface Transportation Board (STB) in Washington DC, where the City has so far been successful. The state court cases have been "stayed" pending resolution of the matter in Washington. The LLCs have filed a State lawsuit contesting the City's authority to invoke the OFA remedy. On January 13, 2016, the City was authorized to file an Offer of Financial Assistance (OFA) (a federal eminent domain remedy) to acquire this property. During 2016, a third party sought to file an OFA in competition with the City but on behalf of a developer. A series of motions, sanctions and appeals related to the involvement of this third party may continue to delay the issuance of any "OFA" schedule by the STB. Further, on July 14, 2017, the New Jersey State Historic Preservation Office found the entire branch eligible for listing on the State and National registers and entirely protected by Section 106. The STB, under Section 106, is required to assess whether the license required for the abandonment of the railroad branches within the Sixth Street Embankment will have an adverse impact on (potential) historic assets. The local historic landmarking of the Embankment has been upheld against the LLCs challenge. The LLCs are also appealing the denial of demolition permits by the Zoning Board of Adjustment. Such appeal has been stayed. The City's claim to set aside Conrail deeds to the LLCs, as well as the LLCs related damage claims alleging deprivation of property rights and alleged tortious interference and similar tort claims, have been stayed pending the outcome of federal litigation. The property has an appraised value in excess of $6,000,000. The developer's last demands may have been in the range of $30 million to $100 million. No settlement negotiations are currently underway. Counsel has noted, the City continues vigorously to purse its federal remedies, but the process does not yet appear to be nearing an end.

B. v City of Jersey City - Wrongful death and personal injury case. Third person invaded apartment of plaintiff, killed infant and injured occupant. Plaintiff alleges JCPD failed to enforce restraining order or act on outstanding warrant. The trial started on August 7, 2017. AT the conclusion of the plaintiff's case, the City was granted a directed verdict all claims. On October 17, 2017, plaintiffs filed a notice of appeal. If plaintiffs are successful on appeal and re-trial granted, exposure could surpass $1,000,000.

NOTE V. CONTINGENCIES (continued)

Litigation (continued)

V.M. v City of Jersey City – This case arises from a complaint by a female police sergeant (now retired) alleging that the chief of police did not promote her because of her political affiliation and her gender. Summary Judgment was granted to the defendants on the Federal claims, however the trial court order was reversed by the 3rd Circuit Court of Appeals and the matter remanded for trial. The State law claims are pending in the Superior Court of New Jersey where Summary Judgment on the remaining claims was granted. The plaintiffs took an appeal to the Superior Court, Appellate Division where the order was vacated and the case remanded for trial in State court. Although the reversal of the order for summary judgment is a serious setback for the defendants, the City and the individual defendants (former Mayor Healy and former Chief of Police Troy) are prepared to defend this lawsuit on the merits. There is a significant monetary exposure for economic damages and attorney fees. Recently, at a conference before the Federal trial judge, the plaintiff's attorney made an "informal" demand of $5,000,000 to settle. The matter is being mediated by a retired judge. If it does not settle, a trial date will be set.

A. v City of Jersey City – This case is related to the V.M. case noted above. In this case, eight other sergeants allege that because V.M. was wrongfully not promoted to Lieutenant, they could not be promoted since they were behind her on the promotion list. They claim the difference in pay and benefits between what they contend they would have received if they had been promoted and what they actually have received. These claimed damages continue to accrue as the case proceeds. This case has the same procedural history as in V.M., above. Although the summary judgment obtained in this case was reversed, the defendants maintain that the defenses to the plaintiff's claims are viable and the case will be defended on its merits. The plaintiffs also claim attorney fees and back pay. If they prevail, the combined award could exceed $1,000,000.

R.D. v City of Jersey City – While crossing the street on October 23, 2015, decedent was hit by a vehicle. Plaintiff alleges that the street lights were not working and this caused the vehicle's driver to not see the decedent. Because this is a wrongful death matter, Counsel estimates the City's exposure may exceed $500,000.

O'D. v City of Jersey City – On February 22, 2016, two decedents, while driving, were struck by another vehicle. A witness allegedly saw a police officer seen conferring with the driver of the vehicle which struck the defendants moments before the accident. Plaintiff alleges the police officer breached his duty by not stopping the driver from continuing on the road, and this resulted in the fatal accident. Counsel suggests exposure in this case could well exceed $500,000.

