OFFICIAL STATEMENT DATED FEBRUARY 2, 2023

REFUNDING ISSUE **RATING: See "Ratings" herein**

In the opinion of DeCotiis, FitzPatrick, Cole & Giblin, LLP ("Bond Counsel"), assuming continuing compliance by the City of Newark, County of Essex, New Jersey (the "City") with certain covenants described herein, under current law, interest on the Bonds(as herein defined below) is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended ("the Code"), for purposes of computing the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Interest on the Notes (as defined herein) is includable in gross income for federal income tax purposes. No opinion is expressed regarding other federal tax consequences arising with respect to the Bonds or the Notes. Further, in the opinion of Bond Counsel, under current law interest on the Bonds and the Notes and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

CITY OF NEWARK
in the County of Essex, New Jersey

$32,655,000 Qualified General Capital Improvement Bonds, Series 2023
(Qualified Under the Municipal Qualified Bond Act, P.L. 1976, C.38, as amended)

Dated: Date of Delivery **Due: February 15, as shown on inside front cover**

$5,300,000 General Capital Improvement Bond Anticipation Notes
(ECIA Property Acquisition) (Federally Taxable), Series 2023A

Dated: Date of Delivery **Coupon: 4.01%** **Yield: Not Reoffered** **Due: February 16, 2024**

The $32,655,000 Qualified General Capital Improvement Bonds, Series 2023 (the "Bonds") will be issued by the City of Newark, in the County of Essex, New Jersey (the "City") in fully registered book-entry only form and, when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company ("DTC"). Purchases of the Bonds will be made in book-entry-only form (without certificates) in denominations of $5,000. So long as DTC, or its nominee Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds 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 the beneficial owners of the Bonds. (See "BOOK-ENTRY ONLY SYSTEM" herein). The $5,300,000 General Capital Improvement Bond Anticipation Notes (ECIA Property Acquisition) (Federally Taxable), Series 2023A (the "Notes") will be issued in the form of one certificate for the aggregate principal amount of the Notes and when issued will be registered in the name of M&T Bank (the "Note Purchaser").

Interest on the Notes is payable at maturity. Interest on the Bonds and the Notes shall be computed on the basis of a three hundred sixty (360) day year consisting of twelve (12) months of thirty (30) days each.

The principal of the Bonds is payable on February 15 in the years set forth on the inside cover of this Official Statement, and interest on the Bonds is payable semiannually on February 15 and August 15 in each year, commencing August 15, 2023, to the registered owners thereof at their respective addresses as they appear on the registration books of the City, as bond registrar and paying agent (the "Paying Agent"), until the City's obligations with respect to payment of the principal of the Bonds shall be discharged. Provided DTC or its nominee Cede is the registered owner of the Bonds, payments of the principal of, redemption premium, if any, and interest on the Bonds will be made directly to DTC or its nominee, which is obligated to remit such principal, redemption premium, if any, and interest to DTC Participants, as defined herein. DTC Participants and Indirect Participants, as defined herein, will be responsible for remitting such payments to the beneficial owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds are subject to redemption prior to maturity as set forth herein. See "DESCRIPTION OF THE BONDS – Redemption" herein. The Notes are not subject to redemption prior to maturity.

The Bonds and Notes constitute general obligations of the City, and, unless paid from other sources, the full faith and credit and unlimited taxing power of the City are pledged to the payment of the principal of and interest on the Bonds and Notes.

The proceeds of the Bonds will be applied to refund, on a current basis, the $2,375,000 General Capital Improvement Bond Anticipation Notes (Green Street Building Improvements), Series 2022B and $33,223,000 General Capital Improvement Bond Anticipation Notes, Series 2022C, maturing February 17, 2023 and to pay cost of issuance on the Bonds. The proceeds of the Notes will be applied to refund, on a current basis, the $5,300,000 principal portion of the $5,400,000 General Capital Improvement Bond Anticipation Notes (ECIA Property Acquisition) (Federally Taxable) Series 2022A, maturing February 17, 2023 (the "Prior Taxable Notes"). The remaining principal portion of the Prior Taxable Notes in the amount of $100,000 will be paid by a budgetary appropriation of the City.

The scheduled payment of principal and interest on the Insured Bonds (as defined herein), when due, will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company ("BAM"). See "Bond Insurance" herein.

BAM
BUILD AMERICA MUTUAL

The Bonds and Notes are not a debt or obligation, legal, moral, or otherwise, of the State, or any county, municipality or political subdivision thereof, other than the City.

The Bonds and Notes are offered when, as and if issued by the City and delivered to the purchasers, subject to the approval of legality by DeCotiis, FitzPatrick, Cole & Giblin, LLP, Bond Counsel, and other conditions described herein. Certain legal matters will be passed on for the City by Kenyatta Stewart, Esq., Corporation Counsel to the City. It is expected that the Bonds and Notes will be available for delivery on or about February 16, 2023. The Bonds are to be delivered through the facilities of DTC in New York, New York.

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.

Huntington | CAPITAL MARKETS

(Purchaser of the Bonds)

CITY OF NEWARK
in the County of Essex, New Jersey

$32,655,000 QUALIFIED GENERAL CAPITAL IMPROVEMENT BONDS, SERIES 2023

Maturity (Feb 15)	Principal Amount	Interest Rate	Yield	CUSIP**	Maturity (Feb 15)	Principal Amount	Interest Rate	Yield	CUSIP**
2024	$2,030,000	7.000%	2.500%	650367SJ5	2030*	$2,805,000	5.000%	2.690%	650367SQ9
2025*	2,130,000	7.000	2.360	650367SK2	2031*	2,935,000	4.000	2.800***	650367SR7
2026*	2,235,000	7.000	2.350	650367SL0	2032*	3,055,000	4.000	2.840***	650367SS5
2027*	2,345,000	7.000	2.500	650367SM8	2033*	3,180,000	4.000	2.940***	650367ST3
2028*	2,515,000	6.875	2.510	650367SN6	2034*	3,310,000	4.000	3.120***	650367SU0
2029*	2,670,000	5.000	2.560	650367SP1	2035*	3,445,000	4.000	3.270***	650367SV8

* Insured

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

*** Prices at the stated yield to the first optional redemption date of February 15, 2030

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

MAYOR

Ras J. Baraka

CITY COUNCIL MEMBERS

LaMonica McIver, President, Central Ward
Patrick O. Council, South Ward
C. Lawrence Crump, At-Large
Carlos M. Gonzalez, At-Large
Dupré L. Kelly, West Ward
Luis A. Quintana, At-Large
Anibal Ramos, Jr., North Ward
Louise Scott-Roundtree, At-Large
Michael J. Silva, East Ward

BUSINESS ADMINISTRATOR

Eric S. Pennington, Esq.

DIRECTOR OF FINANCE AND CHIEF FINANCIAL OFFICER

Danielle A. Smith

ACTING CITY CLERK

Kecia Daniels

CORPORATION COUNSEL

Kenyatta Stewart, Esq.

AUDITORS

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

BOND COUNSEL

DeCotiis, Fitzpatrick, Cole & Giblin, LLP
Paramus, New Jersey

MUNICIPAL ADVISOR

NW Financial Group, LLC
Hoboken, New Jersey

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

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may be inspected at the offices of the City during normal business hours.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds and the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the City.

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

Certain statements included or incorporated by reference in this Official Statement, including specifically (but not limited to) the statements contained under the headings "INTRODUCTION - Future Financing Plans", "CITY FINANCIAL CONDITION", "RISK FACTORS" and "APPENDIX A – CITY FINANCIAL SCHEDULES – "-2018 Budget", "-2019 Budget", "-2020 Budget", "-2021 Budget", "-2022 Budget", and "-2023 Budget" constitute projections or estimates of future events, generally known as forward-looking statements. These statements are generally identifiable by the terminology used, such as "plan", "expect", "estimate", "budget" or similar words. These forward-looking statements are based on the beliefs of, and assumptions made by, City officials and on information currently available to City officials. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, items described under the above-referenced headings. Other than as may be required by law, the City does not plan to issue any updates or revisions to these forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based, occur.

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

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "Bond Insurance" and "APPENDIX E – SPECIMEN MUNICIPAL BOND INSURANCE POLICY".

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

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

$32,655,000 QUALIFIED GENERAL CAPITAL IMPROVEMENT BONDS, SERIES 2023
(Qualified Under the Municipal Qualified Bond Act, P.L. 1976, C.38, as amended)

$5,300,000 GENERAL CAPITAL IMPROVEMENT BOND ANTICIPATION NOTES
(ECIA PROPERTY ACQUISITION) (FEDERALLY TAXABLE), SERIES 2023A

INTRODUCTION

This Official Statement, which includes the cover page hereof and appendices attached hereto, has been prepared by the City of Newark, in the County of Essex, New Jersey (the "City") in connection with the sale and issuance of $32,655,000 Qualified General Capital Improvement Bonds, Series 2023 (the "Bonds) and $5,300,000 General Capital Improvement Bond Anticipation Notes (ECIA Property Acquisition) (Federally Taxable), Series 2023A (the "Notes"). This Official Statement has been authorized by the Municipal Council of the City, and executed by and on behalf of the City by the Chief Financial Officer of the City and may be distributed in connection with the sale of the Bonds and the Notes.

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

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

Authorization and Purpose for the Bonds and the Notes

The Bonds are authorized and are to be issued pursuant to N.J.S.A. 40A:2-1 *et seq*. (the "Local Bond Law", by the bond ordinances of the City as set forth on the following page (the "Tax-Exempt Bond Ordinances"), and a resolution of the Municipal Council of the City adopted on January 18, 2023. The Local Finance Board approved the issuance, maturity schedule and qualification of the Bonds under the Municipal Qualified Bond Act, Chapter 3 of Title 40A of the New Jersey Statutes, Section 40A:3-1, *et seq.*, as amended (the "Municipal Qualified Bond Act") on December 14, 2022. The City will apply the proceeds from the sale of the Bonds to (i) currently refund the $2,375,000 General Capital Improvement Bond Anticipation Notes (Green Street Building Improvements), Series 2022B maturing February 17, 2023, (ii) currently refund the $33,223,000 General Capital Improvement Bond Anticipation Notes, Series 2022C maturing February 17, 2023 and (iii) pay costs associated with the Bonds.

The Notes are authorized by and are to be issued pursuant to the Local Bond Law, the bond ordinance of the City set forth in the table on the following page (the "Note Ordinance") and by a resolution duly adopted by the Municipal Council of the City on January 18, 2023 authorizing the sale and issuance of the Notes. The Note Ordinance was approved and published as required by law, and was approved by the Local Finance Board, on November 7, 2018 for the issuance of Qualified Bonds under the Municipal Qualified Bond Act. The City will apply the proceeds from the sale of the Notes to refund, on a current basis, the $5,300,000 principal portion of the $5,400,000 General Capital Improvement Bond Anticipation Notes (ECIA Property Acquisition) (Federally Taxable), Series 2022A, issued February 18, 2022 and maturing February 17, 2023 (the "Prior Taxable Notes") and to pay costs associated with issuance of the Notes. The remaining principal portion of the Prior Taxable Notes in the amount of $100,000 and interest on the Prior Taxable Notes will be paid by a budgetary appropriation of the City. The Prior Taxable Notes were originally issued on February 28, 2019 to refinance the acquisition of title to several properties and buildings, including the improvements thereon (the

"Properties") owned by the Essex County Improvement Authority (the "Authority") and pay certain costs and expenses incidental to the issuance and delivery of such notes.

Ordinance and Adoption Date	Purpose(s)	Amount Funded
	SERIES 2023 BONDS	
6PSF-A(s) – (3/21/2017)	Capital Improvements to Ironbound Field A	$4,258,000
6PSF-B – (4/19/2017)	Various Capital Improvements	$28,965,000
6PSF-b – (11/05/2020)	Improvements to portions of the Green Street/Liner Buildings in the City being constructed by the Parking Authority of the City of Newark, floors of which will be leased to and occupied by various City Departments, including, but not limited to, electrical wiring, network and telephone wiring, acquisition and installation of office furniture, cubicles and storage areas and storage equipment, and including all work, equipment and materials necessary therefor and incidental thereto on the floors leased to and occupied by various City Departments, and paying cost of issuance	$2,375,000
Total Amount Funded		**$35,598,000**
	SERIES 2023A NOTES	
6PSF-a(s)– (11/27/2018)	Acquiring title to 16 properties and the buildings and improvements thereon, owned by the Essex County Improvement Authority, including paying costs of issuance related thereto	$5,300,000
Total Notes Issued		**$5,300,000**

City Financial Condition

See the heading "CITY FINANCIAL CONDITION" below for a discussion of the City's current financial condition. The City filed its Annual Debt Statement for the 2021 fiscal year with the Municipal Securities Rulemaking Board (the "MSRB") on May 2, 2022. The City filed its 2020 audited financial statements with the MSRB on June 10, 2022. The City filed its unaudited financial statements for the fiscal year ended December 31, 2021 with the MSRB on May 2, 2022.

See Appendix B for the City's Financial Statements.

Future Financing Plans

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

On September 7, 2017, after securing Local Finance Board approval for the issuance of bonds under the Municipal Qualified Bond Act, the City adopted a $4,000,000 bond ordinance for the planning, design and construction of a netting facility at the Peddie combined sewer overflow facility. A closing on a NJIB Construction Financing Program Note (each, a "CFP Note") in the amount of $4,000,000 is expected to occur on February 6, 2023.

On October 28, 2020, the City delivered its NJIB CFP Note in the amount of $2,045,000 to finance its allocable share of Phase I of the Flood Mitigation Project being undertaken by the Joint Meeting of Essex and Union Counties of which the City is a member. On November 14, 2022 after securing Local Finance Board approval for the issuance of bonds under the Municipal Qualified Bond Act, the City adopted a $2,305,000 bond ordinance to finance additional costs of Phase I of the Flood Mitigation Project. A closing on a NJIB CFP Note in the amount of $4,350,000 (an increase of $2,305,000 from the October 28, 2020 $2,045,000 NJIB CFP Note) is expected to occur on February 7, 2023. 2022. See "APPENDIX A – RELATED PUBLIC AUTHORITES – Joint Meeting of Essex and Union Counties" for a discussion of the Joint Meeting Flood Mitigation Project.

The City adopted a $20,000,000 supplemental bond ordinance for a small diameter sewer evaluation and rehabilitation project on July 20, 2021 after securing Local Finance Board approval for the issuance of bonds under the Municipal Qualified Bond Act. A closing on the NJIB CFP Note in the amount of $6,219,156 occurred on June 30, 2022 and an amended CFP Note increasing the CFP Note to $20,547,036 is expected to occur within the next sixty (60) days.

Lead Line Replacement Program

The Municipal Council adopted a $75,000,000 water utility bond ordinance to finance the replacement, from the water main in the street to the meter in the structure, of lead service lines in the City that are serviced by the City's water distribution system. The Local Finance Board approved the bond ordinance under the Municipal Qualified Bond Act. The City entered into an interim construction financing program loan in the amount of $12,296,528 with the NJIB on May 20, 2019 to provide interim financing for Phase 1 of the lead service lines replacement project. Phase 2 of the lead service lines replacement project was financed through the NJIB on November 7, 2019 by the issuance of not to exceed $13,500,000 short term construction financing loan notes.

Lead Line Financing

The replacement of lead service lines financed by the $75,000,000 water utility bond ordinance referenced above was contemplated to occur in approximately ten (10) phases over a period of eight (8) years and all ten (10) (+/-) phases were expected to be financed through the NJIB/New Jersey Department of Environmental Protection ("NJDEP"). However, testing of water in some homes with water filters, which water filters were expected to remove a majority of lead contaminates, indicated elevated lead levels. As a result of the health issues associated with lead and the resultant emergency, the City determined to (a) expedite the replacement of lead service lines for phases three (3) through ten (10) over a period of two (2) years and (b) finance a portion of phases three (3) through ten (10) of the lead service lines replacement program through the Essex County Improvement Authority (the "Authority"), while retaining eligibility to finance a portion of the lead service line replacement project through the NJIB.

On August 27, 2019, the City adopted an Emergency Temporary Appropriation resolution in the amount of $120,000,000 for the purposes of funding the cost of replacing approximately 15,000 lead service lines within the City (the "Project") on an emergent basis. On the same date, the City introduced on first reading a $120,000,000 Refunding Bond Ordinance to fund or refund the Emergency Temporary Appropriation. On August 18, 2019, the Authority and the City filed a joint application with the Local Finance Board requesting positive findings for the adoption by the Authority of a bond resolution and project note resolution for the issuance of not to exceed $120,000,000 principal amount of revenue bonds and/or project notes of the Authority and the adoption of a guarantee ordinance by the County of Essex (the "County") in the same principal amount guaranteeing such bonds and/or notes. In addition, the City sought approval for the adoption of the $120,000,000 refunding bond ordinance referenced above. On September 11, 2019, the Local Finance Board approved the adoption of the refunding bond ordinance by the City and issued positive findings on the Authority financing and the County guarantee. The City adopted the refunding bond ordinance on September 18, 2019 and a resolution authorizing the sale of the City's refunding bonds and/or notes to the Authority was also adopted September 18, 2019. On November 7, 2019, the City issued $70,685,000 principal amount of its Refunding Bonds, Series

2019 and its $1,235,000 Refunding Notes, Series 2019 to the Authority and the Authority purchased such obligations and issued corresponding principal amounts of its revenue bonds and project notes and such proceeds were loaned to the City to finance $80,000,000 in costs for phases three (3) and four (4) of the lead line replacement project.

The City financed the $40,000,000 remaining portion of the refunding bond ordinance with an interim construction financing program loan of the same amount through the NJIB in October 2020 which funded a portion of the remaining costs of the Project relating to phases five (5) through nine (9) of the lead service lines replacement program and financed a $20,000,000 portion of the $49,203,472 remaining portion of its 2018 water utility bond ordinance with an interim construction financing program loan through the NJIB as well as the $29,203,000 remaining portion of the water utility bond ordinance on December 29, 2021. All ten (10) phases of the Lead Line replacement program have been financed by the City as of December 31, 2021. In June 2022, the City permanently financed phases one (1) and two (2) of the lead service line replacement project through the NJIB's New Jersey Water Bank WIFIA Spring 2022 Financing Program, and the City permanently financed phases five (5) through ten (10) of the lead service line replacement project in the NJIB's fall 2022 New Jersey Water Bank pool, which closed on December 22, 2022.

As of December 31, 2021, the City reported the latest testing results which showed lead levels below the U.S. Environmental Protection Agency's allowable trace lead presence. As of January 4, 2023 crews have replaced 23,187 lead service lines.

Other Financings

In addition to phases five (5) through ten (10) of the lead service line project, the $2,502,566 residual NJIB construction financing program loan for the City's Pequannock Water Treatment Plant Rehabilitation project was converted to a long-term loan in the NJIB's fall 2022 New Jersey Water Bank pool, which closed on December 20, 2022.

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

The City annually budgets for the payment of property tax refunds payable in respect of prior year taxes, but has on occasion (including in years 2011, 2014, 2015, 2017 and 2018) received Local Finance Board approval for the issuance of tax appeal refunding notes to fund such payments. No new tax appeal refunding notes have been issued by the City since December 2018.

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

COVID-19 CRISIS

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (the "Governor") of the State of New Jersey declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which had spread throughout the State and to all counties within the State. The Governor also instituted mandatory measurers via various executive orders to contain the spread of the virus. These measures, which alter the behavior of businesses and people, have had and may continue to have impacts on regional, state and local economies. The declaration of the state of emergency and of a public health emergency was lifted by the Governor and officially expired 30 days from June 4, 2021 (although the Governor retained the authority to issue orders and waivers under the Emergency Health Powers Act through January 11, 2022). However, on January 11, 2022 Governor Murphy reinstated a public health emergency effective immediately in order to ensure that the State was able to effectively respond to the threat of COVID 19 and the Omicron variant. The public health emergency declaration, which allows existing orders to continue in effect, was set to expire thirty (30) days from January 11, 2022, unless renewed. On February 10, 2022, the Governor signed Executive Order 288 extending the public health emergency declared on January 11, 2022. On March 7, 2022 the public health emergency declaration was lifted by Governor Murphy via Executive Order 292. See https://covid19.nj.gov for further details regarding the impact of COVID-19 on the State and the Governor's various executive orders.

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, the Governor signed into law P.L. 2020, c. 74 ("Chapter 74") on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing): Specifically, Chapter 74 authorizes special emergency appropriations for: (1) direct COVID-19 response expenses; and (2) deficits in prior year's operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval by the Director of the Division of Local Government Services, New Jersey Department of Community Affairs, in cases of significant fiscal distress, the five year period may be extended to up to ten years. In addition, the statute permits school districts and public authorities to issue debt with a maximum five year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings related to the COVID-19 pandemic. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19. While the City authorized special emergency appropriations and special emergency notes to fund such appropriations to cover expenses and deficits in prior years and has received approval to extend the repayment schedule for such special emergency notes to 10 years, the City has not issued such special emergency notes to address any financial impacts caused by the COVID-19 pandemic and has cancelled the special emergency appropriations and authorizations contained in such ordinances.

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

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

The City is expected to receive approximately $176,000,000 from the Plan in two (2) equal payments, one within 60 days of enactment of the Plan and the balance no earlier than 12 months from the initial payment. The City received the first tranche of Plan funds in the amount of $88,600,000 on May 19, 2021 and the second tranche of Plan funds in the amount of $88,333,803.00 on June 6, 2022. The deadline to spend the funds is December 31, 2024. Generally, according to the Plan, the allowable use of the funds provided to the City include the following categories: (a) to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (b) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the City that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (c) for the provision of government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the City, as applicable, prior to the emergency; (d) to make necessary investments in water, sewer or broadband infrastructure. The Local Finance Board issued LFN 2021-11 on June 4, 2021 containing guidance on the application and expenditure of American Rescue Plan funds.

As of December 31, 2020, the overall collection for Special Taxes was $69.7 million compared to $92.1 million collected in 2019. This difference is $22.4 million compared to the amount collected in 2019. In addition, as of December

31, 2020, the City collected $256.8 million in property taxes compared to $240.4 million collected in 2019, a difference of $16.4 million. See "CITY FINANCIAL CONDITION - 2020 City Budget" herein.

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

CITY FINANCIAL CONDITION

2018 City Budget

The Municipal Council of the City introduced the 2018 budget on July 17, 2018 and adopted the budget on September 25, 2018. The City's adopted 2018 budget included an approximate 1.7% increase in the municipal purpose tax levy. No Transitional Aid was received from the State for the 2018 budget.

2019 City Budget

The City's 2019 budget was introduced by the Municipal Council on June 11, 2019 and adopted on September 24, 2019. The City's adopted 2019 budget included an approximate 2.83% increase in the municipal purpose tax levy. No Transitional Aid was received from the State for the 2019 budget.

2020 City Budget

The City's 2020 budget was adopted by the Municipal Council on September 29, 2020. Such 2020 budget anticipated an approximately $26.9 million (3.7%) reduction in anticipated revenues as compared to revenues realized in 2019, primarily associated with the financial impact of the COVID-19 crisis. Among other impacted revenue line items, the City anticipated an approximately $14.2 million (15.4%) reduction in City Special Tax revenue, an approximately $7.9 million (5.6%) reduction in local revenues, and an approximately $700,000 (13.1%) reduction in Uniform Construction Code Fee revenue resulting from the COVID-19 crisis. Among other one-time revenues and expense reductions, the City's 2020 budget addressed these shortfalls through an approximately $4.6 million (3.1%) reduction in the Police Department budget and the receipt of approximately $10.9 million in CARES Act funds and did not anticipate any FEMA Reimbursements. In addition, such 2020 budget anticipated an approximately 3% increase in the City's local purpose tax rate, equal to an approximately $11.9 million increase in the City's local purpose tax levy.

