THE ESSEX COUNTY IMPROVEMENT AUTHORITY

COUNTY OF ESSEX, NEW JERSEY

REPORT OF AUDIT

YEAR ENDED DECEMBER 31, 2019

Prepared By:
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For the Firm of:
Samuel Klein and Company
Certified Public Accountants
550 Broad Street
Newark, New Jersey 07102

THE ESSEX COUNTY IMPROVEMENT AUTHORITY

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INTRODUCTORY SECTION

ECIA
Essex County Improvement Authority

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August 31, 2020

To the Board of Commissioners
Essex County Improvement Authority
27 Wright Way
Fairfield, New Jersey 07004

The comprehensive annual financial report (CAFR) of the Essex County Improvement Authority ("Authority") for the year ended December 31, 2019 is submitted herewith. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation including all disclosures, rests with Authority management. We believe that the data presented is accurate in all material respects; that the report is presented in a manner designed to fairly set forth the results of operations of the Authority as measured by the financial activity of its funds; that the report fairly presents the financial position of the Authority for the year then ended; and that all disclosures necessary to enable the reader to gain a maximum understanding of the Authority's financial activities have been included.

The CAFR is presented in two sections:

1. **Introductory Section**: Provides information on the contents of the report, this transmittal letter and the Authority's organizational structure.

2. **Financial Section**: Includes the auditor's opinion, management's discussion and analysis, basic financial statements and other supplemental information.

Profile of the Government

Since October 16, 1972 when the Board of Chosen Freeholders created the Essex County Improvement Authority, the Authority has financed hundreds of millions of dollars of capital projects, equipment and refunding transactions predominantly throughout Essex County, significantly reducing interest, financing and debt service costs to taxpayers.

Organization of Structure

The Essex County Improvement Authority consists of a Chairman, a Vice-Chairman, Secretary, Treasurer and three (3) other Commissioners.

Future Plans

The Authority continues to effectively and profitably manage the Essex County Airport and various parking facilities that service Essex County.

The Authority will continue to provide financing and capital support in accordance with its statutory authority. The Authority will monitor all existing ECIA and County debt for potential refinancing savings as well as to provide financing for projects deemed worthy by the Commissioners.

Financial Information

Internal Controls

In developing and evaluating the Authority's accounting system, an important consideration is the overall adequacy of internal controls. Internal controls are designed to provide the Authority management with reasonable (but not absolute) assurance regarding (a) the safeguarding of assets against loss from unauthorized use or disposition, and (b) the overall reliability of the financial records for preparing financial statements and for maintaining accountability and control over the Authority's assets.

The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of cost and benefits requires estimates and judgment by management.

Financial Operating Results

The management's discussion and analysis that follows, summarizes and reviews the changes of the Authority's financial operations.

Independent Audit

The Authority is required to have an annual audit of the books of account, financial records, and transactions conducted by independent certified public accountants selected by the Board of Commissioners. This requirement has been complied with. The independent auditor's report on the 2019 fiscal year financial statements of the Authority has been included in the financial section of this report.

Acknowledgment

In closing, preparation of the report would not have been possible without the leadership and support of the Board of Commissioners.

Sincerely,

Steven C. Rother
Executive Director

THE ESSEX COUNTY IMPROVEMENT AUTHORITY

ROSTER OF OFFICIALS

YEAR ENDED DECEMBER 31, 2019

COUNTY OF ESSEX, NEW JERSEY

COUNTY EXECUTIVE

Joseph N. DiVincenzo, Jr.

BOARD OF COMMISSIONERS

NAME	TITLE
Steven H. Klinghoffer	Chairman
Ronald J. Brown	Vice-Chairman
Carla A. Stanziale	Secretary
Gerard M. Spiesbach	Treasurer
Mark S. Dunec	Commissioner
Clifford Ross	Commissioner
Jacqueline Yustein	Commissioner

EXECUTIVE DIRECTOR

Steven C. Rother

GENERAL COUNSEL

Nia H. Gill, Esq.

FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Essex County Improvement Authority
27 Wright Way
Fairfield, New Jersey 07004

Report on the Financial Statements

We have audited the accompanying financial statements of the Essex County Improvement Authority, County of Essex, State of New Jersey (the "Authority"), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which comprise the Authority's financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 to 24 and pension information on pages 86 to 87 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining and individual fund financial statements information included in the supplementary information is presented for purposes of additional analysis and are not a required part of the financial statements.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2020 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Joseph J. Faccone

Joseph J. Faccone
Registered Municipal Accountant #100

Samuel Klein and Company

SAMUEL KLEIN AND COMPANY

Newark, New Jersey
August 31, 2020

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Essex County Improvement Authority
27 Wright Way
Fairfield, New Jersey 07004

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements and fund information of Essex County Improvement Authority, County of Essex, State of New Jersey (the "Authority"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which comprise of the Authority's financial statements, and have issued our report thereon dated August 31, 2020.

Internal Control Over Financial Reporting

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

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

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

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*
(CONTINUED)

Compliance and Other Matters

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

Purpose of this Report

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

Joseph J. Faccone

Joseph J. Faccone
Registered Municipal Accountant #100

Samuel Klein and Company

SAMUEL KLEIN AND COMPANY

Newark, New Jersey
August 31, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis is designed to provide an analysis of the Improvement Authority's financial condition and operating results and to also inform the reader on Improvement Authority financial issues and activities.

The Management's Discussion and Analysis (MD&A) should be read in conjunction with the Transmittal Letter (beginning on page 1) and the Authority's basic financial statements.

USING THIS ANNUAL REPORT

The financial statements included in this annual report are those of a special-purpose government engaged only in a business-type activity. As enterprise funds, the Authority's basic financial statements include:

Statement of net position – reports the Authority's current financial resources (current spendable resources) with capital assets and noncurrent obligations. (Exhibit A)

Statement of revenues, expenses and change in net position – reports the Authority's operating and nonoperating revenues, by major source along with operating and nonoperating expenses and capital contributions. (Exhibit B)

Statement of cash flows – reports the Authority's cash flows from operating activities, investing, capital and noncapital activities. (Exhibit C)

Notes to the financial statements – the notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other information – in addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information.

COMPARATIVE STATEMENT OF NET POSITION – *AUTHORITY-WIDE STATEMENT ADJUSTED TO CONFORM TO GENERAL ACCEPTED ACCOUNTING PRINCIPLES*

The Authority-wide comparative statement combine all five (5) basic financial proprietary fund statements and the restricted funds and adjust for the long-term pension liability in order to comply with proper financial reporting.

	Years ended December 31, 2019	2018
Assets:		
Current Assets	$ 70,869,630	$ 59,136,406
Restricted Assets	511,172,864	523,370,991
Noncurrent Assets	24,874,425	25,662,915
Total Assets	$ 606,916,919	$ 608,170,312
Deferred Outflows	$ 1,123,233	$ 1,281,695
Liabilities:		
Current Liabilities - Unrestricted	$ 6,501,554	$ 4,655,581
Current Liabilities - Restricted	68,389,673	48,858,034
Noncurrent Liabilities	509,777,631	531,290,874
Total Liabilities	$ 584,668,858	$ 584,804,489
Deferred Inflows	$ 4,310,068	$ 3,665,314
Net Position:		
Invested in Capital Assets	$ 20,212,787	$ 20,113,619
Restricted	290,919	1,314,610
Unrestricted (Deficit)	(1,442,480)	(446,027)
	$ 19,061,226	$ 20,982,202

The net position of the Authority decreased by $1,920,976 during 2019 compared to 2018 mainly due to higher operating and nonoperating expenses (litigation fees).

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION - *AUTHORITY-WIDE STATEMENT ADJUSTED TO CONFORM TO GENERAL ACCEPTED ACCOUNTING PRINCIPLES*

	Years Ended December 31,	
	2019	2018
Total Revenues	$ 31,190,439	$ 37,040,198
Operating Expenses	28,725,522	34,492,146
Depreciation	867,419	817,568
Total Operating Expenses	29,592,941	35,309,714
Operating Income	1,597,498	1,730,484
Nonoperating Revenues/(Expenses)	(3,518,474)	(3,963,608)
Change in Net Position - Increase/(Decrease)	(1,920,976)	(2,233,124)
Net Position, Beginning	20,982,202	23,215,326
Net Position, Ending	$ 19,061,226	$ 20,982,202

The Authority's revenue decreased $1,920,976 mostly as a result of lower trustee and administration fees and less overall debt outstanding which also drives certain revenues.