NOTE V. CONTINGENCIES (continued)

<u>Litigation</u> (continued

M v. City of Jersey City **-** Plaintiff, the City's Deputy Tax Assessor, has brought a claim in federal court for race discrimination and retaliation. She also alleges a whistleblower claim under CEPA. Discovery is ongoing. Written discovery is complete, plaintiff has been deposed, and plaintiff's counsel has deposed approximately ten defense witnesses. If plaintiff is able to prove her claims at trial, she could obtain an award between $200,000 and $300,000 for her severe emotional distress, as well as an attorneys' fees award between $250,000 and $300,000.

A. et al v. Jersey City Fire Dispatch - Plaintiffs are the Administrators of the Estates of four decedents who died in a house fire, and five relatives who claim emotional distress damages from perceiving the death of their family members in the fire. In the lawsuit, they claim that a City dispatcher sent the firefighters to the wrong address resulting in the deaths. The City has asserted various immunities and the plaintiffs contend that they have overcome the bar of the immunities. Discovery is ongoing. Exposure could surpass $1,000,000.

H. et al. v. City of Jersey City – W.H., 80-year-old disabled male, died in a fire on November 5, 2012. Plaintiffs are the Administrators of the Estate. They allege that the death was a result of negligence by members of the Jersey City Fire Department. Exposure for the death and emotional distress could exceed $500,000.

W. v. City of Jersey City et al - Plaintiff D.W. has filed claims against the City of Jersey City and director Anthony Cruz. Mr. W. alleges that the defendants discriminated and harassed him on the basis of his sexual orientation. He also alleges that the City violated his first amendment rights. If Mr. W. prevails, the defendants could be liable for lost wage damages, punitive damages, emotional distress, damages, and plaintiff's attorney's fees, in excess of $500,000.

P. et al. v. City of Jersey City et al - On December 31, 2013, the Plaintiffs' decedent drowned as a result of him losing control of his motor vehicle which became submerged in the waters of the Morris Canal. Plaintiffs allege that the accident occurred on dangerous property owned, controlled or maintained by the City. The City contends that the accident occurred on privately owned property. Discovery is ongoing. If the City is unsuccessful, exposure for the wrongful death and survivorship claim could exceed $500,000.

NOTE V. CONTINGENCIES (continued)

Litigation (continued

Estate of G. v. City of Jersey City – On August 8, 2014, two City officers were dispatched to assist a driver whose vehicle was disabled. After the disabled vehicle was towed, the owner was later struck by a vehicle and killed. Plantiff alleges the owner of the disabled vehicle was intoxicated when City officers assisted him, and their failure to drive the decedent to a safe area resulted in his death. Counsel notes that because this is a wrongful death action, the City's exposure could well exceed $500,000.

H. v. City of Jersey City - On September 6, 2017, plaintiff filed a first amended complaint to a prior complaint originally filed on August 22, 2016, which was dismissed. Plaintiff alleges that he was deprived of his constitutional rights, racial discrimination, defamation, and conspiracy in connection with the release of a police crash investigation report containing, as it pertains to plaintiff, a racial slur. Per Counsel, the City intends to file another motion to dismiss and if needed complete discovery, including expert discovery, and move for summary judgment. However, in the event this matter proceeds past summary judgment, a jury may find sympathy in the plaintiff's case. Should a jury find in favor of plaintiff, the plaintiff may be entitled to damages up to and including compensatory damages, as well as potentially punitive damages, and attorney's fees and costs. For these reasons, Counsel estimates the City's exposure could exceed $225,000.

NJDEP and the Administrator of the Spill Compensation Fund v. Honeywell International, Inc., and. PPG Industries, Inc. v. City of Jersey City. et al. - This matter arises out of legacy chromium site contamination in Jersey City, located near the intersection of the Hudson Bergen Light Rail tracks and Garfield Avenue. In 1990, PPG signed an administrative consent order with the New Jersey Department of Environmental Protection, which included accepting responsibility for the cleanup of the Garfield Avenue chromite ore processing residue site. PPG had agreed to cover all "site remediation" costs; it did not, however, agree to cover what it considers to be restoration or incremental costs to redevelop the contaminated properties. PPG and the City disagree what costs are remedial and what costs are incremental, and disagree as to the amounts of those costs. Further, the parties have disagreements over certain methods of remediation. This matter is currently pending before the Superior Court of New Jersey, Hudson County. The matter has progressed through some amount of dispositive motion practice, but dispositive motions have been held in abeyance or withdrawn pending ongoing, extensive settlement negotiations. No trial date has been scheduled. Counsel notes this case will be contested vigorously, however, at this time, the parties are engaged in extensive settlement negotiations involving complex environmental and redevelopment - land use issues.