2021 City Budget

The City's 2021 budget was introduced by the Municipal Council on August 19, 2021 and adopted on September 30, 2021. Such 2021 budget anticipated an approximately $3.2 million reduction in the Local Tax For Municipal Purposes and appropriated approximately $48.2 million in Plan funds. The 2021 budget was filed with the MSRB through EMMA on September 30, 2021.

2022 City Budget

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

2023 City Budget

The City presently expects that the 2023 budget will be introduced by the Municipal Council in the second quarter of 2023.

DESCRIPTION OF THE BONDS AND THE NOTES

General

The Bonds are dated the date of delivery, bear interest payable semiannually on February 15 and August 15 of each year, commencing February 15, 2023, at the rates per annum and mature on February 15 in the years as set forth on the inside cover of this Official Statement. The Notes are dated the date of delivery and will mature on February 16, 2024. The Notes will bear interest at the rate or rates set forth on the front cover hereof and be payable at maturity.

The Bonds will be issued as fully registered book-entry bonds and registered in the name of Cede & Co. ("Cede"), as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds under its book-entry-only system (the "DTC Book-Entry-Only System"). An individual purchaser may purchase the Bonds in book-entry form (without certificates) in denominations of $5,000, or in multiples of $1,000 in excess thereof. Provided DTC, or its nominee Cede, is the registered owner of the Bonds, the principal, redemption premium, if any, of, and interest on the Bonds will be paid to DTC or Cede, as its nominee. See, "The DTC Book-Entry-Only System," herein. In the event the Bonds are no longer subject to the DTC Book-Entry-Only System, the principal and redemption premiums, if any, on the Bonds will be payable upon surrender of the respective Bonds at a designated office of a designated Paying Agent for the Bonds. Interest on the Bonds will then be paid by check or bank draft mailed by the Paying Agent to the registered owners thereof as of the February 1 and August 1 preceding any interest payment date at their addresses on file with the Registrar. The City will serve as Paying Agent for the Bonds and the Notes.

Redemption

Optional Redemption. The Bonds maturing on or before February 15, 2030 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on and after February 15, 2031 shall be subject to redemption prior to their respective maturity dates, on or after February 15, 2030 at the option of the City, upon notice as herein described, either in whole or in part, on any date, at a redemption price equal to 100% of the principal amount thereof (the "Redemption Price") and accrued interest thereon to the date of redemption.

The Notes are not subject to redemption prior to maturity.

Notice of Redemption

Any Bond subject to redemption as aforesaid may be called in part, provided that the portion not called for redemption shall be in the principal amount of $5,000 or any integral multiple of $1,000 in excess thereof. If less than all of the Bonds of a particular maturity are to be redeemed, Bonds of that maturity shall be selected by The Depository Trust Company (or any successor thereto) or, if the Bonds are subsequently registered in the names of the beneficial owners thereof, by the City. When any Bonds are to be redeemed, the City shall give notice of the redemption of the Bonds by mailing such notice via first class mail in a sealed envelope with postage prepaid to the registered owners of any Bonds or portions thereof which are to be redeemed not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption, at their respective addresses as they last appear on the registration books of the City acting as bond registrar. Such mailing shall not be a condition precedent to such redemption, and failure to so mail or to receive any such notice to any of such registered owners shall not affect the validity of the proceedings for the redemption of the Bonds. Notice of redemption having been given as aforesaid, the Bonds, or portions thereof so to be redeemed, shall, on the date fixed for redemption, become due and payable at the redemption price specified therein plus accrued interest to the redemption date and, upon presentation and surrender thereof at the place specified in such notice, such Bonds, or portions thereof, shall be paid at the redemption price, plus accrued interest to the redemption date. On and after the redemption date (unless the City shall default in the payment of the redemption price and accrued interest), such Bonds shall no longer be considered outstanding. During any period in which The Depository Trust Company (or any successor thereto) shall act as securities depository for the Bonds, the notices referred to above shall be given only to such depository and not to the beneficial owners of the Bonds. Any failure of such depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any notice of redemption shall not affect the validity of the redemption proceedings.

BOOK-ENTRY ONLY SYSTEM

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

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

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

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 Bonds at any time, the City will attempt to locate another qualified securities depository. If the City fails to find such securities depository, or if the City determines, in its sole discretion, that it is in the best interest of the City or that the interest of the Beneficial Owners might be adversely affected if the book-entry only system of transfer is continued (the City undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination), the City shall notify DTC of the termination of the book-entry only system.

SECURITY FOR THE BONDS AND THE NOTES

General Obligation Pledge

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

The Bonds are entitled to the benefits of the Municipal Qualified Bond Act (see below).

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

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

THE NOTES ARE NOT ENTITLED TO THE BENEFITS OF THE MUNICIPAL QUALIFIED BOND ACT.

See APPENDIX A –"City indebtedness and Debt Limits," "Statutory Net Debt," "City Financial Procedures," and "Assessment and Collection of Taxes."

Municipal Qualified Bond Act

In addition to being secured by the pledge of the City's full faith and credit, the Bonds 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", such bonds herein being called "Qualified Bonds"). Pursuant to the Municipal Qualified Bond Act, a portion of certain State aid (the "Municipal Qualified Revenues") allocated to the City in amounts sufficient to pay debt service on Qualified Bonds, is to be withheld by the State Treasurer and forwarded to the Paying Agent for such Qualified Bonds on or before the principal and interest payment dates for such Qualified Bonds for deposit into accounts established for the purpose of paying debt service on such Qualified Bonds. Those funds are further deposited into accounts established for the purpose of paying debt service on such bonds. See "APPENDIX A – CITY INDEBTEDNESS AND DEBT LIMITS – Municipal Qualified Bond Act" herein.

With respect to the Qualified 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 revenue available to the City.*

For the fiscal year ending December 31, 2022, the City's total debt service on bonds entitled to the benefits of the Municipal Qualified Bond Act was $48,875,000. State aid is distributed by the State to the City on a "phased aid" schedule. For the fiscal year ending December 31, 2022, the City received payments from the State in August, September, October and November of 2022. The City received a total of $114,392,433 in municipal qualified revenues appropriated by the State to the City in fiscal year ending December 31, 2022.

Municipal Qualified Revenues/Debt Service Coverage Ratios

	2022	2021	2020	2019	2018
Qualified Revenues	$114,392,433	$108,721,117	$108,721,117	$108,721,117	$108,721,117
Transitional Aid	-	-	-	-	-
Qualified Bond Debt Service	48,875,000	39,855,519	41,408,110	44,307,083	43,979,252
Coverage Ratio	2.34	2.73	2.62	2.45	2.47

Source: 2022 Municipal Budget (Unaudited)
Source: 2018-2020 Audit Reports; 2021 Unaudited Financial Statement

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds maturing on February 15 of the years 2025 through 2035, inclusive, with CUSIP #'s 650367SK2, 650367SL0, 650367SM8, 650367SN6, 650367SP1, 650367SQ9, 650367SR7, 650367SS5, 650367ST3, 650367SU0 and 650367SV8 (collectively, the "Insured Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2022 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $512.5 million, $195.6 million and $316.9 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

RISK FACTORS

AN INVESTMENT IN THE BONDS AND THE NOTES INVOLVES A SIGNIFICANT DEGREE OF RISK. POTENTIAL BONDHOLDERS ARE ADVISED TO READ THIS ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO. SPECIAL REFERENCE IS MADE TO THE SECTIONS "CITY FINANCIAL CONDITION", "RISK FACTORS", AND "CITY FINANCIAL SCHEDULES -2018 BUDGET – 2023 BUDGET" HEREIN AND IN APPENDIX A FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE BONDS AND THE NOTES.

The following description summarizes some of the risk factors associated with the Bonds and the Notes and does not purport to be complete. This Official Statement should be read in its entirety. Actual and projected reductions in State aid, combined with structural issues, will require the implementation of various additional actions by the City in order to achieve a balanced cash basis budget for the 2023 fiscal year and beyond.

The City's ability to adopt a balanced FY 2023 budget will be dependent on a number of factors, including, among other things, the willingness of the Division to continue to approve certain deferrals of required appropriations and the maintenance of State aid at current levels.

While the City administration and the Division are working to address these and other financial matters, no representation is made regarding whether such actions will be successfully undertaken or whether any required State or third-party approvals will be obtained.

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

LITIGATION

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

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

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

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

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

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

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

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

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

TAX MATTERS

The City has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Bonds under the Internal Revenue Code of 1986, as amended (the “Code”). Failure to comply with certain requirements of the Code could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the opinion of DeCotiis, FitzPatrick, Cole & Giblin, LLP (“Bond Counsel") to be delivered at the time of original issuance of the Bonds, assuming continuing compliance by the City with certain covenants described herein, under current law, interest on the Bonds is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.. No opinion is expressed regarding other federal tax consequences or other federal taxes arising with respect to the Bonds.

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

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

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

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

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

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

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

Possible Government Action. Legislation affecting municipal bonds, such as the Bonds, is regularly under consideration by the United States Congress. In addition, the Internal Revenue Service (“lRS") has established an expanded audit program for tax exempt obligations. There can be no assurance that legislation enacted or proposed or an audit initiated or concluded by the IRS after the issue date of the Bonds involving either the Bonds or other tax-exempt obligations will not have an adverse effect on the tax-exempt status or market price of the Bonds.

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

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

CLOSING CERTIFICATES

The Underwriter and Note Purchaser will be furnished, at the time the Bonds and the Notes are delivered, certificates in form satisfactory to Bond Counsel evidencing, inter alia, (a) the proper execution and delivery of the Bonds and the Notes, (b) receipt and payment therefor, and (c) the absence of litigation now pending, or to the knowledge of the officers signing the Bonds and the Notes, threatened to restrain or enjoin the issuance and delivery of the Bonds and the Notes and the payment of principal and interest thereon.

OFFICIAL STATEMENT

The City hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material facts and it will confirm to the purchasers of the Bonds and the Notes that such descriptions and statements, as of the date of this Official Statement, were true and correct in all material facts and do not omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

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

MUNICIPAL BANKRUPTCY

The undertakings of the City should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901, *et seq*., as amended by Public Law 94-260, approved April 8, 1976, and as furthered amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, the Bankruptcy Reform Act of 1994, effective October 22, 1994, and other bankruptcy laws affecting creditor's rights and municipalities in general (collectively, the "Federal Bankruptcy Act"). The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debt; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owned for services or material actually provided within three (3) months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than of-half in number of the listed creditors.

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

Reference should also be made to N.J.S.A. 52:27-40 *et seq*., which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Federal Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Federal Bankruptcy Act.

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

APPROVAL OF LEGALITY

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds and the Notes are subject to the approval of the law firm of DeCotiis, FitzPatrick, Cole & Giblin, LLP, Paramus, New Jersey, Bond Counsel to the City, whose approving legal opinions will be delivered with the Bonds and the Notes substantially in the forms set forth as APPENDIX C hereto. Certain legal matters will be passed on for the City by its Corporation Counsel, Kenyatta Stewart, Esq.

CONTINUING DISCLOSURE

The city has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City by no later than nine (9) months after the end of each fiscal year, commencing with the fiscal year ending December 31,2022 (the "Annual Report"), and has covenanted for the benefit of the holders and beneficial owners of the Bonds and the Notes to provide notices of the occurrence of certain enumerated events. The Annual Report and event notices events will be provided to the Municipal Securities Rulemaking Board (the "MSRB") and will be in an electronic format as prescribed by the MSRB and shall be accompanied by such identifying information as is prescribed by the MSRB. The specific nature of the information to be contained in the Annual Report or event notices is set for in “Appendix D-1 – Form of Continuing Disclosure Certificate (Bonds),” and in “Appendix D-2 – Form of Continuing Disclosure Certificate (Notes).” These covenants have been made in order to assist the Underwriter and Note Purchaser in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

The Local Fiscal Affairs Law requires that every municipality have an annual audit of its books and accounts to be completed within six (6) months after the close of its fiscal year. The City’s audit has historically been completed approximately twelve (12) months after the close of the fiscal year.

For the fiscal year ended December 31, 2017, the City filed 2017 operating data on February 6, 2018, filed its unaudited financial statements with the MSRB on March 28, 2018, filed other 2017 operating data appearing in Appendix A on July 5, 2018, and filed its 2017 audited financial statements on January 17, 2019. The City filed its Annual Debt Statement for the fiscal year ended December 31, 2018 with the MSRB on January 17, 2019, and filed 2018 operating data on July 26, 2019.

The City filed its unaudited financial statements for the fiscal year ended December 31, 2018 with the MSRB on July 26, 2019. The City filed its 2018 audited financial statements with the MSRB on February 21, 2020. The City filed its Annual Debt Statement for fiscal year ended December 31, 2019 with the MSRB on February 11, 2020.

The City filed its unaudited financial statements for the fiscal year ended December 31, 2019 with the MSRB on July 24, 2020. The City filed its 2019 operating data on August 5, 2020. The City filed its 2019 audited financial statements with the MSRB on June 11, 2021.

The City filed its unaudited financial statements for the fiscal year ended December 31, 2020 with the MSRB on June 2, 2021. The City filed its 2020 operating data on July 1, 2021. The City filed its 2020 Annual Debt Statement on February 4, 2021.

The City filed its unaudited financial statements for the fiscal year ended December 31, 2021 with the MSRB on May 2, 2022. The City filed its 2021 operating data on June 10, 2022. The City filed its 2021 Annual Debt Statement on May, 2, 2022. The City filed its Audited Financial Statements for the fiscal year ending December 31, 2020 with the MSRB on June 10, 2022

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

FINANCIAL STATEMENTS

Summaries of the unaudited financial statements of the City for the year ended December 31, 2021 (the "Unaudited Financial Statements"), and summaries of the financial statements for the fiscal years ended December 31, 2020, 2019, 2018, and 2017 (the "Audited Financial Statements") are presented in APPENDIX B to this Official Statement. The Financial Statements have been audited by Samuel Klein and Company, LLP, Certified Public Accountants, Newark, New Jersey, an independent auditor (the "Auditor"), as stated in its report appearing in APPENDIX B to this Official Statement. See "APPENDIX B – City of Newark Auditor's Report and Financial Statements."

MUNICIPAL ADVISOR

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

RATING

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("S&P") has assigned a rating of "AA" to the Insured Bonds based upon the municipal insurance policy issued by BAM at the time of delivery of the Bonds ("Insured Rating"). Moody's Investors Service, Inc. ("Moody's" and, together with S&P, the "Rating Agencies") has assigned its rating of "Baa2" to the Bonds. Moody's has also assigned its rating of "A3" to the Bonds based on the applicability of the Municipal Qualified Bond Act. The ratings reflect only the views of the Rating Agencies.

Moody's has assigned its rating of "MIG-2" to the Notes.

Explanations of the significance of a rating given by Moody's may be obtained from Moody's at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, (212) 553-0300. If circumstances so warrant, in the judgment of the abovementioned rating agency, such agency may raise, lower, suspend or withdraw its rating. If a downward change, suspension or withdrawal occurs, it could have an adverse effect on the resale price of the Bonds.

UNDERWRITING

The Bonds are being purchased from the City by Huntington Securities, Inc. dba Huntington Capital Markets (the "Underwriter") at a price of $35,598,607.76. The purchase price of the Bonds reflects the par amount of Bonds equal to $32,655,000.00 plus an original issue premium in the amount of $2,943,607.76.

The Notes are being purchased from the City by M&T Bank (the "Note Purchaser") at a price of $5,300,000.00 (consisting of the par amount of the Notes). The Notes are not being reoffered.

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

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders of the Bonds and the Notes.

CITY OF NEWARK

By: /s/ Danielle A. Smith
Danielle A. Smith
Chief Financial Officer

Dated: February 2, 2023

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APPENDIX A
CERTAIN GENERAL INFORMATION CONCERNING
THE CITY OF NEWARK

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THE CITY OF NEWARK

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

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

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

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

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

CITY GOVERNMENT STRUCTURE

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

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

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

The Mayor and Municipal Council members all serve four (4) year non-staggered terms (July 1, 2022-June 30, 2026). The most current general election was held on May 10, 2022. The incumbent Mayor and Members of the Municipal Council holding office through June 30, 2026 are as follows:

Name	Title
Ras J. Baraka	Mayor
LaMonica McIver,	President, Central Ward Councilperson
Patrick O. Council,	South Ward Councilperson
C. Lawrence Crump,	Councilperson-At-Large
Carlos M. Gonzalez,	Councilperson-At-Large
Dupré L. Kelly,	West Ward Councilperson
Luis A. Quintana,	Councilperson-At-Large
Anibal Ramos, Jr.,	North Ward Councilperson
Louise Scott-Roundtree,	Councilperson-At-Large
Michael J. Silva,	East Ward Councilperson

ADMINISTRATION

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

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

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

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

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

Danielle A. Smith was named as Finance Director and Chief Financial Officer in 2015. Ms. Smith has worked for the City of Newark for more than 24 years and has served in various positions in the Finance Department. From 2006 to December 2013, she was the Comptroller for the City. Ms. Smith graduated from Morgan State University with a Bachelor of Science degree in Business Administration. She also holds a Master of Business Administration from Hampton University. In addition, Ms. Smith is a Certified Municipal Finance Officer and completed the Certified Public Management courses for levels 1, 2 and 3.

Administration – Auxiliary

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

Municipal Court

The Municipal Court of the City of Newark has three (3) main divisions: the Criminal Division; the Traffic Violations Bureau; and the Administrative Support Unit that includes Finance and Data Processing. There are seven (7) full-time judges sitting in the Municipal Court and approximately 93 other employees.

Free Public Library

The Newark Public Library system, comprising the Main Library, the Business Information Center, and 11 neighborhood branches, serves the citizens of Newark as an information center, a learning resource for those in school and those engaged in independent learning, a research center, and a preschoolers' door to learning. Through its NEON project (NEwark ONline), it offers all residents access to the Internet and other on-line resources. Under state and federal grants, it also serves as a statewide reference and research center.

Newark Museum of Art

The Newark Museum of Art (the "Museum"), located near the intersection of Central Avenue and Washington Street, operates a museum which contains 60,000 square feet of exhibition space and 30,000 square feet of direct arts and sciences educational program space, including classrooms and a 300-seat auditorium. Founded in 1909, the Museum is New Jersey's preeminent cultural institution. Its distinguished collections are international in scope and include American painting and sculpture, decorative art, classical arts, the arts of Asia, Africa, the Americas and the Pacific, numismatics, and the natural sciences. The Museum also includes a restored Victorian mansion, the Ballantine House (circa 1885), designated a national historic landmark, the Newark Fire Museum, and a restored 18th-century schoolhouse. The Museum has approximately 95 full-time and 100 part-time employees.

Newark Public Schools

The Newark School District (the "School District"), with 75 schools, 7,000 employees and a student population of 37,443, is the largest and one of the oldest school systems in New Jersey. The system employs professional and non-professional personnel, including teacher's aides. The student population is provided with a comprehensive school program including college preparatory programs, vocational training and special education classes housed in regular elementary and secondary schools. The school system currently includes 61 elementary, 1 regional day and 13 high schools.

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

The State-operated school district enabling legislation, N.J.S.A. 18A:7A-34 *et seq*., makes provision for the City to provide moneys to the State-operated school district for the payment of operating expenditures. Chapter 139 of the Pamphlet Laws of 1991 provided a mechanism similar to the pre-existing one for the authorization and issuance of school promissory notes and school serial bonds by the City secured by the power and authority of the City to levy *ad valorem* real property taxes. The Capital Project Control Board of the Newark Public Schools (the "Capital Project Control Board") 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 the adoption of 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 principal of and interest on all outstanding school debt.

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

ECONOMIC AND HOUSING DEVELOPMENT

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

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

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

- The establishment of the Newark Port Career and Business Development Center, which has served 1,700 clients since its launch in 2008, has placed 450 clients in transportation/logistics/distribution jobs.

- Newark has worked to reposition the downtown area as a mixed-use Central Business/Residential District. A new downtown living initiative is at the core of this ongoing effort to transform the City's downtown area into a vibrant destination and place to live. The ongoing transformation is already evidenced by the 950+ units of market-rate residential housing currently under development or construction downtown.

- Newark's 150,000 jobs represent the largest concentration of jobs in New Jersey. In order to more effectively meet the employment and training needs of Newarkers, the City has undertaken a restructuring of NewarkWorks (formerly the Mayor's Office of Employment and Training). The agency is now positioned to take the lead in local workforce development as the operator of the Newark One Stop System as well as a One Stop partner agency delivering Workforce Investment Act, Work First New Jersey, and Workforce Learning Link employment and training services to Newark residents.

- Brick City Development Corporation ("BCDC") was formed in 2007. In the last five years, BCDC changed its name to Newark Economic Community Development Corporation ("NCEDC"), and is now known as Invest Newark. Invest Newark is a non-profit 501(c)(3) corporation, which was formed and funded to be the City's catalyst for economic development, real estate transactions, business attraction, and retention. Invest Newark's initiatives have included the Grow Newark Fund, the agency's small business loan program, which has deployed over $6 million in loan funding to 13 small businesses in Newark; a bond assistance program that has resulted in over $8 million in successful bond bids; and small business technical assistance sessions that have served over 200 clients in 2019. On June 20, 2019, the board of NCEDC voted to change its name to Invest Newark and filed a Certificate of Amendment to the Certificate of Incorporation form with the New Jersey Division of Revenue & Enterprise Service.

- To ensure optimal value and interconnectedness of the City's assets, Newark enhanced the City's planning and zoning division within the Economic and Housing Development to further coordinate comprehensive, planned development of the City's neighborhoods and key growth areas such as the port.

Current Economic and Housing Development Projects

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

- Dranoff Properties and NJPAC developed One Theater Square, adjacent to New Jersey Performing Arts Center-area, a $110 million, 22 story high-rise residential rental development with 244+ units and 20,000 square feet of retail space. The project was awarded $38 million from the State's Urban Transit Hub Tax Credit program, $9.5 million from the City's issuance of Motor Vehicle Rental Tax Revenue Bonds in 2015 and $2.3 million in additional RAB proceeds. The building was completed in July 2018 and is now occupied.

- Mars Wrigley Confectionery moved its headquarters from Hackettstown, NJ to Newark. Approximately 500 associates will be located in the Ironside section of Newark. Ironside Newark was originally constructed in 1907 to accommodate railroad freight storage and today it stands as 450,000 square feet of office and retail space. Ironside Newark has professional amenities such as high-speed fiber optics and it has direct access to Newark Penn Station and multiple other transportation options. In addition, the site is adjacent to a new 3 acre park, Mulberry Commons.

- On June 23, 2020, the City of Newark closed on the Newark Makerhoods project. The Redeveloper will construct a mixed-use complex consisting of 66 units of housing, of which approximately 24 units will be affordable housing, and 16 affordable workshops where tenants will operate small businesses; as well as the rehabilitation of the Krueger Scott Mansion into co-working, office, and event space focused on entrepreneurship and small business ownership, and highlighting the Mansion's history. The project is expected to be completed in 2021.