The Authority's operating expenses exclusive of depreciation decreased by $5,766,624 in 2019 when compared to 2018.

The Authority's overall non-operating expenses increased during the year.

The Authority operates unrestricted funds with four different proprietary activities: Development and Finance Assistance, Airport, Parking and Sportsplex Complex.

STATEMENTS OF NET POSITION – *INDIVIDUAL FUNDS BASIC FINANCIAL STATEMENTS*

Development and Finance Assistance – Administration

The Development and Finance Assistance Fund consists of revenues from various sources; financing fees (the Authority provides financing to local governmental and non-governmental units within the County and outside) parking fees (management fees, excess revenue as per Parking Agreements with the County of Essex).

The Development and Finance Assistance Fund can be used to pay for expenses for all the departments. The Authority has six (6) administrative employees that include the Executive Director and Counsel oversee work in all departments.

The Development and Finance Assistance's net position of $6,364,133 is comprised of the following:

- Invested in capital assets of $28,388.
- Unrestricted funds of $6,335,745.

	Years ended December 31, 2019	2018	Increased/ (Decreased)	Percent
Assets:				
Current Assets	$ 8,418,837	$ 8,572,835	$ (153,998)	-1.80%
Noncurrent Assets	28,388	45,455	(17,067)	-37.55%
Total Assets	$ 8,447,225	$ 8,618,290	$ (171,065)	-1.98%
Liabilities:				
Current Liabilities - Unrestricted	$ 2,083,092	$ 2,070,035	$ 13,057	0.63%
Total Liabilities	$ 2,083,092	$ 2,070,035	$ 13,057	0.63%
Net Position:				
Invested in Capital Assets	$ 28,388	$ 45,455	$ (17,067)	-37.55%
Unrestricted	6,335,745	6,502,800	(167,055)	-2.57%
	$ 6,364,133	$ 6,548,255	$ (184,122)	-2.81%

The majority of the Development and Finance Assistance's Current Assets include cash and cash equivalents, interfund and intrafund receivables, mostly from service agreements.

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION – *INDIVIDUAL FUNDS BASIC FINANCIAL STATEMENTS*

Development and Finance Assistance-Administration

	Years Ended December 31, 2019	2018	Increased/ (Decreased)	Percent
Total Revenues	$ 734,815	$ 598,686	$ 136,129	22.74%
Operating Expenses:				
Salaries and Benefits	621,593	591,442	30,151	5.10%
Other	237,175	242,269	(5,094)	-2.10%
Depreciation	17,067	17,067	-	0.00%
Total Operating Expenses	875,835	850,778	25,057	2.95%
Operating Income/(Loss)	(141,020)	(252,092)	111,072	-44.06%
Nonoperating Revenues/ (Expenses)	(43,102)	(983,844)	940,742	NM
Change in Net Position - Increased/(Decreased)	(184,122)	(1,235,936)	1,051,814	NM
Net Position, Beginning	6,548,255	7,784,191	(1,235,936)	-15.88%
Net Position, Ending	$ 6,364,133	$ 6,548,255	$ (184,122)	-2.81%

Net position, as of December 31, 2019 compared to 2018, decreased mainly due to increase in nonoperating expenses – litigation provision.

STATEMENTS OF NET POSITION – *INDIVIDUAL FUNDS BASIC FINANCIAL STATEMENTS*

Airport

The Authority operates general aviation airport located in Fairfield Township, Essex County, New Jersey which is comprised of two hundred and seventy eight (278) acres of property. The airport has two main runways and offers tie-downs and hangar storage. Also through its tenants, the airport provides FBO services, aircraft avionics and maintenance and flight school training. There is approximately fourteen (14) Authority employees who work at the Airport. Their main task is to maintain the grounds, buildings and providing security.