NOTE W. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 10, 2017, the date which the financial statements were available to be issued. The following material subsequent events have been noted:

Re-Appropriation Ordinance: $4,000,000 - On August 16, 2017, the City adopted Ordinance No. 17.098 re-appropriating $4,000,000 of proceeds of obligations not needed for their original purposes in order to provide for various capital improvements in and by the City.

Re-Appropriation Ordinance: $1,951,797- On September 13, 2017, the City adopted Ordinance No. 17.108 re-appropriating $1,951,797 of proceeds of obligations not needed for their original purposes in order to provide for various capital improvements in and by the City.

Capital Ordinance: $2,600,000 - On October 25, 2017, the City adopted Capital Ordinance No. 17.146 providing for the acquisition of street sweepers and related expenses for the City and appropriating $2,600,000, therefor, and providing for the issuance of $2,600,000 in Bonds or to finance part of the cost thereof.

Bond Anticipation Notes: $9,966,000 – On January 19, 2017, the City issued $9,966,000 of Bond Anticipation Notes, Series 2017A at an interest rate of 2.25% and due on January 19, 2018. The City will apply the proceeds from the sale of the Notes to pay a portion of the maturing principal of the City's $10,208,000 Bond Anticipation Notes, Series 2016B which were issued on October 5, 2016 and mature on January 20, 2017, and used to refinance certain capital improvements, notably the PJP Landfill Acquisition authorized by Ordinance No. 09-097 and the Newark Ave Streetscape authorized by Ordinance No. 09-127, and pay a portion of the costs of issuing the Notes. The remaining $242,000 of maturing principal of the Series 2016B Notes will be paid from budgeted appropriations.

Bond Anticipation Notes: $6,955,000 – On June 22, 2017, the City issued $6,955,000 of Bond Anticipation Notes, Series 2017B (Federally Taxable) at an interest rate of 1.875% and due on June 22, 2018. The City will apply the proceeds from the sale of the Notes to pay a portion of the maturing principal of the City's $7,085,000 Bond Anticipation Notes, Series 2016A which were issued on June 24, 2016 and mature on June 23, 2017, and used to refinance certain capital improvements, notably the Sixth Street Embankment authorized by Ordinance No. 10-085, and pay a portion of the costs of issuing the Notes. The remaining $130,000 of maturing principal of the Series 2016A Notes will be paid from budgeted appropriations.

NOTE W. SUBSEQUENT EVENTS (continued)

General Improvement Refunding Bonds: $70,915,000 - On July 13, 2017, the City issued $70,915,000 of General Improvement Refunding Bonds, Series at interest rates ranging from 3.00% to 5.00%. The bonds will mature in serial installments on November 1 annually from 2021 through 2037 and in a term bond due November 1, 2040 in the amount of $14,565,000 at an interest rate of 3.375%. The term bond requires sinking fund payments on November 1 of 2038 through 2040. The Bonds are being issued to provide a deposit to an escrow fund that, when invested, will be sufficient to (i) advance refund, on a crossover basis, the principal of (but not interest on) all of the City's General Improvement Bonds (Build America Bonds-Direct Payment), Taxable Series 2010B, dated November 16, 2010, originally issued in the aggregate principal amount of $84,495,000 and maturing on November 1 in the years 2021 through and including 2027 and in the years 2031, 2036 and 2040 (collectively, the "Refunded Bonds"), and to call for redemption the Refunded Bonds on the first optional call date of November 1, 2020 (the "Redemption Date" or the "Crossover Date"); (ii) pay interest on the Bonds to the Crossover Date; and (iii) pay certain costs associated with the issuance of the Bonds.