- L&M is developing a project located at 155 Washington Street that will rehabilitate and renovate an existing 220,000 SF building with up to 220 residential units, up to 4,000 SF of non-residential, institutional space, up to 6,000 SF of retail, and a new construction element of up to 29 residential units.

- The owner of the Robert Treat Hotel, the Berger Organization, formed East Park Street Hospitality and has constructed a Tryp Hotel at 24 East Park Street in downtown Newark. The City of Newark received various approvals, including Local Finance Board approval for a RAB. The 100-room hotel includes a 64 seat restaurant/lounge and a 370 square foot multi-purpose library. The hotel has been completed and the ribbon cutting ceremony took place on May 2nd, 2018.

Affordable Housing and Neighborhood Revitalization

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

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

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

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

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

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

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

Economic Development Activity

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

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

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

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

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

Summary of Projects under Construction and Completed:

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

Newark Liberty International Airport and Port Newark

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

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

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

Please see panynj.gov for additional information on airport and port operations.

Lease Between City and Port Authority

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

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

Other Public Transportation

The City is serviced by the Garden State Parkway, the New Jersey Turnpike and a system of interconnecting highways, which provide access to the major commercial, industrial and residential areas of Newark and the County. The State recently committed monies for improvements and changes in access ramps into the City from Routes 78 and 280. The City is connected to New York City and cities in New Jersey by PATH, Amtrak and NJ Transit. In addition, NJ Transit rail lines connect the City directly with the Airport linking the two (2) major transportation hubs.

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

Cultural Arts, Entertainment and Sports in Newark

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

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

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

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

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

Newark Downtown Core District Redevelopment Plan

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

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

Passaic Waterfront Park Mixed-Use Development Project

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

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

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

Health Care and Hospitals

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

Newark Beth Israel Medical Center

Newark Beth Israel Medical Center (“Newark Beth Israel”) is a 673-bed, regional care, teaching hospital in Newark with more than 800 physicians, 3,200 employees and 150 volunteers. Newark Beth Israel has over 300,000 outpatient visits and 25,000 admissions annually and is one of only two (2) hospitals in New Jersey where heart transplants are performed, and the only hospital in New Jersey certified to perform lung transplants. Newark Beth Israel is also home to Children’s Hospital of New Jersey, the State’s premier children’s hospital, which provides state-of-the-art care in nearly 30 subspecialties.

St. Michael’s Medical Center

Saint Michael's Medical Center is a 357-bed regional tertiary care, teaching, and research center in the heart of Newark's business and educational district. In January 2008, Cathedral Healthcare System announced its approval of its sale to Catholic Health East of three (3) hospitals located in the City – Saint James Hospital, Columbus Hospital and Saint Michael’s Medical Center. In July 2008, St. Michael’s Medical Center issued bonds to fund Catholic Health East’s acquisition of Saint Michael’s Medical Center, and to fund the termination of acute care services at Saint James Hospital and Columbus Hospital and transfer their acute care services to Saint Michael’s Medical Center, in an effort to consolidate inpatient acute care services in the City. Catholic Health East subsequently sold St. Michael’s Medical Center to Prime Healthcare Services, a for- profit corporation.

The University Hospital

The University Hospital is the core teaching facility of Rutgers Biomedical and Health Sciences of New Jersey, and is the center of referral for many of the State's most advanced medical services and specialty care programs. The hospital is staffed by 300 full-time attending physicians who are also faculty members of the New Jersey Medical School. The University Hospital includes 530 beds and 2,999 full-time employees and has more than 19,000 admissions, 1,700 births, and 220,000 outpatient visits annually. Effective July 1, 2013, University Hospital became a separate public entity, independent of the University of Medicine and Dentistry of New Jersey ("UMDNJ").

Higher Education

The City is the site of the University Hospital, which is the principal teaching hospital for Rutgers Biomedical and Health Sciences. The City is also the site of the New Jersey Institute of Technology ("NJIT"), Rutgers - The State University of New Jersey ("Rutgers-Newark"), Seton Hall University Law School, Essex County College ("ECC") and Berkeley College. These six (6) colleges and universities are spread out over 320 acres and serve a population of 35,000 students and faculty. Rutgers-Newark includes the State's largest health care professional education center with more than 2,500 students and has a 530-bed acute care hospital. NJIT offers undergraduate and graduate degrees in engineering, architecture, and computer science. Rutgers-Newark offers undergraduate degrees and graduate degrees in law, nursing, business administration, public administration, chemistry, and economics. In 2009, Rutgers-Newark opened its flagship business school at 1 Washington Park, occupying 11 of 17 floors of this refurbished building, and anchoring its presence as a key partner in Newark – both through the increasing size of its footprint and through a variety of Newark programs, including a small business loan fund administered with the NCEDC. Seton Hall University Law School, also located in the City, is the third largest Catholic law school in the United States. ECC offers Associate degrees and one-year certificates. In addition, Berkeley College recently opened a campus in Newark, with more than 150 matriculating students.

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

RELATED PUBLIC AUTHORITIES

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

Joint Meeting of Essex and Union Counties

The Joint Meeting of Essex and Union Counties (the "Joint Meeting") was organized in accordance with legislation passed in 1899 and operates a joint system for sewage collection and treatment. The City is one of 15 participating municipalities. As a participant, the City assumes a portion of the capital construction and operating costs of the Joint Meeting. The City's share of operating costs of the Joint Meeting is based on a user charge system and is provided for annually in the City's budget. The City has occasionally satisfied capital obligations of the Joint Meeting through the issuance of City notes and/or bonds, and the City did so again in 2019 and funded its allocable share of the cost of various Joint Meeting capital projects in the amount of $1,350,000 through the NJIB.

The Joint Meeting is undertaking a six phase flood mitigation project, the majority costs of which will be paid by FEMA. As noted above under "INTRODUCTION – Future Financing Plans", on October 28, 2020, the City delivered its NJIB CFP Note in the amount of $2,045,000 to finance its allocable share of Phase I of the Flood Mitigation Project being undertaken by the Joint Meeting, on November 14, 2022 the City adopted a $2,305,000 bond ordinance to finance additional costs of Phase I of the Flood Mitigation Project and a closing on a NJIB CFP Note in the amount of $4,350,000 (an increase of $2,305,000 from the October 28, 2020 $2,045,000 NJIB CFP Note) for Phase I of the Flood Mitigation Project is expected to occur on February 7, 2023. On January 18, 2022, the City delivered its NJIB CFP Note in the amount of $660,000 to finance its allocable share of Phase II of the Joint Meeting Flood Mitigation Project and on September 8, 2022 the City adopted a $4,140,000 bond ordinance to finance its allocable share of Phase III of the Flood Mitigation Project, but the City has now been asked to consider a bond ordinance to finance projected increased costs of Phases II through VI of the Joint Meeting Flood Mitigation Project and this bond ordinance is expected to be considered by the Municipal Council in the next 60 days.

Second River Joint Meeting

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

Newark Parking Authority

The Newark Parking Authority (the "Parking Authority") was created in 1956. Its seven (7) member board is appointed by the Mayor with the advice and consent of the Municipal Council.

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

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

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

In 2019, the Parking Authority issued not-to-exceed $40,000,000 aggregate principal amount of Parking Revenue Bonds for the purpose of constructing a structured parking facility containing (a) a 510 space parking garage, (b) office space for the Finance Department of the City, (c) storage and office space for the Municipal Court of the City, (d) offices for the Parking Authority and (e) retail/café space. The project is situated on land previously used as the City Hall parking lot and is located directly east of the City's Municipal Court and approximately 500 feet from the Prudential Center Arena. The building opened in early 2021. The Parking Revenue Bonds are not backed by the City's general obligation taxing power.

Newark Watershed Conservation and Development Corporation

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

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

The Housing Authority of the City of Newark

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

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

In February 2007, the Housing Authority issued $7,780,000 Port Authority-Port Newark Marine Terminal Additional Rent-Backed Bonds, Series 2007 (City of Newark Redevelopment Projects) and $168,320,000 Port Authority-Port Newark Marine Terminal Additional Rent-Backed Refunding Bonds, Series 2007 (City of Newark Redevelopment Projects), which bonds (the "2007 Bonds") refinanced the construction of the Prudential Arena and other related redevelopment projects located in the Newark Downtown Core Redevelopment District. A portion of the 2007 bonds were refunded in 2017.

In July 2009, the Housing Authority issued $68,000,000 of its City Secured Police Facility Revenue Bonds (South Ward Police Facility), Series 2009A (the "Police Facility Bonds"), the payment of which is secured by semiannual capital grant payments required to be made by the City in an amount sufficient to pay all debt service on the Police Facility Bonds. The Housing Authority's Series 2016 Bonds were issued on July 6, 2016 to advance refund on December 1, 2019 the Police Facility Bonds maturing on or after December 1, 2020 (the "Series 2016 Bonds").

With the exception of the outstanding Police Facility Bonds and the Series 2016 Bonds, none of the Housing Authority's debt is a liability of the City.

CITY INDEBTEDNESS AND DEBT LIMITS

General

The Local Bond Law, N.J.S.A. 40A:2-1 *et seq* (the "Local Bond Law"), governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded, that bonds be retired in serial installments, and, with certain exceptions, a 5% cash down payment is required toward the financing of expenditures for municipal purposes. Nearly all bonds and notes issued by the City are general ("full faith and credit") obligations.

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

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

Tax Anticipation Notes

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

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

The City last issued tax anticipation notes in 2016.

Debt Limits

State statutes set forth debt limits for counties and municipalities. The City's net debt is limited by the Local Bond Law to an amount equal to 3 1/2% of its equalized valuation basis. The equalized valuation basis of the City is set by statute as the average value of all taxable real property within its boundaries as annually certified in the valuation of all taxable real property in the table of equalized valuation by the Director of Taxation, Department of Treasury, State of New Jersey (the "Division of Taxation"). Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit. As of December 31, 2022, the City has statutory net debt in the amount of $327,470,058.84 which amount equals 2.152% of its three (3) year average of equalized valuation basis as of December 31, 2022.

Exceptions to Debt Limit - Extensions of Credit

The debt limit of the City may be exceeded only with the approval of the Local Finance Board. If all or any part of a proposed debt authorization would exceed its debt limit, the City must apply to the Local Finance Board for an extension of credit. In considering the request, the Local Finance Board concentrates its review on the effect of the proposed authorization on outstanding obligations. If the Local Finance Board determines pursuant to statute and regulation that a proposed debt authorization would materially impair the ability of the City to meet its obligations or to provide essential services, approval would be denied. The City has not exceeded its debt limit.

Municipal Qualified Bond Act

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

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

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

Municipal Qualified Revenues/Debt Service Coverage Ratios

	2022	2021	2020	2019	2018
Qualified Revenues	$114,392,433	$108,721,117	$108,721,117	$108,721,117	$108,721,117
Transitional Aid	-	-	-	-	-
Qualified Bond Debt Service	48,875,000	39,855,519	41,408,110	44,307,083	43,979,252
Coverage Ratio	2.34	2.73	2.62	2.45	2.47

Source: 2022 Municipal Budget (Unaudited)

Source: 2018-2020 Audit Reports; 2021 Unaudited Financial Statement

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

School Qualified Bond Act

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

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

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

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

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

School Qualified Revenues/Debt Service Coverage

	2021	**2020**	**2019**	**2018**	**2017**
Qualified School Revenues	$829,329,985	$812,391,624	$787,623,912	$750,207,747	$742,025,050
Qualified School Debt Service	$4,566,375	$6,782,115	$6,780,905	$6,787,005	$8,945,255
Coverage Ratio	181.61	119.78	116.15	110.53	82.95

Source: State Department of Education, City 2021 Budget and City Audited Financial Statements 2017-2021

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

Debt Statements

The City must report all new authorizations of debt or changes in previously authorized debt to the Division of Local Government Services (the "Division") through the filing of Annual and Supplemental Debt Statements. The Supplemental Debt Statement must be submitted to the Division before final passage of any debt authorization. Before January 31, of each year the City must file an Annual Debt Statement with the Division. This report is made under oath and states the authorized, issued, and unissued debt of the City as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing. The City's Annual Debt Statement as of December 31, 2022 was filed with the Division on January 18, 2023.

Overlapping Debt

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

County of Essex

The County of Essex, directly and indirectly through the Essex County Improvement Authority, has issued various bonds, notes and other obligations payable ultimately from taxes levied upon all taxable properties within the County of Essex, a portion of which is allocated to properties within the City. Accordingly, such debt constitutes overlapping debt with respect to properties within the City. As of December 31, 2021, the County had $1,037,192,185.66 in outstanding gross debt and $682,082,185.66 in outstanding net debt. The City's percentage of County debt of 14.85% is based on the equalized valuation of City properties as a percentage of the total County equalized valuation (see table on page A-23 for more information on the City's overlapping debt).

Board of Education of the City of Newark

Prior to the takeover of operations by the State, the Board of Education of the City of Newark (the "Board of Education") issued various bonds, notes and other obligations payable ultimately from taxes levied upon all taxable properties within the School District, which is coextensive with the boundaries of the City. Accordingly, such debt constitutes overlapping debt with respect to properties within the City. As of the date of this Official Statement, the Board of Education has no debt outstanding.

Passaic Valley Sewerage Commission

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

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

The original Passaic Valley Sewerage System (the "System") consisted of a primary treatment plant and steam powered pumping station located near Newark Bay, an interceptor sewer running parallel to the Passaic River between Paterson and Newark Bay, and an outfall into New York Harbor. Since completion of these original facilities in 1924, the PVSC has made numerous modifications to improve treatment and increase capacity. Construction of the secondary treatment facility, which is the principal component of the System, was initiated in 1977 and completed in 1985. The interim sludge handling facilities constructed in 1990 are the most recent addition to the System. In the 1990's, various capital improvements and upgrades were completed. The outstanding principal amount of senior debt issued by the PVSC as of December 31, 2021 is $131,335,000 and $82,069,394 in subordinated debt (see table on page A-23 for more information on the City's overlapping debt).

North Jersey District Water Supply Commission

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

The Wanaque South Project is a joint undertaking of the Commission and SUEZ North America, formerly United Water New Jersey. This project was designed to increase substantially the water supply available to the co-owners and to relieve the threat of a water crisis in northeastern New Jersey. 50 percent of the additional water supply is available to the Commission for distribution to the Wanaque South participants, including the City. As of December 31, 2020, the Commission had $33,853,341 in outstanding bonds for the Wanaque North Project and as of December 31, 2020 the Commission had $27,060,927 in outstanding bonds for the Wanaque South Project (see table on page A-23 for more information on the City's overlapping debt).

Essex County Improvement Authority

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

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

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

Newark Downtown District

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

Statutory Debt

The following chart shows the net statutory debt for the City as of December 31, 2022:

STATUTORY NET DEBT

AS OF DECEMBER 31, 2022

	Gross Debt	Deductions[(1)]	Net Debt
School Purposes	$ 48,062,000.00	$ 48,062,000.00	$ -
Combining Water/Sewer Utility	288,823,476.16	288,823,476.16	-
Municipal Purposes	369,793,093.84	42,323,035.00	327,470,058.84
Total	$ 706,678,570.00	$ 379,208,511.16	$ 327,470,058.84
Avg. Equalized Valuation of Real Property (Years 2020-2022)			$15,217,268,409
Statutory Net Debt Percentage			2.152%

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

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

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

Source: City of Newark 2022 Annual Debt Statement

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Debt Incurring Capacity

The following chart shows the debt incurring capacity of the City as of December 31, 2022:

Municipal:	
1. Average Equalized Valuation of Real Property (Years 2020, 2021 and 2022)	$15,217,268,409.67
2. 3.5% Borrowing Margin (3-year average of Equalized Valuations)	532,604,394.34
3. Net Debt Issued and Outstanding and Authorized and Unissued (including refunding bonds)	327,470,058.85
4. Available Borrowing (Line 2 minus Line 3)	$205,134,335.49
School:	
5. 8% Borrowing Margin (3-year average of Equalized Valuations)	$1,217,268,409.67
6. Net Debt Issued and Outstanding and Authorized and Unissued	48,062,000.00
7. Available Borrowing Margin - School (Line 5 minus Line 6)	$1,169,319,472.77

Source: City of Newark 2022 Annual Debt Statement

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Overlapping Debt of the City of Newark
as of 12/31/2020

	Outstanding Net Debt	Percentage allocated to the City(2)	Dollar amount allocated to the City
County of Essex	$ 682,082,185	14.85%	$ 101,294,448
Passaic Valley Sewerage Commission(1) (2)			
Senior Bonds	131,335,000	29.43%	38,651,891
Subordinated Bonds	82,069,394	29.43%	24,153,023
North Jersey District Water Supply Commission (2)			
Wanaque North Project	33,853,341	40.50%	13,710,603
Wanaque South Project	27,060,927	27.63%	7,478,017
TOTAL	$956,400,847		$ 185,287,915

(1) Newark's percentage includes flow to East Orange and Hillside
(2) The City's allocation is subject to change based on actual usage

Source: 2021 Annual Audit for County of Essex, 2021 Audited Financial Statements for Passaic Valley Sewerage Commission and Overlapping Debt section of North Jersey District Water Supply Commission's website.

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

Year	General Obligation Bonds[3]	Water Utility Bonds[4]	School Bonds[1 5]	Sewer Utility Bonds (NJEIT)[6]	ECIA Bonds	Total Outstanding Debt[2 7]
2023	$39,116,432	$4,536,629	$9,779,572	$6,771,232	$ 4,644,771	$65,058,878
2024	38,995,368	4,517,707	9,807,885	6,981,475	4,639,183	64,936,772
2025	38,874,795	4,493,680	9,845,998	6,976,629	4,954,705	65,083,749
2026	38,770,614	4,481,061	3,434,598	6,914,572	4,997,571	57,081,197
2027	36,772,979	4,461,748	3,424,148	5,397,354	4,998,452	55,023,325
2028	36,672,342	3,934,962	3,419,698	5,365,999	4,593,856	51,745,332
2029	27,694,649	3,218,008	3,410,798	3,124,475	4,591,047	42,041,277
2030	21,032,329	2,494,693	2,957,598	3,126,775	4,227,700	32,824,525
2031	12,984,913	2,009,606	2,956,998	2,112,205	4,228,950	23,297,943
2032	13,369,563	2,005,470	2,957,298	1,117,477	4,225,450	23,577,707
2033	13,787,050	2,012,792	2,958,298	1,019,927	4,227,200	24,010,016
2034	7,625,613	2,012,373	2,948,349	1,024,677	4,225,400	16,811,734
2035	7,699,888	2,005,903		874,313	4,225,200	13,930,990
2036	5,768,600	2,000,957		872,975	4,226,400	11,995,957
2037	4,481,750	2,002,923		871,225	4,228,800	10,713,473
2038	4,483,500	1,905,389		879,307	4,227,200	10,616,089
2039		1,910,931		876,882	4,226,600	6,137,531
2040		1,595,997		874,007	4,226,800	5,822,797
2041		1,588,994		875,957	4,227,600	5,816,594
2042		1,591,849		877,557	4,228,800	5,820,649
2043		1,593,963		873,807	4,230,200	5,824,163
2044		1,590,258		874,563	4,226,600	5,816,858
2045		1,586,286		879,957	4,228,000	5,814,286
2046		1,594,044		875,157	4,229,000	5,823,044
2047		929,862		873,757	4,229,400	5,159,262
2048		915,905		876,957	4,229,000	5,144,905
2049		916,547		874,557	4,227,600	5,144,147
TOTAL	$348,130,381	$64,875,273	$57,901,233	$58,917,412	$117,971,484	$647,795,783

[1]Includes Type I and State-operated School District bonds paid through City budget appropriation
[2]The above schedule does not include any Bond Anticipation Notes or other short term note obligations
[3]All General Obligation Bonds are qualified under the Municipal Qualified Bond Act, Chapter 3 of Title 40A of the New Jersey Statutes, N.J.S.A. 40A:3- 1, *et seq.*, with the exception of the Housing Authority of the City of Newark City-Secured Police Facility Revenue Bonds (South Ward Police Facility) Series 2009A and a State loan
[4]A portion of the City's Water Utility Bonds are covered under the Municipal Qualified Bond Act, Chapter 3 of Title 40A of the New Jersey Statutes, N.J.S.A. 40A:3-1, *et seq.*
[5]All School Bonds are covered under the School Qualified Bond Act, N.J.S.A. 18A:24-85 *et seq*.
[6]A portion of the Sewer Utility Bonds (NJEIT) are covered under the Municipal Qualified Bond Act, Chapter 3 of Title 40A of the New Jersey Statutes, N.J.S.A. 40A:3-1, *et seq.*
[7]Unaudited

CITY FINANCIAL PROCEDURES

The Municipal Budget Process

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

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

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

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

The 2017 Budget was adopted on behalf of the City by the Local Finance Board on September 13, 2017. The 2018 Budget was adopted on behalf of the City by the Local Finance Board on September 25, 2018. The City introduced its 2019 budget on June 11, 2019 and adopted it on September 24, 2019. The City introduced its 2020 Budget on August 25, 2020 and adopted its on September 29, 2020. The City adopted its 2021 Budget on September 30, 2021. The City adopted its 2022 budget on September 17, 2022. See City "Financial Schedules" herein.

Limitations on Expenditures (The Cap Law)

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

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

Anticipation of Real Estate Taxes

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

This provision requires that an additional amount (the "Reserve for Uncollected Taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total the product will at least equal the tax levy required to balance the budget.

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

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

Anticipation of Miscellaneous Revenues

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

Deferral of Current Expenses

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

Audit Requirement

The Local Fiscal Affairs Law requires that every municipality have an annual audit of its books and accounts to be completed within six (6) months after the close of its fiscal year. The City's audit has historically been completed approximately 12 months after the close of the fiscal year. The audit must be conducted by a registered municipal accountant and the audit report must be filed with the municipal clerk and with the Director of the Division of Local Government Services. (N.J.S.A. 40A:5-4 through 40A:5-10). The audit for the year ended December 31, 2017 was filed with the Division on January 17, 2019. The Audit for the fiscal year ended December 31, 2018 was filed with the Division on February 21, 2020. The Audit for the fiscal year ended December 31, 2019 was filed with the Division on June 11, 2021. The 2020 Audit for fiscal year end December 31, 2020 was completed on June 9, 2022.

The City's accounting methods conform to practices prescribed by the Division, which practices differ in some respects from generally accepted accounting principles. *See* Appendix B "City of Newark Auditor's Report and Financial Statements" and the notes thereto for a description of the City's accounting policies.

STATE AID PROGRAMS

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

Aid for School Debt Service

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

City Fiscal Year	Debt Service Requirements Not Including Ch. 177, Ch. 10 and Ch. 74 Bonds	State Assistance Under P.L. 1975, c. 212	State Assistance as Percentage of Debt Service
2022	$ 7,147,235	0	N/A
2021	6,891,247	0	N/A
2020	8,375,781	0	N/A
2019	7,698,366	0	N/A
2018	7,317,910	372,736	5.09

Source: 2022 Municipal Budget (Unaudited)

Source: 2018-2020 Audit Reports; 2021 Unaudited Financial Statement

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

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

Distributed Taxes

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

State Aid

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

SCHEDULES - 2014 Budget" herein. The City's 2015 Budget included an allocation of $10 million in Transitional Aid. The City's 2016 adopted budget included $9.5 million in Transitional Aid. The City's 2017 adopted budget included an allocation of $7.4 million in Transitional Aid. The City's 2018-2022 adopted budgets did not include an allocation for Transitional Aid. The City received approximately $114 million in COMPTRA and other State Aid in 2022.