Airport funds are considered unrestricted; however the funds are restricted for Airport use only. Also, the funds are dedicated to bondholders under Airport financing documents.

	Years ended December 31, 2019	2018	Increased/ (Decreased)	Percent
Assets:				
Current Assets	$ 3,749,415	$ 4,145,568	$ (396,153)	-9.56%
Restricted Assets	8,937,172	91,217	8,845,955	NM
Noncurrent Assets	24,846,037	25,617,640	(771,603)	-3.01%
Total Assets	$ 37,532,624	$ 29,854,425	$ 7,678,199	25.72%
Liabilities:				
Current Liabilities -				
Unrestricted	$ 1,520,390	$ 982,831	$ 537,559	54.69%
Restricted	44,218		44,218	100.00%
Noncurrent Liabilities	13,263,673	5,505,000	7,758,673	NM
Total Liabilities	$ 14,828,281	$ 6,487,831	$ 8,340,450	NM
Deferred Inflows -				
Preimum	$ -	$ 44,296	$ (44,296)	-100.00%
Net Position:				
Invested in				
Capital Assets	$ 20,184,399	$ 20,068,164	$ 116,235	0.58%
Restricted	290,919	91,217	199,702	NM
Unrestricted	2,229,025	3,162,738	(933,713)	-29.52%
	$ 22,704,343	$ 23,322,119	$ (617,776)	-2.65%

The majority of the Airport's Current Assets include cash and cash equivalents. Restricted Net Assets decreased due to proceeds from sale of bonds to perform airport improvements.

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION – *INDIVIDUAL FUNDS BASIC FINANCIAL STATEMENTS*

Airport

	Years Ended December 31, 2019	2018	Increased/ (Decreased)	Percent
Operating Revenue	$ 4,479,797	$ 4,399,865	$ 79,932	1.82%
Operating Expenses:				
Salaries and Benefits	980,886	901,636	79,250	8.79%
Other	2,454,952	2,336,656	118,296	5.06%
Depreciation	850,352	800,501	49,851	6.23%
Total Operating Expenses	4,286,190	4,038,793	247,397	6.13%
Operating Income	193,607	361,072	(167,465)	-46.38%
Nonoperating Revenues/ (Expenses)	(811,383)	(1,114,957)	303,574	-27.23%
Change in Net Position - Increased/(Decreased)	(617,776)	(753,885)	136,109	-18.05%
Net Position, Beginning	23,322,119	24,076,004	(753,885)	-3.13%
Net Position, Ending	$ 22,704,343	$ 23,322,119	$ (617,776)	-2.65%

Net position, as of December 31, 2019, decreased mainly due to a higher level operating expenses as well as added capital expenditures, consist mainly of capital contribution.

STATEMENTS OF NET POSITION – INDIVIDUAL FUND *BASIC FINANCIAL STATEMENTS*

Parking

The Authority operates a parking facility located in Newark, New Jersey at the County of Essex complex, i.e. Hall of Records. This facility is comprised of both deck (1,000) spaces) and surface parking lot (300 spaces). This facility serves those who visit the County for business or utilize the County court complex including the jurors.

There are approximately six (6) Authority employees who work at the Parking Facility. Their main task is to assist the parkers, maintain the grounds and collect daily parking fees.

	Years ended December 31, 2019	2018	Increased/ (Decreased)	Percent
Assets:				
Current Assets	$ 1,234,456	$ 1,711,938	$ (477,482)	-27.89%
Restricted Assets	1,930,000	2,515,000	(585,000)	-23.26%
Total Assets	$ 3,164,456	$ 4,226,938	$ (1,062,482)	-25.14%
Liabilities:				
Current Liabilities - Unrestricted	$ 1,849,456	$ 2,296,938	$ (447,482)	-19.48%
Noncurrent Liabilities	1,315,000	1,930,000	(615,000)	-31.87%
Total Liabilities	$ 3,164,456	$ 4,226,938	$ (1,062,482)	-25.14%

There is no Net Position due to the fact that by virtue of a service agreement all net revenue is allocated between the County of Essex and the Authority. The Authority portion of the excess of revenue is transferred into the Development and Financial Assistance Fund. Excess expense reimbursement is returned to the County – as per the Parking Agreements between the County of Essex and the Authority.