APPENDIX C

FORM OF BOND COUNSEL OPINION

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

______________, 2017

Mayor and Council of the City of Jersey City,
in the County of Hudson, New Jersey
280 Grove Street
Jersey City, New Jersey 07302

Re: City of Jersey City, in the County of Hudson, New Jersey
$9,700,000 Special Emergency Notes, Series 2017C (Federally Taxable)
$4,000,000 Special Emergency Notes, Series 2017D
$7,980,000 Bond Anticipation Notes, Series 2017E

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Jersey City, in the County of Hudson, New Jersey (the "City") of its $9,700,000 Special Emergency Notes, Series 2017C (Federally Taxable) (the "Taxable Notes"), its 4,000,000 Special Emergency Notes, Series 2017D (the "Special Emergency Notes") and its $7,980,000 Bond Anticipation Notes, Series 2017E (the "Bond Anticipation Notes", and together with the Special Emergency Notes, the "Tax-Exempt Notes"). The Tax-Exempt Notes and the Taxable Notes are hereinafter referred to as the "Notes". The Notes are general obligations of the City and the full faith, credit and taxing power of the City is available to pay the principal of and interest on the Notes. The Notes are issued in fully registered form, are dated December 7, 2017, mature on December 7, 2018 and are not subject to redemption prior to maturity. The Tax-Exempt Notes bear interest at a rate of 2.50 percent (2.50%) per annum payable at maturity and the Taxable Notes bear interest at a rate of 2.35 percent (2.35%) per annum payable at maturity.

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

The Series 2017C Notes and the Series 2016D Notes are issued under the Local Budget Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, and the acts amendatory thereof and supplemental thereto (the "Local Budget Law"), specifically N.J.S.A. 40A:4-53, and, (A) with respect to the Series 2017C Notes, (i) an ordinance of the City numbered 13.118 and adopted by the Municipal Council of the City on November 13, 2013 (the "2013 Special Emergency Ordinance") and a resolution of the City adopted by the Municipal Council of the City on November 13, 2013 (the "2013 Resolution"), (ii) an ordinance of the City numbered 14.132 and adopted by the Municipal Council of the City on October 22, 2014 (the "2014 Special Emergency Ordinance") and a resolution of the City adopted by the Municipal Council of the City on October 22, 2014 (the "2014 Resolution"); and (iii) an ordinance of the City numbered 15.149 and adopted by the Municipal Council of the City on November 10, 2015 (the "2015 Special Emergency Ordinance") and a resolution of the City adopted by the Municipal Council of the City on November 10, 2015 (the "2015 Resolution"); and (B) with respect to the Series 2017D Notes, an ordinance of the City numbered 16.130 and adopted by the Municipal Council of the City on September 14, 2016 (the "2016 Special Emergency Ordinance", and together with the 2013 Special Emergency Ordinance, the 2014 Special Emergency Ordinance and the 2015 Special Emergency Ordinance, the "Ordinances"); and (iii) a resolution of the City adopted by the Municipal Council of the City on September 14, 2016 (the "2016 Resolution", and together with the 2013 Resolution, the 2014 Resolution and the 2015 Resolution, the "Resolutions"). The Series 2017C Notes are issued for the purpose of (i) paying a portion of the maturing principal of the City's $14,700,000 Special Emergency Notes, Series 2016C which were issued on December 8, 2016 and are payable on December 8, 2017; and (ii) paying a portion of the costs of issuing the Notes. The Series 2017D Notes are issued for the purpose of (i) paying a portion of the maturing principal of the City's $5,897,496 Special Emergency Notes, Series 2016D which were issued on December 8, 2016 and are payable on December 8, 2017; and (ii) paying a portion of the costs of issuing the Notes (collectively, the "Special Emergency Project"). The Special Emergency Project was authorized by the Ordinances and the Resolutions.

The Series 2017E Notes are issued under the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law", and together with the Local Budget Law, the "Act") and a bond ordinance of the City numbered 13.031 finally adopted by the Municipal Council of the City on April 10, 2013 (the "2013 Bond Ordinance") and a bond ordinance of the City numbered 16.106 finally adopted by the Municipal Council of the City on July 13, 2016 (the "2016 Bond Ordinance", and together with the 2013 Bond Ordinance, the "Bond Ordinances"). The Series 2017E Notes are issued for the purpose of (i) paying a portion of the maturing principal of the City's $9,605,194 Bond Anticipation Notes, Series 2016E which were issued on December 8, 2016 and are payable on December 8, 2017; and (iii) paying a portion of the costs of issuing the Notes (collectively, the "Series 2017E Project"). The Series 2017E Project was authorized by the Bond Ordinances.