The State has announced that, as in previous years, five percent (5%) of State assistance will be withheld by the State from municipalities which fail to achieve a sufficient score on a best practices inventory promulgated by the State. No State assistance has previously been withheld by the State to the City on this basis, and the City believes that no such withholding shall apply to the projected State assistance for the City's 2023 fiscal year. No State assistance has previously been withheld to the City on this basis, and no such withholding applied to the projected State assistance for the City's 2022 Fiscal Year.

Tax Exemption Reimbursement

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

Welfare

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

Transit

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

College Aid

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

Other

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

CITY FINANCIAL SCHEDULES

Financial Statements

The City's unaudited financial statements for the fiscal year ended December 31, 2021 (the "Unaudited Financial Statements"), and summaries of the audited financial statements for the fiscal years ended December 31, 2020, 2019, 2018, and 2017 (the "Audited Financial Statements," together with the Unaudited Financial Statements the "Financial Statements") are set forth in APPENDIX B. The Audited Financial Statements have been audited by Samuel Klein and Company, LLP, Certified Public Accountants, Newark, New Jersey, an independent auditor (the "Auditor"), as stated in its report appearing in APPENDIX B to this Official Statement. See "APPENDIX B – City of Newark Auditor's Report and Financial Statements."

2018 Budget

In early 2018, the City projected an approximately $10 million structural budget gap with respect to its 2018 budget. The Municipal Council introduced its 2018 budget on July 17, 2018 and adopted the 2018 budget on September 25, 2018. The adopted 2018 budget included an approximate 1.7% increase in the municipal purpose tax levy. The adopted 2018 budget did not include an allocation for Transitional Aid. While the 2017 MOU remained in force and effect for the calendar year 2018, the City was no longer subject to State supervision pursuant to the Supervision Act.

2019 Budget

The City's 2019 budget was introduced by the Municipal Council on June 11, 2019 and adopted on September 24, 2019.

2020 Budget

The City's 2020 budget was adopted by the Municipal Council on September 29, 2020. Such 2020 budget anticipated an approximately $26.9 million (3.7%) reduction in anticipated revenues as compared to revenues realized in 2019, primarily associated with the financial impact of the COVID-19 Crisis. Among other impacted revenue line items, the City anticipated an approximately $14.2 million (15.4%) reduction in City Special Tax revenue, an approximately $7.9 million (5.6%) reduction in local revenues, and an approximately $700,000 (13.1%) reduction in Uniform Construction Code Fee revenue resulting from the COVID-19 Crisis. Among other one-time revenues and expense reductions, the City's 2020 budget addressed these shortfalls through an approximately $4.6 million (3.1%) reduction in the Police Department budget and approximately $10.9 million in CARES Act funds and did not anticipate any FEMA Reimbursements. In addition, such 2020 budget anticipated an approximately 3% increase in the City's local purpose tax rate, equal to an approximately $11.9 million increase in the City's local purpose tax levy.

2021 Budget

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

2022 Budget

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

Current Fund Balances, Revenues and Expenditures

The Current Fund is used to account for the resources and expenditures for governmental operations of a general nature, including debt service on general purpose bonds and notes. The fund balance in the Current Fund as of December 31 of each year is comprised of cash, investments, and certain receivables. Under State law, only the amount of the Current Fund balance held in cash or quick assets may be included as anticipated surplus in the succeeding fiscal year's budget, unless the Director of the Division of Local Government Services gives written consent to an exception.

The City's Current Fund balances as of December 31, 2017-2021 and the surplus included in the budget for each succeeding year are as follows:

Surplus

Year	Current Fund Balance, December 31[1]	Used in Succeeding Year Budget
2021	$53,220,412	25,000,000
2020	37,296,982	11,700,000
2019	62,796,982	25,500,000
2018	69,447,777	24,673,000
2017	58,070,932	5,300,000

Source: 2021 Annual Financial Statements (Unaudited)

Source: 2017-2020 Audit Reports

(1) In accordance with the accounting principles prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, the City realizes revenue on a cash basis except as described in notes to the financial statements in Appendix B. Expenditures are accrued based upon the budget when it is adopted and any unexpended balances are credited to fund balance at the end of the year succeeding the budget period. See Note 1 to the annual financial statements in Appendix B for a further discussion of the City's method of accounting.

Deferred Charges

Under State law, emergency appropriations and cash deficits must be provided for in the subsequent year's budget. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. However, with minor exceptions, such appropriations which are not funded in the current fiscal year must be included in full in the following year's budget as deferred charges. When such appropriations exceed 3% of the adopted operating budget, consent of the Director of Local Government Services must be obtained before such appropriation can be made. The exceptions are certain enumerated quasi-capital projects such as ice, snow, and flood damage to streets, roads, and bridges which may be financed over three (3) years, and tax map preparation, the costs related to the revision of ordinances, master plan preparations, revaluations and contractually required severance liabilities resulting from the layoff or retirement of employees which may be financed over five (5) years.

Special Emergencies, Emergency Appropriations and Cash Deficits
Deferred to Subsequent Years 2017-2021

Year	Deferred to Following Year	Deferred to Subsequent Years
2021	$12,142,917	$20,542,624
2020	7,534,454	35,077,624
2019	35,737,069	27,289,615
2018	23,447,454	35,737,069
2017	8,447,454	44,184,523

Source: 2021 Annual Financial Statements (Unaudited)

Source: 2017-2020 Audit Reports

In addition to emergency appropriations, there are other classes of expenditures which are treated in the same manner as emergency appropriations. This category consists almost entirely of over expenditures of appropriations and deficits from operations.

Water Utility Balances, Revenues and Expenditures

The City has, by provisions contained in duly adopted ordinances, covenanted for the holders of a portion of its Water System Improvement Bonds (see "Total Debt Service Schedule of City General Obligation Bonds" herein) that (1) the City shall fix and collect rates, rentals, or other charges for connection with use of, and for water furnished by, the water supply system established, maintained, and operated by the City, including any improvements thereto and extensions thereof hereafter constructed or acquired, and (2) such rates, rentals, and other charges shall be sufficient to produce in each fiscal year of the City the revenues necessary to provide for the payment of (a) all expenses of operation, maintenance, and repair of such water supply system, incurred or payable during such fiscal year, and (b) 110% of all principal and interest payable during such fiscal year with respect to all of such bonds and also all other bonds heretofore issued to finance such water supply system, and (3) if a deficiency with respect to the covenants nevertheless results, the City shall forthwith revise its rates as necessary to make up such deficiency.

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

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

The Water Utility Fund balances as of December 31, 2017-2021 and the surplus included in the budget for each succeeding year are shown below:

		Surplus	
Year Ending December 31	**Water Fund Balance (1)**	**Used in Succeeding Year Budget**	**Anticipated as Current Fund Revenue**
2021	$3,065,248	$3,065,248	-
2020	4,049,199	-	$1,200,000
2019	16,791,931	327,489	9,380,000
2018	17,137,002	4,618,317	11,000,000
2017	15,936,178	2,725,253	8,700,000

Source: 2021 Annual Financial Statements (Unaudited)

Source: 2017-2020 Audit Reports

(1) In accordance with the accounting principles prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, the City realizes revenue on a cash basis except as described in notes to the financial statements in Appendix B. Expenditures are accrued based upon the budget when it is adopted and any unexpended balances are credited to fund balance at the end of the year succeeding the budget period. See Note 1 to the annual financial statements in Appendix B for a further discussion of the City's method of accounting.

The following schedules of the Water Utility Fund operations for the years ended the years ended December 31, 2017-2021 have been prepared by the City in conformity with accounting principles and practices prescribed by the Division of Local Government Services in the Department of Community Affairs, State of New Jersey, which principles and practices differ in certain respects and which in some instances may differ materially, from generally accepted accounting principles applicable to local government units. The following schedules should be read in conjunction with the financial statements and related notes.

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SCHEDULE OF REVENUES
WATER UTILITY FUND

	2021*	2020	2019	2018	2017
Revenue and Other Income					
Surplus Anticipated	-	309,037	4,618,317	2,725,253	3,684,640
Water Rents	49,510,109	54,190,910	58,401,550	58,008,580	56,995,420
Port Authority	5,000,000	5,000,000			
Public and Private Funds		475,000		291,000	
Deficit - General Budget					
Other Credits to Income:					
Appropriation Reserves Lapsed	1,611,877	4,524,573	2,802,149	10,139,561	12,214,430
Accounts Payable Cancelled	3,785,744		3,801,881		1,139,579
Nonbudgeted Revenue	86,146	1,112,158	80,934	1,526,216	1,316,513
Miscellaneous	737,646				205,369
	60,746,792	65,611,678	69,704,831	72,690,563	75,555,951
Expenditures					
Operating	$42,272,767	44,025,125	46,114,513	45,926,318	45,084,628
Debt Service	8,799,078	8,845,112	4,840,651	4,840,899	4,710,930
Deferred Changes and Statutory Expenditures	1,499,709	1,499,709	1,490,601	1,499,709	1,499,709
Capital Improvements	7,256,274	7,927,146	9,067,146	7,741,000	7,820,000
	59,777,828	62,297,092	61,512,911	60,007,936	59,115,267
Prior Years Revenue Refunded			21,568	56,551	227,953
Reserve for Protested Checks					
Cancellations - Other		18,302			391,720
	59,777,828	62,315,394	61,534,479	60,064,487	59,734,940
Excess in Revenue	968,964	3,296,284	8,170,352	12,626,076	15,821,011
Statutory Excess in Operating Fund Balance	968,964	3,296,284	8,170,352	12,626,076	15,821,011
Fund Balance January 1	3,265,248	9,689,037	17,137,002	15,936,179	6,799,807
	4,265,248	12,985,321	25,307,354	28,526,255	22,620,818
Decreased by: Utilized as Anticipated Revenue	-	309,037	4,618,317	2,725,253	3,684,640
Transfer to Current Fund as Anticipated Revenue	1,200,000	9,380,000	11,000,000	8,700,000	3,000,000
	1,200,000	9,689,037	15,618,317	11,425,253	6,684,640
Fund Balance December 31	3,065,248	3,296,284	9,689,037	17,173,002	15,936,178

Source: 2021 Annual Financial Statement (Unaudited)

Source: 2017-2020 Audit Reports

Sewer Utility Balances, Revenues and Expenditures

The Sewer Utility Fund was established on August 31, 1994. It is used to account for the receipts and expenditures arising from the operations of the sewer utility and the assets and liabilities pertaining to these activities. Prior to 1994, these receipts and expenditures were accounted for in the City's Current Fund. The balance in the Sewer Utility Fund as of December 31 of each year is comprised of cash, investments, and certain receivables. Under State law, only the amount of the Sewer Utility Fund balance held in cash or quick assets may be included as anticipated surplus in the succeeding fiscal year's Sewer Utility budget, unless the Director of the Division of Local Government Services gives written consent to an exception.

The Sewer Utility Fund balances as of December 31, 2017-2021 and the surplus included in the budget for each succeeding year are shown below:

Year	Sewer Utility Fund Balance, December 31[1]	Surplus Used in Succeeding Year Budget	Anticipated as Current Fund Revenue
2021	$1,440,498	1,335,000	-
2020	5,852,382	-	4,500,000
2019	8,245,715	2,519,542	4,601,497
2018	11,286,273	4,236,862	5,000,000
2017	9,708,290	494,917	6,000,000

Source: 2021 Annual Financial Statements (Unaudited)

Source: 2017-2020 Audit Reports

(1) In accordance with the accounting principles prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, the City realizes revenue on a cash basis except as described in notes to the financial statements in Appendix B. Expenditures are accrued based upon the budget when it is adopted and any unexpended balances are credited to fund balance at the end of the year succeeding the budget period. See Note 1 to the annual financial statements in Appendix B for a further discussion of the City's method of accounting.

The following schedules of Sewer Utility Fund operations for the years ended December 31, 2017-2021 have been prepared by the City in conformity with accounting principles and practices prescribed by the Division of Local Government Services in the Department of Community Affairs, State of New Jersey, which principles and practices differ in certain respects and which in some instances may differ materially, from generally accepted accounting principles applicable to local government units. The following schedules should be read in conjunction with the financial statements and related notes.

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SCHEDULE OF REVENUES
SEWER UTILITY FUND

	2021*	2020	2019	2018	2017
Revenue and Other Income					
Surplus	-	2,519,542	4,236,862	494,917	
Sewer Rentals	54,962,365	60,218,368	57,898,571	57,849,879	55,724,880
East Orange - Passaic Valley Sewerage Commission	3,073,289	3,361,303	4,274,478	2,721,330	2,572,185
Nonbudget Revenue	458,760	423,918	455,629	404,662	934,234
Appropriation Reserves Lapsed	1,118,362	1,243,912	728,618	2,918,320	5,477,879
Commitments Payable Cancelled	1,387,562		863,960		5,017
	61,000,338	67,767,043	68,458,118	64,446,047	64,714,195
Expenditures					
Operating	54,268,348	54,921,654	52,838,281	48,994,160	47,817,846
Capital Outlay	389,372	1,900,000	2,935,774	1,100,000	1,100,000
Debt Service	5,860,480	6,032,382	5,928,299	5,882,354	6,012,863
Deferred Charges and Statutory Expenditures	402,505	396,634	421,634	396,634	396,634
Cancellation of Payroll Transfer					
	60,920,705	63,242,188	62,123,988	56,373,147	55,327,343
Excess (Deficit) in Operations	79,633	4,524,855	6,334,131	8,072,900	9,386,852
Fund Balance					
Balance January 1	5,787,358	8,383,542	11,286,273	9,708,290	7,321,438
	5,866,991	12,708,397	17,620,404	17,781,190	16,708,290
Decreased by:					
Utilized as Anticipated Revenue	-	2,519,542	4,236,862	494,917	
Transferred to Current Fund as Anticipated Revenue	4,500,000	4,601,497	5,000,000	6,000,000	7,000,000
	4,500,000	7,121,039	9,236,862	6,494,917	7,000,000
Balance December 31	1,366,991	5,787,358	8,383,542	11,286,273	9,708,290

Source: 2021 Annual Financial Statements (Unaudited)

Source: 2017-2020 Audit Reports

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ASSESSMENT AND COLLECTION OF TAXES

Property Valuation and Tax Rates

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

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

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

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

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

Year	Municipal(1)	County Equalized
2018	12,033,167,200	15,587,558,253
2019	12,096,393,644	15,676,100,774
2020	12,347,290,880	15,295,736,671
2021	12,402,617,825	14,960,737,671
2022	12,501,962,392	15,211,130,753

Source: City of Newark, Division of Assessments

(1) Includes Personal Property

Property Tax Reform

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

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

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

Property Classification and Valuation

The following table indicates assessed valuation by property classification and number of assessments since 2017:

Year	Real Personal	Real Land	Real Residential	Real Commercial	Real Industrial	Real Apartment	Total Valuation
2018							
No. of Assessments	1	3,922	29,542	4,889	1,032	1,225	40,611
Municipal Valuation	73,099,500	471,883,100	5,184,705,200	4,084,552,700	1,171,189,400	1,027,737,300	12,033,167,200
2019							
No. of Assessments	1	3,941	29,564	4,852	1,028	1,234	40,621
Municipal Valuation	73,772,564	504,695,400	5,229,968,900	4,070,008,900	1,179,336,500	1,038,611,400	12,096,393,644
2020							
No. of Assessments	1	3,573	29,914	4,840	1,021	1,233	40,582
Municipal Valuation	77,192,660	544,070,300	5,364,138,000	4,109,982,180	1,241,164,500	1,028,467,500	12,347,290,880
2021							
No. of Assessments	1	3,263	30,152	4,803	1,012	1,231	40,462
Municipal Valuation	80,176,400	512,471,700	5,500,806,100	3,881,452,725	1,380,716,708	1,046,994,200	12,402,618,820
2022							
No. of Assessments	1	3,139	30,435	4,783	1,011	1,219	40,588
Municipal Valuation	80,580,592	546,301,100	5,646,413,500	3,778,193,700	1,403,610,600	1,047,177,700	12,502,277,192

Source: City of Newark, Division of Assessments

Tax-Exempt Properties

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

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

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

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

Assessed and Tax-Exempt Valuation

Year	Taxable Municipal Valuation	Tax-Exempt Valuation
2022	$12,502,277,192	$10,356,525,400
2021	12,402,618,825	10,190,775,735
2020	12,347,290,880	10,372,121,735
2019	12,096,393,644	11,444,433,066
2018	12,033,167,200	11,318,999,400

Source: City of Newark, Division of Assessments

Tax Appeals

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

Tax Levy

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

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

The following table presents the property tax levies for fiscal years 2017-2021. Certain deductions are given to veterans and senior citizens. These adjustments are made pursuant to the Constitution of the State, which provides for annual reductions of property taxes of veterans or their widows and qualifying senior citizens. The State provides 100% for these deductions.

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Analysis of Tax Levy

	2017	2018	2019	2020	2021
Municipal	$226,192,218	$230,406,975	$231,597,886	$256,889,147	$232,181,184
Municipal Open Space	3,645,330	3,609,947	3,626,272	3,704,638	3,720,785
School	131,233,421	137,469,277	140,820,218	135,819,599	137,183,853
County	71,423,204	72,877,808	71,316,677	73,195,436	69,967,692
Total Amount Required to Balance	$432,494,173	$444,364,007	$447,361,053	$469,608,820	$443,053,514
Reserve for Uncollected	16,103,000	14,404,450	14,893,000	14,906,306	19,955,000
Total Required General Tax Levy	$448,597,173	$458,768,457	$462,254,053	$484,515,126	$463,008,514
Less: Veteran's and Senior Citizens	252,250	237,250	289,574	260,595	175,750
Required Property Tax Levy Billed	$448,344,923	$458,853,120	$461,964,479	$484,254,531	$462,832,764

Source: 2021 Annual Financial Statement (Unaudited)

Source: 2017-2020 Audit Reports

City Special Taxes

The total value of all revenue collected from special taxes in 2021 was $75,623,461 ($58,013,275 from payroll taxes, $14,266,064 from parking taxes, and $3,344,122 from hotel taxes), a increase of approximately $5.960 million from the amounts received in 2020. These taxes are imposed and collected by the City under authority granted by the State Legislature.

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

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

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

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

Collections

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

CURRENT GENERAL TAX LEVY

	2017	2018	2019	2020	2021
Municipal	$226,192,218	$230,406,975	$231,597,886	$256,889,147	$232,181,184
Municipal Open Space	3,645,330	3,209,947	3,626,272	3,704,638	3,720,785
School	131,233,421	137,469,277	140,820,218	135,819,599	137,183,853
County	71,423,204	72,877,808	71,316,677	73,195,436	69,967,692
Reserve for Uncollected Taxes	16,103,000	14,404,450	14,893,000	14,906,306	19,955,000
Total	$448,597,173	$458,768,457	$462,254,053	$484,515,126	$463,008,514
TOTAL CURRENT COLLECTIONS	$438,429,045	439,751,8774	451,342,268	450,754,048	437,392,255
Percent Collected of Current Levy	97.73%	95.85%	97.64%	93.03%	94.46%
Percent Collected of Current Levy Minus Reserve for Uncollected Taxes	101.37%	98.96%	100.89%	95.00%	98.72%

Source: 2021 Annual Financial Statement (Unaudited)

Source: 2017-2020 Audit Reports

Delinquent Taxes and Tax Title Liens

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

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

	2017	2018	2019	2020	2021
Delinquent Tax Collected	$ 1,774,031	$ 3,441,984	$ 3,417,117	$ 7,699,379	$ 21,814,909
Delinquent Tax Balance December 31	4,888,891	6,546,911	10,648,419	29,182,477	32,503,948
Tax Title Liens Collected	6,446,484	3,176,769	2,550,459	1,447,666	1,115,557
Tax Title Liens Balance December 31	32,955,187	33,306,081	32,923,420	31,475,754	30,360,198
Foreclosed Prop. Balance December 31	133,797,233	134,809,935	135,511,249	135,511,249	135,511,249

Source: 2021 Annual Financial Statement (Unaudited)

Source: 2017-2020 Audit Reports

CITY EMPLOYEES

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

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

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

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

Successor agreements with all uniform unions were reached and formally adopted by Council through 2023, with the exception of the Police Superior Officers' Association (SOA), in contract through 2017 and the expired agreement operating in full force and effect. For the period 2018-2023, negotiations with all remaining uniformed personnel provided for an average annual increase of 2.33% over six (6) years (all contracts are for the term: January 1, 2018 - December 31, 2023 and the increases are as follows: '18 – 2.0%, '19 – 2.0%, '20 – 3.0%, '21 – 2.33%, '22 - 2.33% and '23 – 2.34%; SOA increases for the period 2018-2023 are the same). All parties recognized the continuing need for all employees to assist the City in cost saving measures. This concession is extremely significant since arbitration would have reduced saving to the City dramatically. In addition, the City continues to implement caps on the banking and payment of compensatory, with payment or utilization of this time within the 24 month period of accrual. Payouts are at the current rate of pay, as opposed to the previous practice of paying it all out on a lump sum basis at the time of separation (or a higher rate of pay). In each case, the goal of achieving out-of-pocket savings, where possible, and operational changes, to reduce overtime and compensatory time remain consistent.

The City has reached agreements through December 31, 2022 with three all civilian unions. The average annual increase is 2.12% over four (4) years. The terms are January 2, 2019 through December 31, 2022 and the increases are as follows: '19 – 2.0%; '20 – 2.5%; '21 – 2.0% and '22 – 2.0%. Newark Council 21, NJCSA, was settled via the mediation process under the auspices of NJ PERC.

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

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

INSURANCE

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

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

Responsibility for insurance and risk management including purchase of insurance and maintenance of insurance trust funds (including Worker's Compensation) lies with the Insurance Fund Commission, a statutory commission consisting of three commissioners appointed by the Mayor and Council. The City Business Administrator is currently Chairman of the Insurance Fund Commission with the Director of Finance and the Corporation Counsel serving as the other two (2) members. The Commission's efforts are supported by the City's Risk Manager, a role created in 2007 to augment the City's insurance and risk management efforts.

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

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

	2017	**2018**	**2019**	**2020**	**2021**
Worker's Comp	$591,115	$1,464,775	$714,420	$430,453	$345,394
Liability	9,345,196	10,514,671	12,258,006	12,670,309	14,291,136
State Unemployment	2,119,853	1,323,534	1,043,446	470,118	1,518,531
TOTAL	$12,056,164	$13,302,980	$14,015,872	$13,570,880	$16,155,061

Source: 2021 Annual Financial Statement (Unaudited)
Source: 2017-2020 Audit Reports

PENSION SYSTEMS

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

State Administered Pension Funds

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

Consolidated Police and Firemen's Pension Fund

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

Police and Firemen's Retirement System

All uniformed employees of the City who began employment after 1944 are enrolled in this system. At the present time the State's requirement for municipal contribution is equal to 8.5% of gross employee salaries. Employee contributions depend on age at date of entry and range from 6.73% to 9.32% of salary. In addition, the City is required to pay its share of unfunded past service liability in order to amortize this liability over the next 35 years.