The majority of the Parking Current Assets include cash and cash equivalents.

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION – *INDIVIDUAL FUNDS BASIC FINANCIAL STATEMENTS*

Parking

	Years Ended December 31, 2019	Years Ended December 31, 2018	Increased/ (Decreased)	Percent
Operating Revenue	$ 2,316,698	$ 2,229,571	$ 87,127	3.91%
Operating Expenses:				
Salaries and Benefits	367,109	333,990	33,119	9.92%
Other	574,869	423,083	151,786	35.88%
Total Operating Expenses	941,978	757,073	184,905	24.42%
Operating Income	1,374,720	1,472,498	(97,778)	-6.64%
Nonoperating Revenues/ (Expenses)	$ (1,387,720)	$ (1,475,498)	NM	NM

The Nonoperating Revenue/(Expenses) includes the distribution of operating income to the County and the Authority.

STATEMENTS OF NET POSITION – *INDIVIDUAL FUND BASIC FINANCIAL STATEMENTS*

Sportsplex – Garage

The Authority operates Sportsplex Garage located at 36 Broad Street (formerly known location Bears & Eagles Stadium) in Newark, New Jersey. The Garage was built in 2003 by the County of Essex , City of Newark, and Port Authority of NY/NJ . Garage deck holds 377 parking spaces and allows local businesses access to parking through license agreements for their employees, commuters and customers.

In 2018 the Authority entered into an Exchange Agreement with LEG 450 Broad Street, LLC (company that in 2016 purchased the Bears & Eagles Stadium) . LEG intends to construct a mixed-use project and will deliver to the Authority, through a condominium regime, an ECIA parking unit consisting of no less than 377 parking spaces. In exchange thereof, the Authority intends to transfer its ownership of the Sportsplex Garage to LEG .

There are three (3) Authority employees who work at the Parking Garage. Their main task is to assist the parkers and maintain the grounds.

	Years ended December 31, 2019	2018	Increased/ (Decreased)	Percent
Assets:				
Current Assets	$ 1,712,510	$ 1,515,811	$ 196,699	12.98%
Total Assets	$ 1,712,510	$ 1,515,811	$ 196,699	12.98%
Liabilities:				
Current Liabilities - Unrestricted	$ 1,712,510	$ 292,418	$ 1,420,092	NM
Total Liabilities	$ 1,712,510	$ 292,418	$ 1,420,092	NM
Net Position:				
Restricted	$ -	$ 1,223,393	$ (1,223,393)	-100.00%
	$ -	$ 1,223,393	$ (1,223,393)	-100.00%

The majority of the Sportsplex Parking Garage Current Assets include cash and cash equivalents and other current assets.

The closure of the Baseball Stadium in 2019 in accordance with a service agreement required that the balance of the funds be allocated between the County of Essex and the Authority and as a result, there is no net position.

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION – *INDIVIDUAL FUNDS BASIC FINANCIAL STATEMENTS*

Sportsplex - Garage

	Years Ended December 31, 2019	2018	Increased/ (Decreased)	Percent
Operating Revenue	$ 574,576	$ 549,005	$ 25,571	4.66%
Operating Expenses:				
Salaries and Benefits	160,940	145,650	15,290	10.50%
Other	161,752	150,286	11,466	7.63%
Total Operating Expenses	322,692	295,936	26,756	9.04%
Operating Income	251,884	253,069	(1,185)	-0.47%
Nonoperating Revenues/ (Expenses)	(1,475,277)	(369,047)	(1,106,230)	NM
Change in Net Position - Increased/(Decreased)	(1,223,393)	(115,978)	(1,107,415)	N/M
Net Position, Beginning	1,223,393	1,339,371	(115,978)	-8.66%
Net Position, Ending	$ -	$ 1,223,393	$ (1,223,393)	-100.00%

There is no Net position, as of December 31, 2019 since the excess funds are allocated to the County of Essex and the Authority.