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

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

1. The Notes have been duly authorized, issued, executed and sold by the City; the Bond Ordinances, the Ordinances and the Resolutions have been duly authorized and adopted by the City; and the Notes, the Bond Ordinances, the Ordinances and the Resolutions are legal, valid and binding obligations of the City enforceable in accordance with their respective terms.

2. Assuming continuing compliance by the City with the provisions of the Code applicable to the Tax-Exempt Notes, and subject to certain provisions of the Code, under laws, regulations, rulings and judicial decisions existing on the date of original delivery of the Tax-Exempt Notes, interest received by a holder of the Tax-Exempt Notes will be excludable from gross income for federal income tax purposes and will not be treated as a tax preference item for purposes of the alternative minimum tax imposed on individuals or corporations. Interest on the Tax-Exempt Notes is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax on such corporations.

3. Interest on the Taxable Notes is not excluded from gross income for federal income tax purposes.

4. Under the laws of the State of New Jersey as enacted and construed on the date of original issuance of the Notes, interest on the Notes and gain from the sale thereof are excludable from New Jersey gross income under the New Jersey Gross Income Tax Act.

5. The power and obligation of the City to pay the Notes is unlimited and, unless paid from other sources, the City shall be obligated to levy ad valorem taxes upon all the taxable property within the Township for the payment of the principal of and interest on the Notes, without limitation as to rate or amount.

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

Other than as set forth in Paragraphs 2, 3 and 4 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Notes.

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

GLUCKWALRATH LLP

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Jersey City, in the County of Hudson, New Jersey (the "Issuer") in connection with the issuance by the Issuer of its $9,700,000 Special Emergency Notes, Series 2017C (Federally Taxable) (the "Taxable Notes"), its $4,000,000 Special Emergency Notes, Series 2017D (the "Special Emergency Notes") and its $7,980,000 Bond Anticipation Notes, Series 2017E (the "Bond Anticipation Notes", and together with the Special Emergency Notes, the "Tax-Exempt Notes"). The Taxable Notes and the Tax-Exempt Notes are hereinafter collectively referred to as the "Notes". The Notes are being issued pursuant to ordinances and resolutions duly adopted by the Municipal Council. The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Noteholders and Beneficial Owners of the Notes and in order to assist the Participating Underwriter in complying with the provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Exchange Act").

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

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

"Continuing Disclosure Information" shall mean: (i) any notice required to be filed with the MSRB pursuant to Section 4 hereof; and (ii) any notice of an event required to be filed with the MSRB pursuant to Section 3(c) hereof.

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

"Listed Events" shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.

"Noteholder" shall mean any person who is the registered owner of any Note, including holders of beneficial interests in the Notes.

"Participating Underwriter" shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Exchange Act.

"State" shall mean the State of New Jersey.

SECTION 3. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 3, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on the debt service reserves reflecting financial difficulties;

4. unscheduled draws on the credit enhancements reflecting financial difficulties;

5. substitution of the credit or liquidity providers or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax-exempt status of the Notes;

7. modifications to rights of Noteholders, if material;

8. Note calls, if material, and tender offers;

9. defeasances;

10. release, substitution or sale of property securing repayment of the Notes, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership or similar events of the Issuer, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the

Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

13. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (a) for which the disclosure obligation is dependent upon materiality, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If disclosure of a Listed Event is required, the Issuer shall in a timely manner not in excess of ten business days after the occurrence of the event, file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 4. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 3(c).

SECTION 5. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

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

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

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the same manner as for a Listed Event under Section 3(a), and shall include a narrative explanation of the reason for the amendment or waiver.

SECTION 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 8. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Noteholder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Notes, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the Noteholders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Date: ___________, 2017

CITY OF JERSEY CITY, IN THE COUNTY OF HUDSON, NEW JERSEY

By:_______________________________________

Donna L. Mauer, Chief Financial Officer

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