Public Employees' Retirement System

The Public Employees' Retirement System ("PERS") includes all temporary non-uniformed employees and all non-uniformed permanent employees who because of physical condition are not eligible for the City's Employee Retirement System. The system is evaluated every year and the required rate of contribution of participating municipalities is determined at that time. Contributions for normal service are generally set for municipalities at 150% of employee contribution. At the present time, such contributions approximate 5.0% of gross salaries. In addition, the City is required to pay its share of unfunded past service liability in order to amortize this liability over the next 35 years.

Defined Contribution Retirement Program

The Defined Contribution Retirement Program ("DCRP") was established on July 1, 2007 for eligible public employees, with a minimum base salary of $1,500 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. With the DCRP the value of the pension is based on the amount of the contribution made by the employee and employer and through investment earnings. Contributions made by employees for DCRP are currently at 5.5% of gross wages. Member contributions are matched by a 3.0% employer contribution. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

SOCIOECONOMIC AND DEMOGRAPHIC INFORMATION OF THE CITY

LARGEST TAXPAYERS
2022 Assessed Valuation

Prudential Insurance Co. of America	$ 177,157,500
Anheuser Busch, Inc.	125,000,000
Prudential Newark Realty, LLC	108,535,600
NJBT CO, C/O Duff & Phelps	102,197,792
Market Halsey Urban Renewal LLC	97,000,000
80 Park Place SPE LLC	90,000,000
1 Gateway Center	78,078,100
2 Gateway Center Partners LLC	74,141,800
Ivy Hill Park	63,760,800
Delancy SG, LLC	63,035,000

Source: City of Newark Tax Assessor

POPULATION

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

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

LABOR FORCE - CITY OF NEWARK

	Labor			Unemployment Rate		
Year	Force (000)	Employed (000)	Percent Employed	City	County	State
2017	116.8	108.0	92.5	7.5	5.7	4.6
2018	115.5	106.9	93.0	7.0	5.2	4.1
2019	116.6	109.8	94.0	5.8	4.3	3.4
2020	119.4	101.8	85.0	14.7	11.7	9.8
2021	122.5	109.5	89.0	10.6	8.0	6.3

Source: New Jersey Department of Labor and Workforce Development

APPENDIX B
CITY OF NEWARK
AUDITOR'S REPORT AND FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

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

The accompanying summary financial statements - regulatory basis, and the related notes, are derived from the audited basic financial statements of the City of Newark, State of New Jersey, as of and for the years ended December 31, 2020, 2019, 2018 and 2017. We expressed unmodified audit opinions on those audited financial statements - regulatory basis in our report dated June 6, 2022. The audited financial statements - regulatory basis, and the summary financial statements - regulatory basis derived therefrom, do not reflect the effects of events, if any, that occurred subsequent to the date of our report on the audited financial statements - regulatory basis.

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

Management's Responsibility for the Summary Financial Statements

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

Auditor's Responsibility

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

Opinion

In our opinion, the summary financial statements - regulatory basis of the City of Newark, State of New Jersey as of and for the years then ended December 31, 2020, 2019, 2018 and 2017 referred to above are consistent, in all material respects, with the audited financial statements - regulatory basis from which they have been derived, on the basis described in Note 1.

Emphasis-of-Matter

These summary financial statements - regulatory basis were prepared for the purpose of inclusion in an official statement for the issuance of Qualified General Capital Improvement Bonds, Series 2023 (Qualified Under the Municipal Qualified Bond Act, P.L. 1976, C.38, as amended) and General Capital Improvement Bond Anticipation Notes (ECIA Property Acquisition) (Federally Taxable), Series 2023A for the City of Newark, County of Essex, New Jersey, and were abstracted from audit reports issued under the periods referred to above as dated June 6, 2022, April 12, 2021, January 27, 2020 and December 6, 2018, respectively.

SAMUEL KLEIN AND COMPANY, LLP

SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH J. FACCONE

JOSEPH J. FACCONE, RMA, PA

Newark, New Jersey
June 6, 2022

CITY OF NEWARK

CURRENT FUND - COMPARATIVE BALANCE SHEET - REGULATORY BASIS

Sheet #1

	Unaudited	Audited			
ASSETS AND DEFERRED CHARGES	Balance Dec. 31, 2021	Balance Dec. 31, 2020	Balance Dec. 31, 2019	Balance Dec. 31, 2018	Balance Dec. 31, 2017
Regular Fund					
Cash	$128,788,659	$ 77,665,135	$ 68,344,914	$ 78,947,275	$ 71,881,601
Cash - Deposit with State		13,801,504	12,237,765	11,249,331	11,969,034
Sub-Total	128,788,659	91,466,639	80,582,679	90,196,606	83,850,635
Cash - Change Fund			2,440	2,440	2,440
	128,788,659	91,466,639	80,585,119	90,199,046	83,853,075
Delinquent Property Taxes Receivable	32,503,948	29,182,477	10,648,419	6,546,911	4,888,891
Tax Title Liens Receivable	30,360,198	31,475,754	32,923,420	33,306,081	32,955,187
Deposits with County Registrar	2,231	2,231	2,231	2,231	2,231
Property Acquired for Taxes:					
Assessed Valuations	135,511,249	135,511,249	135,511,249	134,809,934	133,797,233
Sales Contracts Receivable	12,544,478	12,544,478	12,544,478	12,544,478	12,554,477
Tax Abatements Receivable	68,206,342	37,663,904	37,663,904	29,499,222	20,640,912
Revenue Accounts Receivable		309,755			
Interfunds Receivable	13,243,235	4,446,646			83,118
Due from Housing for Senior Citizens	14,906	14,906	14,906	14,906	14,906
Due from East Orange - Passaic Valley	242,983	90,118	90,118	90,118	90,118
	292,629,570	251,241,518	229,398,725	216,813,881	205,027,073
Deferred Charges:					
Emergency Authorizations - Special	12,140,000	16,962,000	35,737,069	59,184,523	52,631,977
Prior Year's Deficit	18,042,161	25,650,078			
	451,600,390	385,320,235	345,720,913	366,197,450	341,512,125
State and Federal Grants					
Cash	34,205,884	144,086	4,287,072	7,886,206	6,734,195
State and Federal Grants Receivable	157,812,849	152,510,279	118,130,456	125,141,416	121,101,710
Prepaid Grant Expenditures	123,454	260,681		277,126	1,366,906
Accounts Receivable	218,923	47,875	47,875	47,875	47,875
SLEPA Receivable - Due from State of N.J.		103	103	103	103
Interfunds Receivable		123,883	2,812		24,554
Unallocated Receipts		188,326			
	192,361,110	153,275,233	122,468,318	133,352,726	129,275,343
	$643,961,500	$538,595,468	$468,189,231	$499,550,176	$470,787,468

CITY OF NEWARK

CURRENT FUND - COMPARATIVE BALANCE SHEET - REGULATORY BASIS

Sheet #2

LIABILITIES AND FUND BALANCE	Unaudited Balance Dec. 31, 2021	Audited Balance Dec. 31, 2020	Balance Dec. 31, 2019	Balance Dec. 31, 2018	Balance Dec. 31, 2017
Regular Fund					
Appropriation Reserves, Commitments and Encumbrances	$ 70,856,626	$ 70,244,399	$ 39,928,117	$ 51,401,160	$ 52,641,580
Commitments Payable	10,257,707	3,179,057	3,319,035	5,493,523	6,685,930
Due to N.J. - Senior Citizens	228,020	234,465	289,574	274,178	264,343
Reserve for Void Checks Pending Distribution	30,959	30,957	84,664	84,664	84,654
Due to Newark Parking Authority		125,443	347,733	347,878	
Prepaid Taxes	7,035,902	2,875,869	3,719,648	3,845,551	3,833,815
Prepaid Tax Abatements		247,172	300,114	301,996	602,506
Due to Special Improvement District	207,027	330,777	762,387	131,851	128,625
Prepaid Special Improvement District Taxes		43,008	56,739	118,593	46,775
Due to State of N.J. and Public Assistance Trust Fund	246,156	239,736	235,605	233,700	222,664
Interfunds Payable	3,161,024	123,884	2,142,498	205,988	11,475,013
County Taxes Payable	413,408	514,789	1,071,643	816,886	413,531
Reserve for Tax Appeals Pending					379,691
Due to Redflex Traffic Systems	850	850	850	850	850
Due to State of New Jersey - Uniform Construction	710,718	667,637	278,652	362,163	355,682
Tax Overpayments		591,604	755,604	1,084,466	1,046,117
Reserve for Hurricane Sandy	562	562	562	562	562
Assessments Payable	165,786				
Reserve for Master Plan	231,782	231,782	231,782	231,782	231,782
Protested Checks		400			
Reserve for Severance Pay		4,424,344			
	93,546,527	84,106,735	53,525,207	64,935,791	78,414,120
Emergency Notes Payable	10,140,000	12,675,000		15,000,000	
Reserve for Other Receivables	292,629,570	251,241,518	229,398,724	216,813,882	205,027,073
Fund Balance	55,284,293	37,296,982	62,796,982	69,447,777	58,070,932
	451,600,390	385,320,235	345,720,913	366,197,450	341,512,125
Federal and State Grant Funds					
Expenditure Reserves:					
SLEPA Administration Grant					179,709
Grants Appropriated	176,839,239	137,806,556	117,595,100	126,125,369	121,986,705
Reserve for Elderly Nutrition	2,537,512	2,515,719	2,513,368	2,510,118	2,366,623
Reserve for Safe Housing	1,169,133	1,117,355	1,042,509	642,376	576,295
Due to General Capital Fund	5,200,000	5,200,000			
Interfunds Payable	5,167,158	5,180,988	7,406	7,406	1,513
UEZ Loan Repayment	136,995	69,727		1,558,733	1,552,482
Due to Federal Government	618,201	618,201	724,718	724,718	724,718
Unappropriated Grants	692,872	756,750	585,217	271,883	1,847,823
Unallocated Receipts				1,512,123	39,475
Vouchers Payable		9,937			
	192,361,110	153,275,233	122,468,318	133,352,726	129,275,343
	$643,961,500	$538,595,468	$468,189,231	$499,550,176	$470,787,468

See accompanying notes to financial statements.

CITY OF NEWARK

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

	Unaudited	Audited			
	2021	2020	2019	2018	2017
Revenue and Other Income					
Surplus	$ 11,700,000	$ 25,500,000	$ 24,673,000	$ 5,300,000	$
Miscellaneous Revenue Anticipated	522,839,567	448,098,394	459,932,663	469,187,087	449,737,404
Receipts from Delinquent Taxes	22,930,466	9,147,045	5,967,577	6,618,753	8,220,515
Receipts from Current Taxes	445,079,977	450,754,048	451,342,268	439,751,874	426,805,235
Nonbudget Revenue	1,880,695	1,269,319	1,577,192	5,339,245	299,821
Other Credits to Income:					
Reserve for Petty Cash Fund					2,605
Appropriation Reserves and Accounts Payable Cancelled	18,267,743	9,138,399	3,829,711	5,068,704	5,992,499
Federal and State Grants Cancelled				53,713	
Interfunds Receivable Liquidated				83,118	
Miscellaneous		21,473	29,551	36,998	
Reserve for Due to Election Workers					1,628
Various Liabilities Cancelled					71,676
	1,022,698,448	943,928,678	947,351,962	931,439,492	891,131,383
Expenditures					
Budget and Emergency Appropriations	763,720,034	721,652,515	710,154,472	713,627,289	675,273,853
Local District School Tax	137,183,853	135,819,599	133,135,104	130,524,103	125,678,692
County Taxes	69,967,692	72,680,647	73,665,348	72,877,808	71,423,204
County Share of Added and Omitted Taxes	413,408	514,789	1,071,643	816,886	413,531
Special District Taxes	7,687,722	7,558,861	7,620,893	7,817,867	6,159,947
Interfund Reserve Established	12,381,523	4,446,645			83,118
Reserve				325,657	
Prior Year Revenue Refunded		198,447	500	163,089	665,051
Miscellaneous - Municipal Open Space	3,720,785	3,704,638	3,681,797	3,609,947	3,645,330
	995,075,017	946,576,141	929,329,757	929,762,646	883,342,726
Excess (Deficit) in Revenue	27,623,431	(2,647,463)	18,022,205	1,676,846	7,788,657
Adjustments to Income:					
Expenditures Included Above Which Are By Statute Deferred Charges to Budget of Succeeding Year		287,000		15,000,000	10,000,000
Statutory Excess in Revenue	27,623,431		18,022,205	16,676,846	17,788,657
Deficit in Revenue		$ (2,360,463)			
Fund Balance - January 1	39,360,862	$ 62,796,982	69,447,777	58,070,931	40,282,275
Decreased by:					
Utilized as Anticipated Revenue	11,700,000	25,500,000	24,673,000	5,300,000	
Fund Balance - December 31	$ 55,284,293	$ 37,296,982	$ 62,796,982	$ 69,447,777	$ 58,070,932

ANALYSIS OF FUND BALANCE

	Unaudited	Audited			
	2021	2020	2019	2018	2017
Cash	$ 128,788,659	$ 91,466,639	$ 80,585,119	$ 90,199,046	$ 83,853,075
Total	128,788,659	91,466,639	80,585,119	90,199,046	83,853,075
Less: Liabilities	93,546,527	84,106,735	53,525,206	64,935,792	78,414,120
Cash Surplus (Deficit)	35,242,132	7,359,904	27,059,913	25,263,254	5,438,955
Add: Noncash Assets Pledged to Surplus:					
Deferred Charges	20,042,161	29,937,078	35,737,069	44,184,523	52,631,977
Fund Balance	$ 55,284,293	$ 37,296,982	$ 62,796,982	$ 69,447,777	$ 58,070,932

See accompanying notes to financial statements.

CITY OF NEWARK

CURRENT FUND - COMPARATIVE STATEMENT OF REALIZED REVENUE

	Unaudited	Audited			
	2021	2020	2019	2018	2017
Taxes for Municipal Purposes	$246,061,518	$245,381,820	$247,060,483	$238,509,713	$235,587,531
Less: Reserve for Uncollected Taxes	19,955,000	14,906,306	14,893,000	14,404,450	16,103,000
Taxes Collected for Municipal Purposes	226,106,518	230,475,514	232,167,483	224,105,263	219,484,531
General Revenue					
Municipal Court	2,957,816	4,359,895	9,977,170	8,874,485	10,585,941
Construction Fees	6,257,410	5,191,715	5,611,345	5,569,771	4,853,560
Host Fees	8,057,867	6,075,986	5,850,674	6,214,642	6,222,962
Interest on Investment and Deposits	398,607	1,364,097	3,037,269	1,922,138	891,629
Fox Lance Limited Dividend Receipts	20,361,503	20,326,836	22,816,948	24,286,918	24,891,500
Reimbursement for In-Kind, Administrative and Fringe Benefits	5,000,000	5,000,000	5,000,000	5,000,000	4,000,000
Revenue from New Taxes:					
Payroll Tax	58,013,275	52,278,396	57,536,667	55,574,035	51,067,559
Hotel Occupancy Tax	3,344,122	3,709,120	8,453,039	7,723,247	7,212,093
Parking Lot Receipts	14,266,064	13,676,474	26,149,558	25,512,896	24,887,059
Port Newark Lease - Port Authority of New York and New Jersey	97,909,485	102,684,485	97,684,485	97,684,485	97,719,399
Receipts from Delinquent Taxes	22,930,466	9,147,095	5,967,577	6,618,753	8,220,515
Interest and Costs on Taxes	2,112,963	1,398,629	2,331,962	2,230,523	3,056,456
Rents and Sale of Municipal Property	681,349	547,225	12,423,711	554,359	540,789
Other	83,223,806	53,100,244	45,948,981	39,017,152	53,216,873
Car Rental Tax	2,500,000	2,500,000	5,972,722	7,950,000	7,950,000
Other Revenue					
State Aid Without Offsetting Appropriations	108,721,117	108,721,117	108,721,117	108,721,117	109,422,369
State Aid for School Debt				372,736	3,390,526
Revenues from Public and Private Sources with Offsetting Appropriations	109,034,183	67,164,125	42,617,015	71,978,677	39,828,689
	$771,876,551	$687,720,953	$698,067,723	$699,911,197	$677,442,450

See accompanying notes to financial statements.

CITY OF NEWARK

CURRENT FUND - COMPARATIVE STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Unaudited	Audited			
GENERAL APPROPRIATIONS - APPROPRIATIONS WITHIN "CAPS"	2021 Expended	2020 Expended	2019 Expended	2018 Expended	2017 Expended
Office of the Mayor and Agencies	$ 17,433,500	$ 15,353,807	$ 16,902,091	$ 14,798,752	$ 14,510,310
City Clerk and Municipal Council	9,079,852	8,949,751	9,363,229	9,192,355	8,546,209
Department of Administration	18,108,504	15,281,792	15,600,447	15,007,125	14,655,348
Department of Law	6,463,988	6,256,221	6,454,414	5,645,998	5,583,496
Department of Finance	6,675,762	6,345,288	6,250,838	5,465,078	5,365,860
Department of Public Safety	243,267,705	236,715,370	226,071,160	221,538,781	213,442,770
Department of Public Works	62,621,389	54,943,249	58,559,440	59,606,382	58,273,366
Department of Engineering	16,170,576	13,184,913	14,361,160	13,382,424	13,107,372
Department of Health and Community Wellness	7,731,580	9,016,112	8,952,871	9,110,295	8,380,945
Department of Economic and Housing Development	3,516,060	3,314,558	3,444,842	2,819,335	2,391,245
Department of Recreation, Cultural Affairs and Senior Services	7,034,607	5,206,462	6,977,806	6,795,447	6,270,916
Unclassified Purposes	106,915,225	121,675,826	119,484,008	125,586,923	128,544,072
Deferred Charges	6,679,407	7,927,885	22,733,468	6,499,351	10,877,201
Statutory Expenditures	78,757,178	74,766,754	72,531,315	65,058,265	60,338,718
Total Appropriations Within "CAPS"	590,455,333	578,937,988	587,687,089	560,506,511	550,287,828
GENERAL APPROPRIATIONS - APPROPRIATIONS EXCLUDED FROM "CAPS"					
Other Operations	12,107,280	10,539,582	12,177,922	13,656,110	19,665,275
Public and Private Programs	110,413,203	67,720,121	43,599,673	73,941,468	40,794,570
Capital Improvements	2,000,000	100,000	100,000	100,000	100,000
Municipal Debt Service	39,855,819	52,779,043	55,691,422	54,906,766	51,224,225
Deferred Charges	2,000,000	3,200,000	3,200,000	3,200,000	4,256,700
Type I District School Debt Service	6,888,399	8,375,781	7,698,366	7,316,434	8,945,255
Total Appropriations Excluded from "CAPS"	173,264,701	142,714,527	122,467,383	153,120,778	124,986,025
Total Appropriations	$ 763,720,034	$ 721,652,515	$ 710,154,472	$ 713,627,289	$ 675,273,853

See accompanying notes to financial statements.

CITY OF NEWARK

GENERAL TRUST FUND - COMPARATIVE BALANCE SHEET - REGULATORY BASIS

Sheet #1

	Unaudited	Audited			
ASSETS	Balance Dec. 31, 2021	Balance Dec. 31, 2020	Balance Dec. 31, 2019	Balance Dec. 31, 2018	Balance Dec. 31, 2017 (Restated)
Assessment Fund					
Cash	$	$	$	$	$ 378,527
Animal Control Trust Fund					
Cash	48,037	45,244	43,904	41,518	41,032
Trust Funds					
Other Trust					
Cash/Investments	78,164,567	55,906,374	75,988,485	65,581,516	56,274,970
Interfunds Receivable	14,960,995	5,254,141	7,725,011	172,626	12,252,947
Vouchers Payable	2,033,577	1,903,708	944,997	944,997	944,997
Law Enforcement	34,981	34,981	15,323		
Overexpenditure - Trust Other	607			424,952	424,952
	95,194,727	63,099,204	84,673,816	67,124,091	69,897,866
Community Development Block Grant					
Cash	8,844,071	7,918,352	7,754,758	10,616,118	7,990,690
Interfunds Receivable	725	13,830	725	725	18,459
Accounts Receivable		120,000	120,000	120,000	120,000
Grant Receivables	18,214,353	181,308			
Community Development Block Grant Program		11,199,963	11,802,403	12,455,636	11,284,222
Section 108 Loan Guarantee Program		8,291,070	5,791,070	8,291,070	
Grant Expenditures with Commitment Letters					601,134
	27,059,149	27,724,523	25,468,956	31,483,549	20,014,505
Municipal Open Space					
Cash	8,897,089	8,868,379	14,391,109	6,966,199	6,891,005
Interfunds Receivable				1,014,187	
	8,897,089	8,868,379	14,391,109	7,980,386	6,891,005
	$131,199,002	$99,737,350	$124,577,785	$106,629,544	$97,222,935

CITY OF NEWARK

GENERAL TRUST FUND - COMPARATIVE BALANCE SHEET - REGULATORY BASIS

Sheet #2

	Unaudited	Audited			
LIABILITIES, RESERVE AND FUND BALANCES	Balance Dec. 31, 2021	Balance Dec. 31, 2020	Balance Dec. 31, 2019	Balance Dec. 31, 2018	Balance Dec. 31, 2017 (Restated)
Assessment Fund					
Interfunds Payable	$	$	$	$	$ 83,118
Fund Balance					295,409
					378,527
Animal Control Trust Fund					
Due to State of New Jersey	1,061	611	255	84	174
Reserve for Expenditures	46,976	44,633	43,649	41,434	40,858
	48,037	45,244	43,904	41,518	41,032
Trust Funds					
Other Trust					
Interfunds Payable		3,208	725	974,144	1,943
Reserve for Other Funds	60,714,807	41,148,439	61,349,584	64,630,026	62,863,473
Other Liabilities	1,983,782	91,885	298,797		
Motor Vehicle Rental - Commitment	1,037,532	1,037,532	1,037,532	1,519,921	7,032,450
Reserves for:					
Worker's Compensation	345,394	430,453	714,421		
State Unemployment Fund	1,518,531	470,118	1,043,446		
Liability Fund	14,291,136	12,670,309	12,258,006		
Payroll Deductions Payable	13,573,274	5,516,989	6,185,733		
Net Payroll	1,730,271	1,730,271	1,785,572		
	95,194,727	63,099,204	84,673,816	67,124,091	69,897,866
Community Development Block Grant					
Reserve for Balanced Housing Grant		4,746,464	4,715,561	4,642,056	4,576,895
Reserve for Demolition Liens		502,632	502,632	502,632	502,632
Reserve for Community Development Block Grant		10,828,841	10,925,704	12,449,822	11,761,359
Reserve for Urban Development			181,354	893,617	2,203,065
Reserve for Community Economic Development Trust		285,509	283,755	259,904	223,798
Reserve for Revolving Development Trust Fund		746,474	746,474	746,474	746,756
Reserve for Section 108 Guarantee Loan Program	10,727,394	10,407,245	8,111,230	11,988,592	
Reserve for Section 108 Guarantee Loan Program Income		3,273	2,246	452	
Reserves - Other	16,331,755	204,085			
	27,059,149	27,724,523	25,468,956	31,483,549	20,014,505
Municipal Open Space					
Interfunds Payable		86,257	5,575,108		789,455
Reserve for Open Space	8,897,089	8,782,122	8,816,001	7,980,386	6,101,550
	8,897,089	8,868,379	14,391,109	7,980,386	6,891,005
	$131,199,002	$99,737,350	$124,577,785	$106,629,544	$97,222,935

See accompanying notes to financial statements.