CAPITAL ASSETS, NET

As of December 31, 2019, the Authority had $60,039,671 invested in land, buildings, furniture, equipment and vehicles. Details are as follows:

	December 31, 2019	December 31, 2018
Land	$ 9,085,551	$ 9,085,551
Construction in Progress:		
Airport	108,773	2,170,704
Total Capital Assets Not being Depreciated	9,194,324	11,256,255
Airport Improvements	38,352,687	36,226,813
Buildings	11,137,999	11,137,999
Equipment and Vehicles	1,265,580	1,264,580
Furniture and Fixtures	89,081	89,081
	50,845,347	48,718,473
Total Accumulated Depreciation	(35,186,920)	(34,311,813)
Total Capital Assets being Depreciated - Net of Accumulated Depreciation	15,658,427	14,406,660
Capital Assets, Net	$ 24,852,751	$ 25,662,915

Authority Debt Unrestricted Funds (Only)

As of December 31, 2019 the Authority had $14,845,000 of bonded indebtedness attributed to its parking and airport operations as follows:

	December 31, 2019	December 31, 2018
Airport Bonds	$ 12,915,000	$ 6,145,000
Parking Bonds	1,930,000	2,515,000
	$ 14,845,000	$ 8,660,000

RESTRICTED FUNDS

The Restricted Fund of the Authority provides the accounting and custodianship for the various participants based financings that the Authority has issued as a conduit. The financings have occurred since the Authority was empowered to issue debt on behalf of the county, municipalities within the county, other qualifying municipalities and certain not-for-profit entities.

	December 31, 2019	December 31, 2018
Current Assets	$ 56,626,035	$ 44,419,505
Restricted Assets	500,305,692	520,764,774
	$ 556,931,727	$ 565,184,279
Current Liabilities	$ 68,389,973	$ 49,945,129
Noncurrent Liabilities	488,541,754	516,239,149
	$ 556,931,727	$ 566,184,278
Revenues:		
Development and Financial Assistance	$ 22,844,020	$ 28,910,338
Interest	426,540	334,305
	$ 23,270,560	$ 29,244,643
Expenses		
Services by Contract	$ 611,236	$ 748,374
Interest and Related Charges	22,659,324	28,496,269
	$ 23,270,560	$ 29,244,643

The majority of the assets consist of bonds receivable and liabilities consist of bonds payable, which are intended to offset each other. Currently the individual bond issuances are managed and monitored by a trustee and overseen by the Authority.

FINANCIAL CONTACT

The Authority's statements are designed to present a general overview of the Authority's finances and to demonstrate the Authority's accountability. If you have any questions about the report or need additional financial information, please contact the Executive Director, Steven C. Rother.

Steven C. Rother
Executive Director

FINANCIAL STATEMENTS

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2019 AND 2018

	2019				2018			
ASSETS	Unrestricted Fund	Restricted Fund	Eliminations	Total	Unrestricted Fund	Restricted Fund	Eliminations	Total
Current assets:								
Cash and cash equivalents	$ 14,043,601			$ 14,043,601	$ 14,604,684			$ 14,604,684
Inventory	85,920			85,920	48,695			48,695
Accounts receivable	37,355			37,355	14,376			14,376
Restricted bonds receivable		$ 54,950,000		54,950,000		$ 43,892,363		43,892,363
Due from participants/county		40,804		40,804				
Other current assets	76,719	1,635,231		1,711,950	49,145	527,142		576,287
Interfunds receivable	63,000		$ (63,000)		87,095		$ (87,095)	
Intrafunds receivable	808,623		(808,623)		1,142,157		(1,142,157)	
Total current assets	15,115,218	56,626,035	(871,623)	70,869,630	15,946,152	44,419,505	(1,229,252)	59,136,405
Restricted assets:								
Restricted cash and cash equivalents	8,937,172	31,769,298		40,706,470	91,217	14,394,826		14,486,043
Restricted bonds receivable	1,930,000	464,593,513		466,523,513		448,014,149		448,014,149
Restricted net investment in direct financing leases, less construction costs to be incurred of $11,902,119 and $3,849,202 in 2019 and 2018 respectively		3,942,881		3,942,881	2,515,000	58,355,798		60,870,798
Total restricted assets	10,867,172	500,305,692		511,172,864	2,606,217	520,764,773		523,370,990
Noncurrent assets:								
Capital assets, net	24,851,751			24,851,751	25,662,915			
Loss on defeasance	22,674			22,674				
Total noncurrent assets	24,874,425			24,874,425	25,662,915			
Total assets	$ 50,856,815	$ 556,931,727	$ (871,623)	$ 606,916,919	$ 44,215,284	$ 565,184,278	$ (1,229,252)	$ 582,507,395
DEFERRED OUTFLOW OF RESOURCES								
Pension obligation	$ 1,056,263			$ 1,056,263	$ 1,204,900			$ 1,204,900
OPEB obligation	66,970			66,970	76,795			76,795
Total deferred outflow of resources	$ 1,123,233			$ 1,123,233	$ 1,281,695			$ 1,281,695

See Notes to Financial Statements.

Exhibit A
Sheet 2 of 2

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2019 AND 2018

	2019				2018			
	Unrestricted Fund	Restricted Fund	Eliminations	Total	Unrestricted Fund	Restricted Fund	Eliminations	Total
LIABILITIES								
Current liabilities:								
Current portion of bonds payable	$ 1,725,000	$ 56,756,759		$ 58,481,759	$ 1,225,000	$ 45,979,363		$ 47,204,363
Note payable		1,235,000		1,235,000				
Due to participants/counties		564,032		564,032		2,170,738		2,170,738
Various reserves		41,100		41,100		131,850		131,850
Accrued expenses and other current liabilities	4,839,254	9,730,082		14,569,336	3,430,581	576,083		4,006,664
Interfund payable		63,000	$ (63,000)			87,095	$ (87,095)	
Intrafund payable	808,623		(808,623)		1,142,157		(1,142,157)	
Total current liabilities	7,372,877	68,389,973	(871,623)	74,891,227	5,797,738	48,945,129	(1,229,252)	53,513,615
Noncurrent Liabilities:								
Bonds payable net of current portion	13,120,000	488,541,754		501,661,754	7,435,000	516,239,149		523,674,149
Premium on sale of bonds	1,458,673			1,458,673				
Net pension obligation	3,023,335			3,023,335	3,078,419			3,078,419
Net OPEB obligation	3,633,869			3,633,869	4,538,306			4,538,306
Total noncurrent liabilities	21,235,877	488,541,754		509,777,631	15,051,725	516,239,149		531,290,874
Total Liabilities	$ 28,608,754	$ 556,931,727	$ (871,623)	$ 584,668,858	$ 20,849,463	$ 565,184,278	$ (1,229,252)	$ 584,804,489
DEFERRED INFLOW OF RESOURCES								
Unamortized gain on refunding of bonds					$ 44,296			$ 44,296
Pension obligation	$ 1,122,565			$ 1,122,565	1,058,110			1,058,110
OPEB obligation	3,187,503			3,187,503	2,562,908			2,562,908
Total deferred inflow of resources	$ 4,310,068			$ 4,310,068	$ 3,665,314			$ 3,665,314
NET POSITION								
Invested in capital assets	$ 20,212,787			$ 20,212,787	$ 20,113,619			$ 20,113,619
Restricted	290,919			290,919	1,314,610			1,314,610
Unrestricted (Deficit)	(1,442,480)			(1,442,480)	(446,027)			(446,027)
Net Position	$ 19,061,226			$ 19,061,226	$ 20,982,202			$ 20,982,202

See Notes to Financial Statements.