CITY OF NEWARK

GENERAL CAPITAL FUND - COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Unaudited	Audited			
ASSETS AND DEFERRED CHARGES	Balance Dec. 31, 2021	Balance Dec. 31, 2020	Balance Dec. 31, 2019	Balance Dec. 31, 2018	Balance Dec. 31, 2017
Cash	$ 69,683,403	$ 48,873,051	$ 66,224,089	$ 92,707,204	$122,279,440
Investments				15,000,000	
Accounts Receivable	16,550,000	16,550,000	16,550,000	16,550,000	16,550,000
Deferred Charges to Future Taxation:					
Funded	124,787,681	274,883,616	322,448,851	305,072,086	335,375,320
Unfunded	397,393,919	124,787,682	132,080,681	191,840,681	127,619,246
Deferred Charge:					
Newark Housing Authority - Guarantee	51,315,000	53,250,000	55,095,000	56,690,000	58,215,000
Due from Board of Education - Cost of Issue				377,167	377,167
Due from ECIA	4,144,636	4,144,636	4,477,881	4,477,880	4,477,880
Due from State and Federal Grants	5,200,000	5,200,000			
	$669,074,639	$527,688,985	$596,876,502	$682,715,018	$664,894,053
LIABILITIES, RESERVES AND FUND BALANCE					
General Serial Bonds	$229,188,617	$245,038,616	$284,631,851	$262,120,086	$287,478,320
School Serial Bonds	25,595,000	28,720,000	36,567,000	41,577,000	46,397,000
Bond Anticipation Notes	108,741,581	77,181,031	86,849,031	89,764,031	86,542,596
Improvement Authorizations:					
Funded	47,539,796	48,614,528	57,132,163	74,486,075	76,752,607
Unfunded	189,760,241	64,101,326	70,487,227	150,975,296	102,475,349
Reserve for Encumbrances				324,209	337,838
Capital Improvement Fund	474,044	394,494	419,494	319,494	219,494
Reserve for Improvements Funded by ECIA			4,043,244	4,043,244	4,043,244
Guarantee - Newark Housing Authority	52,314,752	53,250,000	55,095,000	56,690,000	58,215,000
Capital Leases Payable	3,710,000	3,710,000			
State Trust Loan Payable		1,125,000	1,250,000	1,375,000	1,500,000
Accrued Interest				241,567	241,567
Due to Current Fund	10,837,318	4,424,344			
Fund Balance	913,290	1,129,646	401,492	799,016	691,038
	$669,074,639	$527,688,985	$596,876,502	$682,715,018	$664,894,053
Bonds and Notes Authorized and Issued:					
General	$194,095,200	$ 47,606,650	$ 45,231,650	$102,076,650	$ 41,076,650

See accompanying notes to financial statements.

CITY OF NEWARK

WATER UTILITY FUND - COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

Sheet #1

	Unaudited	Audited			
ASSETS AND DEFERRED CHARGES	Balance Dec. 31, 2021	Balance Dec. 31, 2020	Balance Dec. 31, 2019	Balance Dec. 31, 2018	Balance Dec. 31, 2017
Operating Section					
Cash	$ 5,355,454	$ 12,064,458	$ 14,378,237	$ 32,004,571	$ 33,449,802
Consumer Accounts Receivable	24,668,653	18,745,443	17,807,820	16,634,001	14,181,008
Sundry Accounts Receivable				484,446	554,012
Water Liens Receivable	577,187	577,187	577,187	577,187	698,100
Inventory	607,958	607,958	607,958	607,958	607,958
Other Receivables	86,000	86,000	86,000	86,000	86,000
Interfunds Receivable	19,784,385	7,501,187	13,088,912	2,539,792	2,482,310
	51,079,637	39,582,233	46,546,114	52,933,955	52,059,190
Capital Section					
Cash	1,667,417	2,417,949	73,815,700	220,878	578,765
Due from State of New Jersey - Waste Water Trust Fund		2,495,294	2,544,184	2,544,184	4,151,984
Due from State of New Jersey - Waste Water Trust Fund - ARRA Principal Forgiveness					299,947
Due from State of New Jersey	968,019	968,019	968,019	968,019	968,019
Deferred Charge - Capitalization of Interest	110,991	110,991	258,979	406,967	554,955
Fixed Capital	277,766,615	277,766,615	266,403,287	259,376,582	253,255,795
Fixed Capital Authorized and Uncompleted	318,808,383	295,808,383	295,903,383	175,903,383	100,139,883
	599,321,425	579,567,251	639,893,552	439,420,013	359,949,348
	$ 650,401,062	$ 619,149,484	$ 686,439,666	$ 492,353,968	$ 412,008,538

CITY OF NEWARK

WATER UTILITY FUND - COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

Sheet #2

LIABILITIES, RESERVES AND FUND BALANCE	Unaudited Balance Dec. 31, 2021	Audited Balance Dec. 31, 2020	Balance Dec. 31, 2019	Balance Dec. 31, 2018	Balance Dec. 31, 2017
Operating Section					
Appropriation Reserves and Encumbrances	$ 8,486,369	$ 9,410,641	$ 13,936,096	$ 12,125,642	$ 14,735,184
Accounts Payable	4,055,901	5,932,861	3,210,959	4,421,555	3,839,084
Accrued Interest on Bonds and Notes	111,327	129,049	111,327	90,724	104,915
Belleville Flood Control	994	994	994	994	994
Reserve for Overpayments and Credits		641,656	365,926	618,446	499,629
Reserve for Water Easement	236,000	236,000	236,000	236,000	236,000
Interfunds Payable	9,000,000	4,160			666,128
Reserves for:					
Consumer Accounts Receivable	24,668,653	18,745,443	18,992,965	16,634,001	14,181,008
Sundry Accounts				484,446	554,012
Inventory	607,958	607,958		607,958	607,958
Unidentified	270,000				
Water Liens	577,187	577,187		577,187	698,100
Due to Federal Government			2,810		
Fund Balance	3,065,248	3,296,284	9,689,037	17,137,002	15,936,178
	51,079,637	39,582,233	46,546,114	52,933,955	52,059,190
Capital Section					
State Water Loan Payable	78,534,025	81,100,172	39,033,257	38,136,323	39,977,979
Construction Advances	49,755,419				
Serial Bonds	76,647,000	8,297,000	9,437,000	11,067,000	12,682,000
Improvement Authorizations:					
Funded	7,120,634	7,802,191	73,392,972	8,463,236	8,733,592
Unfunded	69,091,636	98,411,324	136,639,181	79,424,966	22,637,417
Encumbered				22,399,136	4,759,292
Interfunds Payable	4,000,000	4,000,000	12,430,260	2,482,310	2,482,310
Capital Improvement Fund	2	2	2	2	2
Reserve for Deferred Amortization	10,279,743	10,279,743	6,664,413	4,279,707	1,530,193
Reserve for Amortization	288,191,021	283,289,874	274,674,522	266,365,599	260,344,829
Reserve for Due from State of New Jersey	968,019	968,019	968,019	968,019	968,019
Reserve for Amortization - Revaluation of Watershed	5,780,431	5,780,431	5,780,431	5,780,431	5,780,431
ECIA Payable		70,685,000	70,685,000		
ECIA Payable			1,235,000		
Fund Balance	8,953,495	8,953,495	8,953,495	53,284	53,284
	599,321,425	579,567,251	639,893,552	439,420,013	359,949,348
	$ 650,401,062	$ 619,149,484	$ 686,439,666	$ 492,353,968	$ 412,008,538
Bonds and Notes Authorized But Not Issued	$ 91,253,768	$ 114,253,769	$ 155,057,872	$ 108,251,615	$ 33,635,201

See accompanying notes to financial statements.

CITY OF NEWARK

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

	Unaudited	Audited			
	Balance Dec. 31, 2021	Balance Dec. 31, 2020	Balance Dec. 31, 2019	Balance Dec. 31, 2018	Balance Dec. 31, 2017
Revenue and Other Income					
Surplus Anticipated	$	$ 309,037	$ 4,618,317	$ 2,725,253	$ 3,684,640
Water Rents	49,510,109	54,190,910	58,401,550	58,008,580	56,995,420
Port Authority	5,000,000	5,000,000			
Public and Private Funds		475,000		291,000	
Other Credits to Income:					
Appropriation Reserves Lapsed	1,611,877	4,524,573	2,802,149	10,139,514	12,214,430
Accounts Payable Cancelled	3,785,744		3,801,881		1,139,579
Nonbudgeted Revenue	86,146	1,112,158	80,934	1,526,216	1,316,513
Protested Checks Cancelled					205,369
Miscellaneous	15,270				
	60,009,146	65,611,678	69,704,831	72,690,563	75,555,951
Expenditures					
Operating	42,222,767	44,025,125	46,114,513	45,926,328	45,084,628
Debt Service	8,799,078	8,845,112	4,840,651	4,840,899	4,710,930
Deferred Changes and Statutory Expenditures	1,499,709	1,499,709	1,490,601	1,499,709	1,499,709
Capital Improvements	7,256,274	7,927,146	9,067,146	7,741,000	7,820,000
	59,777,828	62,297,092	61,512,911	60,007,936	59,115,267
Prior Year Revenue Refunded		18,302	21,568	56,551	227,953
Bank Reconciliation Items					391,720
	59,777,828	62,315,394	61,534,479	60,064,487	59,734,940
Excess in Revenue	231,318	3,296,284	8,170,352	12,626,076	15,821,011
Statutory Excess to Operating Fund Balance	231,318	3,296,284	8,170,352	12,626,076	15,821,011
Fund Balance January 1	4,033,930	9,689,037	17,137,002	15,936,179	6,799,807
	4,265,248	12,985,321	25,307,354	28,562,255	22,620,818
Decreased by:					
Utilized as Anticipated Revenue		309,037	4,618,317	2,725,253	3,684,640
Transfer to Current Fund as Anticipated Revenue	1,200,000	9,380,000	11,000,000	8,700,000	3,000,000
	1,200,000	9,689,037	15,618,317	11,425,253	6,684,640
Fund Balance December 31	$ 3,065,248	$ 3,296,284	$ 9,689,037	$17,137,002	$15,936,178

See accompanying notes to financial statements.

CITY OF NEWARK

SEWER UTILITY FUND - COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Unaudited	Audited			
	Balance	Balance	Balance	Balance	Balance
ASSETS	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Operating Section					
Cash	$ 11,633,272	$ 9,477,902	$ 11,155,951	$ 12,935,247	$ 12,205,434
Consumer Accounts Receivable	32,077,650	21,140,649	17,581,976	15,161,022	13,260,945
Sewer Liens Receivable	2,039,625	2,039,625	2,039,625	2,039,624	2,095,804
Interfunds Receivable	3,950,000	2,655,456	3,750,000	2,000,000	2,210,229
	49,700,547	35,313,632	34,527,552	32,135,893	29,772,412
Capital Section					
Cash	60,659	241,673	137,928		
Interfunds Receivable			147,950		
Fixed Capital	10,760,093	10,760,093	8,025,034	7,314,310	4,774,662
Fixed Capital Authorized and Uncompleted	221,620,276	201,620,276	201,620,276	195,170,276	196,747,206
State Grant Receivable	1,164,960	1,164,960	1,164,960	1,164,960	1,164,960
Waste Water Treatment Funds - Due from State	3,690,103	3,690,103	7,522,848	7,962,467	20,504,787
	237,296,091	217,477,105	218,618,996	211,612,013	223,191,615
	$ 286,996,638	$ 252,790,737	$ 253,146,548	$ 243,747,906	$ 252,964,027
LIABILITIES, RESERVES AND FUND BALANCE					
Operating Section					
Appropriation Reserves	$	$ 446,864	$ 99,918	$ 596,365	$ 3,169,951
Appropriation Reserves - Encumbered	797,933	2,903,073	4,853,729	1,914,239	257,784
Interfunds Payable	12,030,813		806,603	57,482	
Commitments Payable	1,314,028	2,921,977	708,016	890,177	905,961
Sewer Overpayments		74,085	54,143	190,711	373,677
Reserve for:					
Consumers' Accounts Receivable	32,077,650	21,140,649	17,581,976	15,161,022	13,260,945
Sewer Liens Receivable	2,039,625	2,039,625	2,039,625	2,039,624	2,095,804
Fund Balance	1,440,498	5,787,359	8,383,542	11,286,273	9,708,290
	49,700,547	35,313,632	34,527,552	32,135,893	29,772,412
Capital Section					
Cash Overdraft				337,904	705,461
Waste Water Treatment Trust Loan Payable		12,920,921	15,087,364	16,605,844	16,733,337
Waste Water Treatment Fund Loan Payable	38,896,906	31,177,298	29,803,287	33,485,224	40,464,046
Improvement Authorizations:					
Funded	9,025,510	9,025,509	9,913,513	10,061,980	9,191,270
Unfunded	70,451,430	58,401,346	68,229,538	50,327,314	53,245,868
Encumbered				12,869,307	19,380,790
Interfunds Payable	7,472,302	6,172,302	3,750,000	2,000,000	1,545,972
Deferred Reserve for Amortization	104,267,457	99,066,145	91,067,207	85,156,068	81,138,863
Reserve for Sewer Construction Grant	713,584	713,584	768,087	768,372	786,008
Construction Loan Advance	6,468,902				
	237,296,091	217,477,105	218,618,996	211,612,013	223,191,615
	$ 286,996,638	$ 252,790,737	$ 253,146,548	$ 243,747,906	$ 252,964,027
Bonds and Notes Authorized but Not Issued	$ 89,216,005	$ 69,216,005	$ 73,687,451	$ 67,237,451	$ 63,185,622

See accompanying notes to financial statements.

CITY OF NEWARK

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

	Unaudited	Audited			
	Balance Dec. 31, 2021	Balance Dec. 31, 2020	Balance Dec. 31, 2019	Balance Dec. 31, 2018	Balance Dec. 31, 2017
Revenue and Other Income					
Surplus	$	$ 2,519,542	$ 4,236,862	$ 494,917	$
Sewer Rents	54,962,365	60,218,368	57,898,571	57,906,818	55,724,880
East Orange-Passaic Valley Sewer Commission	3,073,289	3,361,303	4,274,478	2,721,330	2,572,184
Nonbudget Revenue	458,760	423,918	455,629	404,662	934,234
Appropriation Reserves Lapsed	1,118,362	1,243,912	728,618	2,918,320	5,477,879
Commitments Payable Cancelled	1,387,562		863,960		5,017
	61,000,338	67,767,043	68,458,118	64,446,047	64,714,194
Expenditures					
Operating	54,268,348	54,921,653	52,838,281	48,994,159	47,817,846
Capital Outlay	389,372	1,900,000	2,935,774	1,100,000	1,100,000
Debt Service	5,860,480	6,023,900	5,928,298	5,882,354	6,012,862
Deferred Charges and Statutory Expenditures	402,505	396,634	421,634	396,634	396,634
	60,920,705	63,242,187	62,123,987	56,373,147	55,327,342
Excess (Deficit) in Operations	79,633	4,524,856	6,334,131	8,072,900	9,386,852
Fund Balance					
Balance January 1	5,860,865	8,383,542	11,286,273	9,708,290	7,321,438
	5,940,498	12,908,398	17,620,404	17,781,190	16,708,290
Decreased by:					
Utilized as Anticipated Revenue		2,519,542	4,236,862	494,917	
Transferred to Current Fund as Anticipated Revenue	4,500,000	4,601,497	5,000,000	6,000,000	7,000,000
	4,500,000	7,121,039	9,236,862	6,494,917	7,000,000
Balance December 31	$ 1,440,498	$ 5,787,359	$ 8,383,542	$11,286,273	$ 9,708,290

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

Description of Funds

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Description of Funds (Continued)

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

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

Basis of Accounting

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

Property Taxes and Other Revenue

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

Grant Revenue

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

Expenditures

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of Accounting (Continued)

Encumbrances

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

Appropriation Reserves

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

Compensated Absences

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

Property Acquired for Taxes

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

Self-Insurance Contributions

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

Interfunds Receivable

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

Inventories of Supplies

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

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

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

Basis of Accounting (Continued)

Capital Fixed Assets

General:

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

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

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

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

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

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

Utilities:

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

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

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

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

C. Basic Financial Statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Recent Accounting Pronouncements Not Yet Effective

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

- *GASB Statement No. 87. Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

  Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

  GASB Statement 95 was issued in May 2020, which postponed the effective date of this GASB by eighteen months.

- *GASB Statement No. 89. Accounting for Interest Cost Incurred Before the End of a Construction Period.* The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

  Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

  GASB Statement No. 95 was issued in May 2020, which postponed the effective date of this GASB by one year.

- *GASB Statement No. 90. Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

  Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The City does not expect this Statement to impact its financial statements.

  GASB Statement No. 95 was issued in May 2020, which postponed the effective date of this GASB by one year.

- *GASB Statement No. 91. Conduit Debt Obligations.* The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

  Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The City does not expect this Statement to impact its financial statements.

D. Recent Accounting Pronouncements Not Yet Effective (Continued)

GASB Statement No. 95 was issued in May 2020, which postponed the effective date of this GASB by one year.

- *GASB Statement No. 92. Omnibus 2020.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

  Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2020. Earlier application is encouraged. The City does not expect this Statement to impact its financial statements.

  GASB Statement No. 95 was issued in May 2020, which postponed the effective date of this GASB by one year.

- *GASB Statement No. 93. Replacement of Interbank Offered Rates.* The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

  Effective Date: The removal of London Interbank Offered Rate (IBOR) as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged. The City does not expect this Statement to impact its financial statements.

  GASB Statement No. 95 was issued in May 2020, which postponed the effective date of this GASB by one year.

- *GASB Statement No. 94. Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

  Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The City does not expect this Statement to impact its financial statements.

- *GASB Statement No. 96. Subscription-Based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscriptions-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Recent Accounting Pronouncements Not Yet Effective (Continued)

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

- *GASB Statement No. 97. Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

  Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged.

- *GASB Statement No. 98. The Annual Comprehensive Financial Report.* This Statement establishes the term *Annual Comprehensive Financial Report* and its acronym ACFR. That new term and acronym replace instances *of Comprehensive Annual Financial Report* and its acronym in generally accepted accounting principles for state and local governments.

  Effective Date: The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged. The City does not expect this Statement to impact its financial statements.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

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

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

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

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Cash and Cash Equivalents (Continued)

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

> The market value of the collateral must equal five percent of the average daily balance of public funds, or
>
> If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

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

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

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

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

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

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

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Cash and Cash Equivalents (Continued)

As of December 31, 2020 and 2019, the City's cash, cash equivalents and investments consisted of:

	2020	2019
Cash on Hand - State of New Jersey	$ 13,801,504.36	$ 12,237,764.51
City National Bank - Checking Accounts	8,013,394.81	16,778,790.39
Wells Fargo - Checking Accounts	78,990.77	219,129.91
Investors Bank - Checking Accounts	649.93	649.93
TD Bank - Checking Accounts	101,924,683.23	147,357,641.13
Bank of America - Checking Accounts		14,818.78
PNC - Checking Accounts	4,719,425.05	4,587,587.60
PNC - Money Market Accounts	12,941.52	12,915.82
U.S. Bank - Checking Accounts	2,428,758.75	1,059,861.65
Garden State Community Bank - Checking Accounts	50,939,912.16	54,870,655.58
Popular Community Bank - Checking Accounts	9,220,422.23	58,845,513.94
Santander Bank - Checking Accounts	26,007,976.53	39,029,104.65
New York Community Bank - Checking Accounts	29,090,861.34	19,789,151.72
Total Cash and Cash Equivalents	$ 246,239,520.68	$ 354,803,585.61

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The City does not have a specific deposit policy for custodial risk other than those policies that adhere to the requirements of statute, which requires cash be deposited only in New Jersey based bank institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the City in excess of FDIC insured amounts are protected by GUDPA. As of December 31, 2020, of the cash balance in the bank, $2,342,582.22 was covered by Federal Depository Insurance, $230,191,424.49 was covered under the provisions of NJGUDPA and $131,801,504.36 is cash on deposit with the State of New Jersey.

As of December 31, 2020, the City had funds on deposit in checking accounts and money market accounts. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40. There were no securities categorized as investments as defined by GASB Statement No. 40.

During the year the City had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of 2020 and 2019, no such investments were held by the City.

B. Investments

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

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.

- Government money market mutual funds.

- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.

- Bonds or other obligations of the local unit or school districts of which the local unit is a part.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments (Continued)

- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.

- Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.

- New Jersey State Cash Management Fund.

- Repurchase agreements of fully collateralized securities subject to special conditions.

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

3. TAXES AND TAX TITLE LIENS RECEIVABLE

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

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

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

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

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

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

3. TAXES AND TAX TITLE LIENS RECEIVABLE (Continued)

Comparative Tax Rate Information

			Apportionment of Tax Rate			
Year	Assessed Valuation	Tax Rate	Municipal*	County*	Local School	Library
2020	$12,347,290,880.00	$3.800	$2.004	$0.589	$1.168	$0.039
2019	12,096,393,664.00	3.761	1.946	0.609	1.165	0.041
2018	12,033,167,200.00	3.693	1.903	0.605	1.143	0.042
2017	12,151,100,300.00	3.560	1.854	0.588	1.080	0.038
2016	12,236,101,176.00	3.440	1.811	0.581	1.012	0.036

*Includes Open Space.

Comparison of Tax Levies

Year	Tax Levy		Cash Collections	Percentage of Collections
2020	$477,744,424.82	*	$450,754,047.71	94.35 %
2019	464,898,978.29	*	451,342,267.86	97.08
2018	457,159,191.61	*	439,751,873.65	96.19
2017	436,703,245.67	*	426,805,234.75	97.73
2016	428,980,343.81	*	413,284,592.60	96.34

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

Delinquent Taxes and Tax Title Liens

Year	Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent Taxes	Percentage of Tax Levy
2020	$31,475,754.39	$29,182,477.32	$60,658,231.71	12.70 %
2019	32,923,420.47	10,648,418.68	43,571,839.15	9.37
2018	33,306,080.52	6,546,910.96	39,852,991.48	8.72
2017	32,955,187.17	4,888,890.65	37,844,077.82	8.67
2016	36,552,758.64	6,433,615.33	42,986,373.97	9.61

4. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

Year	Amount
2020	$135,511,248.69
2019	135,511,248.69
2018	134,809,935.17
2017	133,797,232.72
2016	132,388,937.35

5. WATER RENTS ACCOUNTS RECEIVABLE

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

Year	Billings	Collections
2020	$55,129,942.31	$54,190,910.10
2019	58,277,000.78	57,550,557.99
2018	60,349,488.19	57,887,666.85
2017	58,810,564.59	56,994,611.69
2016	55,501,233.94	53,855,445.65

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

6. SEWER CHARGES ACCOUNTS RECEIVABLE

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

Year	Billings	Collections
2020	$63,777,588.90	$60,218,368.07
2019	60,328,419.25	57,898,571.40
2018	59,755,097.87	57,850,639.14
2017	56,390,938.00	55,693,163.09
2016	55,917,284.15	55,423,280.64

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

7. FUND BALANCE APPROPRIATED

	Year	Balance December 31	Utilized in Budget of Succeeding Year	Anticipated as Current Fund Revenue
Current Fund:	2020	$37,296,982.41	$11,700,000.00	$ -
	2019	62,796,982.41	25,500,000.00	-
	2018	69,447,776.67	24,673,000.00	-
	2017	58,070,931.61	5,300,000.00	-
	2016	40,282,274.59	-	-
Water Utility Operating Fund:	2020	3,296,283.85	-	1,200,000.00
	2019	9,689,036.97	327,489.00	9,380,000.00
	2018	17,137,002.06	4,618,317.00	11,000,000.00
	2017	15,936,178.52	2,725,253.00	8,700,000.00
	2016	6,799,807.42	3,684,640.00	3,000,000.00
Sewer Utility Operating Fund:	2020	5,787,358.59	-	4,500,000.00
	2019	8,383,542.13	2,519,542.00	4,601,497.00
	2018	11,286,273.11	4,236,862.00	5,000,000.00
	2017	9,708,290.17	494,917.00	6,000,000.00
	2016	7,321,438.17	-	7,000,000.00

8. PENSION PLANS

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

Description of Systems

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

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

	PERS*		
	2020	2019	2018
Covered Employee Payroll	$ 84,565,271	$ 82,663,999	$ 77,195,466
Actuarial Contribution Requirements	12,677,109	10,777,659	10,621,003
Total Contributions	19,019,504	16,982,003	16,349,236
Employer Share	12,677,109	10,777,659	10,621,003
% of Covered Payroll	14.99%	13.04%	13.76%
Employee's Share	6,342,395	6,204,344	5,728,233
% of Covered Payroll	7.50%	7.51%	7.42%

*Includes Library.

	PFRS - Police		
	2020	2019	2018
Covered Employee Payroll	$ 104,524,297	$ 102,174,289	$ 102,758,862
Actuarial Contribution Requirements	33,330,190	31,464,916	29,904,750
Total Contributions	43,782,620	41,682,150	40,180,359
Employer Share	33,330,190	31,464,916	29,904,750
% of Covered Payroll	31.89%	30.80%	29.10%
Employee's Share	10,452,430	10,217,234	10,275,609
% of Covered Payroll	10.00%	10.00%	10.00%

8. PENSION PLANS (Continued)

Description of Systems (Continued)

	PFRS - Fire		
	2020	2019	2018
Covered Employee Payroll	$ 65,794,880	$ 64,317,576	$ 64,507,229
Actuarial Contribution Requirements	20,832,354	19,537,512	18,099,998
Total Contributions	27,411,842	25,969,261	24,550,721
Employer Share	20,832,354	19,537,512	18,099,998
% of Covered Payroll	31.66%	30.38%	28.06%
Employee's Share	6,579,488	6,431,749	6,450,723
% of Covered Payroll	10.00%	10.00%	10.00%

Assumptions

The collective total PERS and PFRS pension liability for June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 using an actuarial experience study for the period July 1, 2014 to June 30, 2018 for PERS and for the period July 1, 2013 to June 30, 2018 for PFRS. The pension liability was rolled forward to June 30, 2020. The actuarial valuation used an inflation rate of 2.75% for price and 3.25% for wage, projected salary increases through 2026 of 2.00% to 6.00% for PERS and thereafter 3.00% to 7.00% based on years of service and through all future years 3.25% to 15.25% for PFRS based on years of service and through all future years 3.25% to 15.25% for PFRS based on years of service and an investment rate of return of 7.00%.

For PERS, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

For PFRS, pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

8. PENSION PLANS (Continued)

Description of Systems (Continued)

Assumptions (Continued)

The discount rate used to measure the total pension liability was 7.00% for PERS and 7.00% for PFRS as of June 30, 2020. This projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability. More information on mortality rates and other assumptions, and investment policies can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Public Employees' Retirement System:

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

Significant Legislation

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which PERS operates and to the benefit provisions of that system. Provisions impacting employee pension and health benefits include:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ to 1 percent for each month that the member is under age 65.

- The eligibility to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.

- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2013, the member contribution rates increased in July 2013. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

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

8. PENSION PLANS (Continued)

Description of Systems (Continued)

Public Employees' Retirement System: (Continued)

Significant Legislation (Continued)

The following presents the City's proportionate share of the collective PERS net pension liability calculated using the discount rate of 7.00% and 6.28% as of June 30, 2020 and 2019, respectively, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

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

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
2020	$ 239,760,206	$ 188,976,258	$ 148,631,597
	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
2019	$ 253,940,130	$ 199,646,325	$ 156,455,308

Police and Firemen's Retirement System:

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

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

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

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

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

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

8. PENSION PLANS (Continued)

Description of Systems (Continued)

Police and Firemen's Retirement System: (Continued)

Consolidated Police and Firemen's Retirement System:

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

The following presents the City's proportionate share of the collective PFRS net pension liability calculated using the discount rate of 7.00% and 6.85% as of June 30, 2020 and 2019, respectively, as well as what the PFRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

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

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
2020	$ 592,195,263	$ 385,500,577	$ 323,344,461
	At 1% Decrease (5.85%)	At Current Discount Rate (6.85%)	At 1% Increase (7.85%)
2019	$ 536,420,057	$ 381,207,710	$ 252,747,131

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

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
2020	$ 370,139,545	$ 240,949,259	$ 2,099,846
	At 1% Decrease (5.85%)	At Current Discount Rate (6.85%)	At 1% Increase (7.85%)
2019	$ 333,079,330	$ 236,703,320	$ 156,938,285

8. PENSION PLANS (Continued)

Special Funding Situation

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

	Police	
	2020	2019
Employer Net Pension Liability	$ 385,500,577.00	$ 381,207,710.00
Nonemployer Proportional Share of the Net Pension Liability	59,827,932.00	60,193,413.00
	$ 445,328,509.00	$ 441,401,123.00

	Fire	
	2020	2019
Employer Net Pension Liability	$ 240,949,259.00	$ 236,703,320.00
Nonemployer Proportional Share of the Net Pension Liability	37,394,227.00	37,375,904.00
	$ 278,343,486.00	$ 274,079,224.00

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

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amount by employer. The allocation percentages for each group as of June 30, 2020 and 2019 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2020 and 2019, respectively.

8. PENSION PLANS (Continued)

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

Following is the total of the City's portion of the PERS and PFRS net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and the pension expense and expenditures for the fiscal year ended June 30, 2020:

	PERS	PFRS - Police	PFRS - Fire
Net Pension Liabilities	$ 188,976,258	$ 385,500,577	$ 240,949,259
Deferred Outflow of Resources	34,494,581	44,110,529	27,056,095
Deferred Inflow of Resources	82,246,846	128,256,951	76,175,670
Pension Expense	5,660,883	14,161,427	13,948,886
Contributions Made After Measurement Date	12,677,109	33,330,190	20,832,354

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the PERS schedule of employer allocations and applied to amounts presented in the PERS schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the years ended June 30, 2020 and 2019. The City's proportionate share of the collective net pension liability as of June 30, 2020 and 2019 was 1.1588% and 1.1080% for PERS, 2.9834% and 3.1150% for PFRS - Police and 1.8647% and 1.9342% for PFRS - Fire, respectively.

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

At June 30, 2020, the amount determined as the City's proportionate share of the PERS net pension liability was $188,976,258. For the year ended June 30, 2020, the City would have recognized PERS pension expense of $5,660,883. At June 30, 2020, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 3,440,947	$ 668,302
Change of Assumptions	6,130,604	79,126,148
Net Difference Between Projected and Actual Investment Earnings	6,459,360	
Net Change in Proportions	18,463,670	2,452,396
Total Contributions and Proportionate Share of Contributions After the Measurement Date	12,677,109	
	$ 47,171,690	$ 82,246,846

8. PENSION PLANS (Continued)

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

At June 30, 2020, the amount determined as the City's proportionate share of the PFRS - Police net pension liability was $385,500,577. For the year ended June 30, 2020, the City would have recognized PFRS - Police pension expense of $14,161,427. At June 30, 2020, deferred outflows of resources and deferred inflows of resources related to the PFRS pension are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 3,886,498	$ 1,383,502
Change of Assumptions	970,111	103,350,402
Net Difference Between Projected and Actual Investment Earnings	22,603,710	
Net Change in Proportions	16,650,210	23,523,047
Total Contributions and Proportionate Share of Contributions After the Measurement Date	33,330,190	
	$ 77,440,719	$ 128,256,951

At June 30, 2020, the amount determined as the City's proportionate share of the PFRS - Fire net pension liability was $240,949,259. For the year ended June 30, 2020, the City would have recognized PFRS - Fire pension expense of $13,948,886. At June 30, 2020, deferred outflows of resources and deferred inflows of resources related to the PFRS pension are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 2,429,177	$ 864,738
Change of Assumptions	606,348	64,597,055
Net Difference Between Projected and Actual Investment Earnings	14,127,982	
Net Change in Proportions	9,892,588	10,713,877
Total Contributions and Proportionate Share of Contributions After the Measurement Date	20,832,354	
	$ 47,888,449	$ 76,175,670

8. PENSION PLANS (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

Employees' Retirement System:

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

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

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

8. PENSION PLANS (Continued)

Employees' Retirement System: (Continued)

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

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

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

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

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

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

Contributions Required and Made

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

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

8. PENSION PLANS (Continued)

Contributions Required and Made (Continued)

	PERS			PFRS		
Year	City	Employees		City	Employees	
2020	$ 9,470,622.23	$ -	*	$ 54,149,933.68	$ -	*
2019	9,176,340.77			51,309,289.01		
2018	9,745,084.90	5,728,232.51		45,205,861.84	16,726,609.10	

Year	CPFPF City	Newark Municipal Employees City
2020	$ -	$ 400,000.00
2019	-	400,000.00
2018	-	400,000.00

*Not Available - See Notes and Comments.

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

General Information about the OPEB Plan

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

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

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

General Information about the OPEB Plan (Continued)

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

Total OPEB Liability

At December 31, 2020, the City had a liability of $640,017,854 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of December 31, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers in the plan. At December 31, 2020, the City's proportion was 3.566232% which was an increase of 0.0027377% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2020, the City would have recognized OPEB expense of $104,012,086. At December 31, 2020, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Outflows of Resources	Inflows of Resources
Difference Between Expected and Actual	$ 16,857,578	$ 119,183,263
Changes of Assumptions	95,726,529	142,330,085
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	406,446	
Changes in Proportion and Differences Between the City's Contributions and Proportionate Share of Contributions	543,083,233	24,713,216
Total	$ 656,073,786	$ 286,226,564

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

Year Ended June 30:	
2021	$ (34,404,154)
2022	(34,435,346)
2023	(34,485,766)
2024	(34,531,837)
2025	(23,546,333)
Thereafter	12,880,642

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 7.87, 8.05, 8.14 and 8.04 years for the 2020, 2019, 2018 and 2017 amounts, respectively.

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Actual Assumptions and Other Inputs

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

Certain actuarial assumptions used in the June 30, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen's Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

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

The total OPEB liability for June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases*:	
Public Employees' Retirement System (PERS):	
Initial Fiscal Year Applied:	
Rate Through 2026	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS):	
Rate for all Future Years	3.25% to 15.25%
Mortality:	
PERS	Pub-2010 General Classification Headcount Weighted Mortality with Generational Mortality Improvement Projections from the Central Year Using Scale MP-2020
PFRS	Pub-2010 Safety Classification Headcount Weighted Mortality with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2020

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

Actual assumptions used in the July 1, 2019 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Health Care Trend Assumptions

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

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Discount Rate

The discount rate for June 30, 2020 and 2019 was 2.21% and 3.50%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

	June 30, 2020		
	1% Decrease 1.21%	At Current Discount Rate 2.21%	1% Increase 3.21%
City's Proportionate Share of Net OPEB Liability	$ 756,636,326	$ 640,017,854	$ 547,703,729

	June 30, 2019		
	1% Decrease 2.50%	At Current Discount Rate 3.50%	1% Increase 4.50%
City's Proportionate Share of Net OPEB Liability	$ 515,688,582	$ 445,999,243	$ 389,367,445

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

	June 30, 2020		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
City's Proportionate Share of Net OPEB Liability	$ 529,615,434	$ 445,999,243	$ 784,591,336

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
City's Proportionate Share of Net OPEB Liability	$ 376,368,398	$ 445,999,243	$ 534,825,108

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate ***(Continued)***

Special Funding Situation

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

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

The City as of December 31, 2020 had 1,617 members under the Special Funding Situation. The State proportionate share of the net OPEB liability attributed to the City is $363,568,984.

10. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

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

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

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

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

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

10. DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)

Description of System (Continued)

- Employees otherwise eligible to enroll in the PERS after May 21, 2010, who do not work the minimum number of hours per week required for PERS Tier 4 or Tier 5 enrollment (32 hours per week) but who earn salary of at least $5,000.00 annually.

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

Contributions Required and Made

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

During the year 2020, there were several officials or employees enrolled in the DCRP.

11. MUNICIPAL DEBT

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

11. MUNICIPAL DEBT (Continued)

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

	Year 2020	Year 2019	Year 2018
Issued			
General:			
Bonds and Notes	$ 292,937,616.40	$ 340,898,851.05	$ 321,302,085.70
Guaranteed Bonds	53,250,000.00	55,095,000.00	56,690,000.00
State Loan	1,125,000.00	1,250,000.00	1,375,000.00
Water Utility:			
Bonds and Notes	78,982,000.00	81,357,000.00	11,067,000.00
State Water Loan	81,100,172.04	39,033,256.54	38,136,322.77
Sewer Utility:			
State Sewer Loan	44,098,218.24	44,890,650.85	50,091,066.14
Total Issued	551,493,006.68	562,524,758.44	478,661,474.61
Authorized but Not Issued			
General:			
Bonds and Notes	33,880,650.28	31,505,650.28	88,350,650.28
Water Utility:			
Bonds and Notes	114,253,768.74	155,056,025.74	110,057,871.74
Sewer Utility:			
Bonds and Notes	69,216,005.42	73,687,451.42	67,237,451.42
Total Unauthorized but Not Issued	217,350,424.44	260,249,127.44	265,645,973.44
	$ 768,843,431.12	$ 822,773,885.88	$ 744,307,448.05

Summary of Statutory Debt Condition (Annual Debt Statement)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 2.262%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	$ 71,728,031.00	$ 71,728,031.00	$
Water Utillity Debt	274,335,940.78	274,335,940.78	
Sewer Utility Debt	113,314,223.66	113,314,223.66	
General Debt	381,193,266.68	49,052,035.25	332,141,231.43
	$ 840,571,462.12	$ 508,430,230.69	$ 332,141,231.43

Net Debt, $332,141,231.43 divided by Equalized Valuation Basis $14,686,471,195.67 per N.J.S. 40A:2-2, as amended, equals 2.262%.

11. MUNICIPAL DEBT (Continued)

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

3 1/2% of Equalized Valuation of Real Property	$514,026,491.85
Net Debt	332,141,231.43
Remaining Borrowing Power	$181,885,260.42

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

Fund Balance and Cash Receipts from Fees, Rents or Other Charges for Year Including Surplus and Interest on Investments (Per P.L. 1991, Ch. 196)		$61,087,105.38
Deductions:		
Operating and Maintenance Costs	$45,524,834.33	
Debt Service per Water Operating Fund	8,845,112.21	
		54,369,946.54
Excess in Revenue		$ 6,717,158.84

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

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

Fund Balance and Cash Receipts from Fees, Rents or Other Charges for Year Including Surplus and Interest on Investments (Per P.L. 1991, Ch. 196)		$66,523,131.32
Deductions:		
Operating and Maintenance Costs	$55,318,288.00	
Debt Service per Sewer Operating Fund	6,023,899.72	
		61,342,187.72
Excess in Revenue		$ 5,180,943.60

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

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

11. MUNICIPAL DEBT (Continued)

As of December 31, 2020, the City's long-term debt is as follows:

$40,747,035.25, 2003 Pension Refunding Bonds due in annual installments of $890,704 to $988,217.30 through April 2033. These bonds are Capital Appreciation Bonds.	$ 11,227,035.25
$4,450,000, 2005 Redevelopment Refunding Bonds due in annual installments of $420,000 to $450,000 through October 2022, interest at 5.000%.	870,000.00
$22,660,000, 2008 Pension Refunding Bonds due in annual installments of $2,000,000 to $2,575,000 through April 2022, interest at 5.853%.	4,575,000.00
$5,283,000, 2010 Taxable General Improvement Bonds due in annual installments of $2,560,000 to $2,723,000 through June 2030, interest at 6.20% to 6.30%.	5,283,000.00
$20,505,000, 2013 Pension Taxable Refunding Bonds due in an annual installment of $4,060,000 through April 2021, interest at 3.305%.	4,060,000.00
$51,553,000, 2015 Qualified General Improvement Bonds due in annual installments of $1,000,000 to $7,355,000 through July 2029, interest at 5.00% to 5.50%.	49,553,000.00
$25,000,000, 2016 Qualified Improvement Bonds for Riverfront Expansion due in annual installments of $1,040,000 to $1,900,000 through September 2035, interest at 2.50% to 3.00%.	20,995,000.00
$16,820,000, 2016 Horizon Private Placement Bonds due in annual installments of $1,660,000 to $1,855,000 through September 2026, interest at 2.240%.	10,530,000.00
$15,585,030, 2016 GO Energy Savings Refunding Bonds due in annual installments of $445,000 to $1,260,000 through May 2036, interest at 4.500%.	12,255,000.00
$4,775,000, Redevelopment Area Bonds due in annual installments of $245,000 to $350,000 through August 2031, interest at 3.000% to 4.000%.	3,215,000.00
$12,568,224, Redevelopment Area Bonds due in annual installments of $698,234.65 through August 2031.	7,680,581.15
$51,345,000, Qualified Improvement Bonds due in annual installments of $3,620,000 to $5,285,000 through November, 2030, interest at 3.750% to 4.300%.	43,790,000.00
$71,005,000 Qualified General Improvement Refunding Bonds due in annual installments of $1,065,000 to $10,735,000 through October 2028, interest at 5.00%.	71,005,000.00
	$ 245,038,616.40

11. MUNICIPAL DEBT (Continued)

Developer's Receivable Debt Service

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

	2012 Redevelopment Area Bonds	2015 Redevelopment Refunding Bonds		2012 Redevelopment Bonds		Total	
Year	Principal	Principal	Interest	Principal	Interest	Principal	Interest
2021	$ 698,234.65	$ 420,000.00	$ 43,500.00	$ 245,000.00	$ 114,755.00	$ 1,363,234.65	$ 158,255.00
2022	698,234.65	450,000.00	22,500.00	255,000.00	107,405.00	1,403,234.65	129,905.00
2023	698,234.65			260,000.00	99,755.00	958,234.65	99,755.00
2024	698,234.65			270,000.00	91,955.00	968,234.65	91,955.00
2025	698,234.65			280,000.00	83,450.00	978,234.65	83,450.00
2026	698,234.65			290,000.00	74,000.00	988,234.65	74,000.00
2027	698,234.65			300,000.00	63,850.00	998,234.65	63,850.00
2028	698,234.65			310,000.00	52,600.00	1,008,234.65	52,600.00
2029	698,234.65			320,000.00	40,200.00	1,018,234.65	40,200.00
2030	698,234.65			335,000.00	27,400.00	1,033,234.65	27,400.00
2031	698,234.65			350,000.00	14,000.00	1,048,234.65	14,000.00
	$ 7,680,581.15	$ 870,000.00	$ 66,000.00	$ 3,215,000.00	$ 769,370.00	$ 11,765,581.15	$ 835,370.00

State Trust Loan

The City of Newark entered into a loan agreement for $2,500,000 for a Demolition Loan with the State of New Jersey. The loan is repayable in 20 annual installments from 2009 to 2029. $1,125,000.00

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

Year	Total	State Demolition Bond
2021	$ 125,000.00	$ 125,000.00
2022	125,000.00	125,000.00
2023	125,000.00	125,000.00
2024	125,000.00	125,000.00
2025	125,000.00	125,000.00
2026	125,000.00	125,000.00
2027	125,000.00	125,000.00
2028	125,000.00	125,000.00
2029	125,000.00	125,000.00
	$1,125,000.00	$1,125,000.00

11. MUNICIPAL DEBT (Continued)

Water Utility Bonds

$23,160,000, 2005 Water Refunding Bonds due in an annual installment of $635,000 through October 2021, interest at 5.00%.	$ 635,000.00
$7,737,000, 2005 General Water Bonds due in annual installments of $360,000 through December 2029, interest at 4.10% to 4.50%.	3,240,000.00
$5,487,000, 2010 General Water Bonds due in annual installments of $140,000 to $363,000 through June 2039, interest at 4.25% to 5.00%.	4,422,000.00
	$ 8,297,000.00

11. MUNICIPAL DEBT (Continued)

Essex County Improvement Authority Bonds Payable

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

The following is a schedule of annual principal and interest payments for the Essex County Improvement Authority Bonds as of December 31, 2020:

Year	Total	Principal	Interest
2021	$ 4,227,750.00	$ 1,220,000.00	$ 3,007,750.00
2022	4,228,950.00	1,270,000.00	2,958,950.00
2023	4,230,450.00	1,335,000.00	2,895,450.00
2024	4,228,700.00	1,400,000.00	2,828,700.00
2025	4,228,700.00	1,470,000.00	2,758,700.00
2026	4,230,200.00	1,545,000.00	2,685,200.00
2027	4,227,950.00	1,620,000.00	2,607,950.00
2028	4,226,950.00	1,700,000.00	2,526,950.00
2029	4,226,950.00	1,785,000.00	2,441,950.00
2030	4,227,700.00	1,875,000.00	2,352,700.00
2031	4,228,950.00	1,970,000.00	2,258,950.00
2032	4,225,450.00	2,065,000.00	2,160,450.00
2033	4,227,200.00	2,170,000.00	2,057,200.00
2034	4,225,400.00	2,255,000.00	1,970,400.00
2035	4,225,200.00	2,345,000.00	1,880,200.00
3036	4,226,400.00	2,440,000.00	1,786,400.00
2037	4,228,800.00	2,540,000.00	1,688,800.00
2038	4,227,200.00	2,640,000.00	1,587,200.00
2039	4,226,600.00	2,745,000.00	1,481,600.00
2040	4,226,800.00	2,855,000.00	1,371,800.00
2041	4,227,600.00	2,970,000.00	1,257,600.00
2042	4,228,800.00	3,090,000.00	1,138,800.00
2043	4,230,200.00	3,215,000.00	1,015,200.00
2044	4,226,600.00	3,340,000.00	886,600.00
2045	4,228,000.00	3,475,000.00	753,000.00
2046	4,229,000.00	3,615,000.00	614,000.00
2047	4,229,400.00	3,760,000.00	469,400.00
2048	4,229,000.00	3,910,000.00	319,000.00
2049	4,227,600.00	4,065,000.00	162,600.00
	$ 122,608,500.00	$ 70,685,000.00	$ 51,923,500.00

11. MUNICIPAL DEBT (Continued)

New Jersey Environmental Infrastructure Trust Loan Payable - Water Utility Fund

Loan agreements were entered into by the City of Newark with the Department of Environmental Protection for the purpose of improvements to the Water Treatment Plant. Loans outstanding at December 31, 2020 are detailed as follows:

Trust Loan	$12,881,000.00
Fund Loan	26,859,197.04
*Fund Loan	41,359,975.00
	$81,100,172.04

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

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

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

		Cash Basis		
		Trust Loan		Fund Loan
Year	Total	Principal	Interest	Principal
2021	$ 3,080,586.61	$ 775,000.00	$ 514,302.50	$ 1,791,284.11
2022	3,080,618.42	815,000.00	476,872.50	1,788,745.92
2023	3,087,379.71	856,000.00	437,492.50	1,793,887.21
2024	3,080,283.47	894,000.00	396,112.50	1,790,170.97
2025	3,082,052.01	943,000.00	352,882.50	1,786,169.51
2026	2,793,313.85	984,000.00	307,302.50	1,502,011.35
2027	2,581,796.88	973,000.00	263,127.50	1,345,669.38
2028	1,860,792.48	687,000.00	220,772.50	953,019.98
2029	1,667,765.42	579,000.00	192,687.50	896,077.92
2030	1,178,502.71	245,000.00	169,562.50	763,940.21
2031	1,179,552.71	255,000.00	160,612.50	763,940.21
2032	1,181,052.71	265,000.00	152,112.50	763,940.21
2033	1,178,846.47	270,000.00	144,906.26	763,940.21
2034	1,176,196.47	275,000.00	137,256.26	763,940.21
2035	1,178,046.47	285,000.00	129,106.26	763,940.21
2036	1,174,615.21	290,000.00	120,675.00	763,940.21
2037	1,131,769.14	305,000.00	111,718.76	715,050.38
2038	1,073,683.10	270,000.00	102,300.00	701,383.10
2039	1,075,320.60	280,000.00	93,937.50	701,383.10
2040	1,076,658.12	290,000.00	85,275.02	701,383.10
2041	1,077,658.10	300,000.00	76,275.00	701,383.10
2042	1,072,983.10	305,000.00	66,600.00	701,383.10
2043	1,077,858.10	320,000.00	56,475.00	701,383.10
2044	1,077,233.10	330,000.00	45,850.00	701,383.10
2045	1,071,283.10	335,000.00	34,900.00	701,383.10
2046	1,075,158.31	350,000.00	23,775.00	701,383.31
2047	421,176.86	130,000.00	12,150.00	279,026.86
2048	422,276.86	135,000.00	8,250.00	279,026.86
2049	423,227.01	140,000.00	4,200.00	279,027.01
	$ 44,637,687.10	$ 12,881,000.00	$ 4,897,490.06	$ 26,859,197.04

11. MUNICIPAL DEBT (Continued)

General Capital and Water Utility Bonds

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

	General Capital Fund*,**		Water Utility	
Year	Principal	Interest	Principal	Interest
2021	$ 16,828,234.65	$ 9,818,059.00	$ 1,135,000.00	$ 384,880.00
2022	24,046,451.95	9,328,317.00	510,000.00	332,420.00
2023	24,635,045.30	9,430,399.00	515,000.00	311,195.00
2024	25,341,066.00	7,389,297.50	525,000.00	289,487.50
2025	26,056,156.85	6,328,232.50	530,000.00	267,175.00
2026	26,785,284.25	5,248,226.00	540,000.00	244,470.00
2027	25,655,556.30	4,125,429.00	550,000.00	220,890.00
2028	26,406,767.50	3,003,579.00	560,000.00	195,640.00
2029	18,301,760.20	1,841,724.00	570,000.00	169,800.00
2030	12,253,346.65	1,211,324.00	220,000.00	143,100.00
2031	4,386,365.45	730,799.00	235,000.00	132,100.00
2032	3,476,877.30	459,075.00	245,000.00	120,350.00
2033	3,630,704.00	367,500.00	260,000.00	108,100.00
2034	2,900,000.00	270,000.00	275,000.00	95,100.00
2035	3,075,000.00	166,575.00	290,000.00	81,350.00
2036	1,260,000.00	56,700.00	307,000.00	66,850.00
2037			324,000.00	51,500.00
2038			343,000.00	35,300.00
2039			363,000.00	18,150.00
	$ 245,038,616.40	$ 59,775,236.00	$ 8,297,000.00	$ 3,267,857.50

*Includes Capital Appreciation Bonds.

**Includes Developer's Reimbursable Debt.

11. MUNICIPAL DEBT (Continued)

General Capital and Water Utility Bonds (Continued)

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

Year	Principal	Interest	Total
2022	$ 988,217.30	$ 2,301,782.70	$ 3,290,000.00
2023	976,810.65	2,508,189.35	3,485,000.00
2024	967,831.35	2,727,168.65	3,695,000.00
2025	957,922.20	2,957,077.80	3,915,000.00
2026	947,049.60	3,197,950.40	4,145,000.00
2027	937,321.65	3,457,678.35	4,395,000.00
2028	928,532.85	3,726,467.15	4,655,000.00
2029	920,525.55	4,014,474.45	4,935,000.00
2030	912,112.00	4,317,888.00	5,230,000.00
2031	903,130.80	4,636,869.20	5,540,000.00
2032	896,877.30	4,973,122.70	5,870,000.00
2033	890,704.00	5,329,296.00	6,220,000.00
	$ 11,227,035.25	$ 44,147,964.75	$ 55,375,000.00

New Jersey Environmental Infrastructure Trust Loan Payable - Sewer Utility Fund

Loan agreements were entered into by the City of Newark with the Department of Environmental Protection for the purpose of improvements to the Waste Water Treatment Plant. Loans outstanding at December 31, 2020 are detailed as follows:

Trust Loan	$12,920,920.65
Fund Loan	23,377,864.59
*Fund Loan	7,799,433.00
	$44,098,218.24

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

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

11. MUNICIPAL DEBT (Continued)

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

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

	Cash Basis			
		Trust Loan		Fund Loan
Year	Total	Principal	Interest	Principal
2021	$ 5,770,485.75	$ 1,487,066.25	$ 569,173.79	$ 3,714,245.71
2022	5,690,734.44	1,469,659.31	500,269.62	3,720,805.51
2023	5,614,940.13	1,504,705.18	431,651.61	3,678,583.34
2024	5,527,570.61	1,581,594.39	361,347.23	3,584,628.99
2025	5,331,880.54	1,633,719.79	287,680.84	3,410,479.91
2026	2,903,954.13	1,270,175.73	214,932.04	1,418,846.36
2027	1,716,911.18	711,000.00	155,362.50	850,548.68
2028	1,556,337.56	661,000.00	127,127.50	768,210.06
2029	1,319,653.54	689,000.00	101,132.50	529,521.04
2030	1,062,353.91	613,000.00	74,047.50	375,306.41
2031	441,222.77	195,000.00	49,962.50	196,260.27
2032	339,772.77	100,000.00	43,512.50	196,260.27
2033	341,122.77	105,000.00	39,862.50	196,260.27
2034	199,689.08	65,000.00	36,000.00	98,689.08
2035	145,053.19	45,000.00	33,400.00	66,653.19
2036	148,253.19	50,000.00	31,600.00	66,653.19
2037	146,253.19	50,000.00	29,600.00	66,653.19
2038	144,253.19	50,000.00	27,600.00	66,653.19
2039	147,253.19	55,000.00	25,600.00	66,653.19
2040	145,053.19	55,000.00	23,400.00	66,653.19
2041	147,853.19	60,000.00	21,200.00	66,653.19
2042	145,453.19	60,000.00	18,800.00	66,653.19
2043	143,053.19	60,000.00	16,400.00	66,653.19
2044	118,339.98	65,000.00	14,000.00	39,339.98
2045	76,400.00	65,000.00	11,400.00	
2046	78,800.00	70,000.00	8,800.00	
2047	81,000.00	75,000.00	6,000.00	
2048	78,000.00	75,000.00	3,000.00	
	$ 39,561,647.87	$ 12,920,920.65	$ 3,262,862.63	$ 23,377,864.59

Capital Lease Program

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

11. MUNICIPAL DEBT (Continued)

Capital Lease Program (Continued)

A schedule of principal and interest payments for the leases as of December 31, 2020 are as follows:

Year	Total Debt Service	Principal	Interest
2021	$ 7,891,111.00	$ 4,580,000.00	$ 3,311,111.00
2022	7,654,465.00	4,605,000.00	3,049,465.00
2023	7,660,536.00	4,875,000.00	2,785,536.00
2024	7,651,246.00	5,145,000.00	2,506,246.00
2025	7,971,288.00	5,760,000.00	2,211,288.00
2026	8,015,356.00	6,130,000.00	1,885,356.00
2027	8,014,789.00	6,485,000.00	1,529,789.00
2028	7,613,506.00	6,460,000.00	1,153,506.00
2029	7,607,522.00	6,835,000.00	772,522.00
2030	6,718,850.00	6,340,000.00	378,850.00
	$ 76,798,669.00	$ 57,215,000.00	$ 19,583,669.00

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

Bond Anticipation Notes

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

General Capital Fund:		
Ironbound Field	12-01-17	$ 4,586,000.00
General Improvement Notes	10-12-17	31,753,000.00
Tax Appeal Refunding Notes	12-11-18	6,060,000.00
2018 Essex County Lease Refunding	2-28-19	5,500,000.00
		$47,899,000.00

11. MUNICIPAL DEBT (Continued)

Bond Anticipation Notes (Continued)

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

Original Note Issued	Legal Installment Due	Permanent Funding Required as of May 1
2017	2020 - 2028	2029
2018	2021 - 2029	2030
2019	2022 - 2030	2031

Bonds and Notes Authorized but Not Issued

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

	Balance Dec. 31, 2020
General Capital Fund:	
General Improvements	$ 33,880,650.28
Water Utility Capital Fund:	
General Improvements	$114,253,768.74
Sewer Utility Capital Fund:	
General Improvements	$ 69,216,005.42

12. SCHOOL DEBT

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

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

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

Type I School Bonds

$5,120,000, 2015 General School Bonds due in annual installments of $345,000 to $430,000 through July 2029, interest at 5.00%.	$ 3,475,000.00
$25,245,000, 2020 General School Bonds due in annual installments of $2,780,000 to $6,095,000 through June 2029, interest at 5.00%.	25,245,000.00
	$ 28,720,000.00

12. SCHOOL DEBT (Continued)

Bond Anticipation Notes

Outstanding Bond Anticipation Notes are summarized as follows:

Notes	Original Issue	Amount
School Note	8-03-17	$ 29,282,031.00

Bonds and Notes Authorized but Not Issued

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

	Balance Dec. 31, 2020
School	$13,726,000.00

13. INTERFUND RECEIVABLES AND PAYABLES

As of December 31, 2020, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due from Other Funds	Due to Other Funds
Current Fund	$ 4,446,645.75	$ 123,883.28
Federal and State Grant Fund	123,883.28	10,380,988.08
Other Trust Fund	5,254,140.56	3,208.32
Community Development Block Grant	13,829.94	
Municipal Open Space Fund		86,257.42
General Capital Fund	5,200,000.00	4,424,343.75
Water Operating Fund	7,501,187.29	4,159.58
Water Capital Fund		4,000,000.00
Sewer Operating Fund	2,655,455.61	
Sewer Capital Fund		6,172,302.00
	$25,195,142.43	$25,195,142.43

14. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEARS BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. The deferred charges as of December 31, 2020 are as follows:

	Balance Dec. 31, 2020	2021 Budget Requirement	
Current Fund:			
Special Emergency Authorizations:			
Severance Pay - 2019	$ 4,000,000.00	$ 2,000,000.00	
Severance Pay - 2020	$ 12,675,000.00	$ 2,535,000.00	
Emergency Authorizations	$ 287,000.00	$ 287,000.00	
Deficit in Operations - 2013	$ 12,047,482.59	$ 3,012,121.00	*, **
Deficit in Operations - 2014	$ 11,242,132.19	$ 2,235,333.00	*, **
Deficit in Operations - 2020	$ 2,360,463.47	$ -	***

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

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

***Will be raised in the 2022 Annual Budget.

15. DEFERRED COMPENSATION PLAN

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

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

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

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

16. RISK MANAGEMENT

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

16. RISK MANAGEMENT (Continued)

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

	Balance Dec. 31, 2019	Increase	Decrease	Balance Dec. 31, 2020
Worker's Compensation	$ 714,420.89	$8,438,447.22	$8,722,414.95	$ 430,453.16
Liability Fund	12,258,005.84	3,507,950.70	3,095,647.49	12,670,309.05
State Unemployment	1,043,446.23	231,602.73	804,931.25	470,117.71

17. CONTINGENT LIABILITIES

A. Arbitrage Rebate Calculation

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

B. Compensated Absences

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

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

City officials have determined that the sum of $55,746,888.41 has accumulated for unused sick and vacation pay and would be due to employees upon their retirements. This amount has not been verified by audit.

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

17. CONTINGENT LIABILITIES (Continued)

C. Tax Appeals

As at December 31, 2020, there are Property Tax Appeals in the Tax Court of New Jersey against the City involving commercial, industrial and residential properties. It is impracticable for the City to describe each of the appeals that are currently pending against the City. The City vigorously defends each of these appeals through extensive discovery, settlement negotiations and, if necessary, trial. At this point it is impossible to specifically quantify the extent of any potential exposure to the City relating to these appeals. There should be no substantial additional impact upon the financial status of the City.

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

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

D. Federal and State Awards

The City participates in several federal and state grant programs which are governed by various rules and regulations of the grantor agencies; therefore to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at December 31, 2020 may be impaired.

E. Payments in Lieu of Taxes (PILOT)

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

F. Litigation

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

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

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

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

18. POTENTIAL LIABILITY

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

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

19. MOTOR VEHICLE RENTAL TAX REVENUE BONDS

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

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

A. The making of capital grants by the City in support of four (4) redevelopment projects authorized.

B. Annual Report with respect to revenues by April 1st of each year.

C. The City shall not amend the Tax Ordinance or its Zoning Ordinances in any manner that may result in a reduction of the Motor Vehicle Rental Taxes received by the City.

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

	Motor Vehicle Rental Tax Revenue Bonds, Series 2015	
Year	Principal	Interest
2021	$ 1,430,000.00	$ 188,400.00
2022	1,475,000.00	143,498.00
2023	1,525,000.00	97,183.00
2024	1,570,000.00	49,298.00
	$ 6,000,000.00	$ 478,379.00

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

20. SECONDARY MARKET DISCLOSURE

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

21. SUBSEQUENT EVENTS

The City of Newark has evaluated subsequent events that occurred after the balance sheet date, but before June 6, 2022, and it was determined that the following item required disclosure:

Due to the impact of the COVID-19 Pandemic, the City of Newark implemented several policies to protect the health and safety of its employees and citizens. Certain revenues may not be realized to the extent it was budgeted for in fiscal year 2021.

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, (the ARP), which includes $1.9 trillion in mandatory funding aimed at mitigating the continuing effects of the COVID-19 Pandemic. The Plan provides for $130.2 billion to Local Governments. The City has been notified as to the amount of funds they are entitled to and have received half of that amount during 2021. The City will formulate a plan on how to utilize these funds as per U.S. Treasury guidelines.

APPENDIX C
FORMS OF LEGAL OPINIONS

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

February __, 2022

Mayor and Municipal Council of the
City of Newark, in the
County of Essex, New Jersey

Re: City of Newark, County of Essex, New Jersey
$32,655,000 Qualified General Capital Improvement Bonds, Series 2023

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Newark, in the County of Essex, New Jersey (the “City”), of its $32,655,000 Qualified General Capital Improvement Bonds, Series 2023 (the “Bonds”). The Bonds are general obligations of the City and the full faith, credit and taxing power of the City are available to pay the principal of and the interest on the Bonds.

The Bonds are dated February __, 2023 and mature on February 15 in the years and in the principal amounts and bear interest at the rates, payable on February 15 and August 15 in each year commencing August 15, 2023 in each year until maturity or earlier redemption, as applicable, as follows:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2024	$2,030,000	7.000%	2030	$2,805,000	5.000%
2025	2,130,000	7.000	2031	2,935,000	4.000
2026	2,235,000	7.000	2032	3,055,000	4.000
2027	2,345,000	7.000	2033	3,180,000	4.000
2028	2,515,000	6.875	2034	3,310,000	4.000
2029	2,670,000	5.000	2035	3,445,000	4.000

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

The Bonds are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (collectively, the "Act"), and ordinances of the City numbered 6PSF-A(s) duly adopted by the Municipal Council of the City on March 21, 2017, 6PSF-B duly adopted by the Municipal Council of the City on April 19, 2017, and 6PSF-b duly adopted by the Municipal Council of the City on November 5, 2020 (collectively, the "Ordinances"), and a resolution adopted by the Municipal Council of the City on January 18, 2023 (the "Resolution"). The Bonds are issued for the purpose of refunding, on a current basis, the City's $2,375,000 General Capital Improvement Bond Anticipation Notes (Green Street Building Improvements), Series 2022 and $33,223,000 General Capital Improvement Bond Anticipation Notes, Series 2022C, maturing on February 17, 2023, and paying costs associated with the issuance of the Bonds The Bonds have been qualified pursuant to N.J.S.A. 40A:3-1 et seq and are entitled to the benefits of the provisions of the Municipal Qualified Bond Act, P.L. 1976, C38, as amended.

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

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

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

1. The Bonds have been duly authorized, issued, executed and sold by the City; the Ordinances and the Resolution have been duly authorized and adopted by the City; and the Bonds, the Ordinances and the Resolution are legal, valid and binding obligations of the City enforceable in accordance with their respective terms.

2. The City has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Bonds under the Code. Failure to comply with certain requirements of the Code could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In our opinion, assuming continuing compliance by the City with its covenants, under current law, interest on the Bonds is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

3. Interest on the Bonds and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

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

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

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

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

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

DECOTIIS, FITZPATRICK, COLE & GIBLIN, LLP

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

February __, 2023

Mayor and Municipal Council
of the City of Newark,
In the County of Essex, New Jersey

Re: City of Newark, in the County of Essex, New Jersey
$5,300,000 General Capital Improvement Bond Anticipation Notes (ECIA Property Acquisition) (Federally Taxable), Series 2023A

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Newark, in the County of Essex, New Jersey (the "City"), of its $5,300,000 General Capital Improvement Bond Anticipation Notes (ECIA Property Acquisition) (Federally Taxable), Series 2023A (the "Taxable Notes" or the "Notes"). The Notes are general obligations of the City and the full faith, credit and taxing power of the City are available to pay the principal of and the interest on the Notes. The Notes are issued in registered form, are dated February __, 2023 and mature on February 16, 2024. The Notes are not subject to redemption prior to maturity.

The Notes bear interest at a rate of four and one hundredth per centum (4.01%) per annum payable at maturity. The sale of the Notes was authorized by a resolution duly adopted by the Municipal Council of the City at a meeting held on January 18, 2023 (the "Authorizing Resolution").

The Notes will be initially issued in fully registered book-entry-only form in the form of one certificate in the aggregate principal amount of the Notes, 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 of maintaining records regarding the beneficial ownership interests in the Notes on behalf of individual purchasers. Individual purchases of the Notes of each series may be made in the principal amount of $5,000 or any integral multiple of $1,000 in excess thereof, through book-entries on the books and records of DTC and its participants.

The Notes are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (the "Local Bond Law"), and by bond ordinance numbered 6PSF-a(s) finally adopted by the Municipal Council of the City on November 27, 2018 (the "Ordinance") and by the Authorizing Resolution.

The Taxable Notes are issued for the purpose of refunding, on a current basis, a $5,300,000 portion of the outstanding principal amount of general capital improvement bond anticipation notes issued February 18, 2022 and maturing February 17, 2023 and paying costs of issuance relating thereto.

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 Ordinance and the Authorizing Resolution; (b) such matters of law, including *inter alia*, the Local Bond Law; 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, executed and sold; the Ordinance and the Authorizing Resolution have each been duly authorized and adopted by the City; and the Notes, the Authorizing Resolution and the Ordinance are legal, valid and binding obligations of the City enforceable in accordance with their respective terms.

2. 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 City for the payment of the principal of and interest on the Notes, without limitation as to rate or amount.

3. Interest on the Notes and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

Other than as set forth in Paragraph 3 hereof, we express no opinion regarding any other federal and state tax consequences arising with respect to the Notes and the holders thereof are advised to consult their tax advisors.

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.

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

We express no opinion herein as to the adequacy or accuracy of any official statement or other offering materials pertaining to the offering of the Notes.

DECOTIIS, FITZPATRICK, COLE & GIBLIN, LLP

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APPENDIX D
FORMS OF CONTINUING DISCLOSURE CERTIFICATES

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Newark, in the County of Essex, New Jersey (the "Issuer") in connection with the issuance by the Issuer of $32,655,000 principal amount of its Qualified General Capital Improvement Bonds, Series 2023 (the "Bonds"). The Issuer covenants and agrees as follows:

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

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

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

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

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

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

"EMMA" means the MSRB's Electronic Municipal Markets Access System.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final Official Statement has been provided to the MSRB consistent with the Rule.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

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

"State" shall mean the State of New Jersey.

Section 3. Provision of Annual Reports.

(a) Not later than nine (9) months after the end of the Issuer's fiscal year, beginning with the fiscal year ending December 31, 2023, the Issuer shall, or shall cause the Dissemination Agent to, provide to the MSRB, in an electronic format as prescribed by the MSRB and accompanied by such identifying information as is prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information which has been made available to the public on the MSRB's website or filed with the Securities and Exchange Commission; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

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

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

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

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

(b) Financial information and operating data consisting of Issuer and overlapping indebtedness including a schedule of outstanding debt issued by the Issuer, property valuation information, and tax rate, levy and collection data of the type contained in the Official Statement dated February 2, 2023, pertaining to the sale of the Bonds.

Section 5. Reporting of Significant Events.

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

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of holders of the Bonds, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the Bonds, if material;

11. Rating changes.;

12. Bankruptcy, insolvency, receivership or similar event of the Issuer.;

13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee, or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and

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

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

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

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

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

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

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

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

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

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

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

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

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Bondholders and

Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: ____________ ___, 2023

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

By: ______________________________________
Danielle A. Smith, Director of Finance/Chief Financial Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Newark, in the County of Essex, New Jersey

Name of Bond Issue: $32,655,000 Qualified General Capital Improvement Bonds, Series 2023.

Dated Date: ____ __, 2023

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated ______ __, 2023. The Issuer anticipates that the Annual Report will be filed by ____________.

Dated: ____________ __, 2023

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

By:______________________________________

Name:

Title:

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Newark, in the County of Essex, New Jersey (the "Issuer") in connection with the issuance by the Issuer of its $5,300,000 General Capital Improvement Bond Anticipation Notes (ECIA Property Acquisition) (Federally Taxable), Series 2023A (the "Notes"). The Notes are being issued pursuant to a resolution duly adopted by the Municipal Council of the City on January 18, 2023 (the "Resolution"). 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 Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

Section 2. Definitions. 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.

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

"EMMA" shall mean the MSRB's (as defined below) Electronic Municipal Markets Access System.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final Official Statement has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to Rule 15c2-12. Effective July 1, 2009 and until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at http://emma.msrb.org.

"Noteholder" shall mean any person who is the registered owner of any Notes, 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 Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of New Jersey.

Section 3. 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 (each a "Listed Event":

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves, reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements, reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) 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 of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;

(vii) Modifications to rights of the holder of the Notes;

(viii) Note calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the Notes, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar events of the Issuer;

(xiii) 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;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall file, or cause to be filed, a notice of such occurrence with the MSRB through EMMA in a timely manner not in excess of ten (10) business days after the occurrence of such event. The notice shall be filed in an electronic format as prescribed by the MSRB and shall be accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of the affected Notes.

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(b).

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.

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 information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any 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 reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section 9 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 Underwriters and the Noteholders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity

Dated: _______________ __, 2023

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

By: ____
Name: Danielle A. Smith
Title: Chief Financial Office

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APPENDIX E
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $_________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ______________________________________

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

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