Exhibit B

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018 [As Restated]		
	Unrestricted Fund	Restricted Fund	Total	Unrestricted Fund	Restricted Fund	Total
Revenues:						
Airport	$ 4,479,797		$ 4,479,797	$ 4,399,865		$ 4,399,865
Development and financial assistance	734,815	$ 22,844,020	23,578,835	598,687	$ 28,910,338	29,509,025
Parking	2,316,698		2,316,698	2,229,557		2,229,557
Sportsplex	-		-	18,441		18,441
Sportsplex Parking	574,576		574,576	549,005		549,005
Interest		426,540	426,540		334,305	334,305
Total revenues	8,105,886	23,270,560	31,376,446	7,795,555	29,244,643	37,040,198
Expenses:						
Salaries	1,355,368		1,355,368	1,219,422		1,219,422
Fringe benefits	670,847		670,847	875,788		875,788
Services by contract	3,428,747	611,236	4,039,983	3,152,293	748,374	3,900,667
Interest and related charges	-	22,659,324	22,659,324		28,496,269	28,496,269
Depreciation	867,419		867,419	817,568		817,568
Total expenses	6,322,381	23,270,560	29,592,941	6,065,071	29,244,643	35,309,714
Operating Income	1,783,505		1,783,505	1,730,484		1,730,484
Nonoperating Revenues/(Expenses)						
Interest Income	94,737		94,737	72,624		72,624
Capital Expenditures	(801,761)		(801,761)	(346,103)		(346,103)
Capital Refunded (Contribution)	90,864		90,864	(2,465,000)		(2,465,000)
Grant Contributions	361,035		361,035	300,506		300,506
Interest Expense	(413,459)		(413,459)	(442,646)		(442,646)
Amounts due under Service Agreements	(357,063)		(357,063)	(672,593)		(672,593)
Provision for Settlement of Litigation	(1,154,849)		(1,154,849)	(731,752)		(731,752)
Sportsplex Excess - Refunded	(1,356,493)		(1,356,493)			
Miscellaneous	(167,492)		(167,492)	321,356		321,356
Total Nonoperating Revenues/(Expenses)	(3,704,481)		(3,704,481)	(3,963,608)		(3,963,608)
Change in Net Position - Increase/(Decrease)	(1,920,976)		(1,920,976)	(2,233,124)		(2,233,124)
Net Position, Beginning	20,982,202		20,982,202	23,215,326		23,215,326
Net Position, Ending	$ 19,061,226		$ 19,061,226	$ 20,982,202		$ 20,982,202

See Notes to Financial Statements.

Exhibit C
Sheet 1 of 2

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Cash Flows from Operating Activities:						
Cash Received from Customers	$ 9,322,724	$ 611,236	$ 9,933,960	$ 8,049,011	$ 748,374	$ 8,797,385
Cash Paid to Suppliers	(3,228,406)	(611,236)	(3,839,642)	(3,183,054)	(748,374)	(3,931,428)
Cash Paid to Employees Benefits	(992,794)		(992,794)	(753,297)		(753,297)
Cash Paid to Employees	(1,137,735)		(1,137,735)	(1,219,422)		(1,219,422)
Net Cash Flows from Operating Activities	$3,963,789	-	$3,963,789	$2,893,238		$2,893,238
Cash Flows from Noncapital Financing Activities:						
Other Operating Receipts/(Expenditures)	(76,937)		(76,937)	320,636		320,636
Service Agreements	(1,713,556)		(1,713,556)	(672,593)		(672,593)
Litigation Provision	(1,154,849)		(1,154,849)	(731,752)		(731,752)
Net Cash Flows from Noncapital Financing Activities	(2,945,342)		(2,945,342)	(1,083,709)		(1,083,709)
Cash Flows from Capital and Related Financing Activities:						
Acquisition of Capital Assets	(757,543)		(757,543)	(898,277)		(898,277)
Interest Paid	(399,623)	(22,659,324)	(23,058,947)	(442,646)	(28,496,269)	(28,938,915)
Bonds Paid	(1,225,000)	(98,354,999)	(99,579,999)	(1,255,000)	(42,735,001)	(43,990,001)
Grants	361,035		361,035	300,506		300,506
Capital Contribution				(2,465,000)		(2,465,000)
Bonds Proceeds, Net	13,793,673	91,703,864	105,497,537			
Proceeds from Sale of Notes		1,255,315	1,255,315			
Transfer to Escrow	(4,980,330)	(69,660,994)	(74,641,324)			
Received from Participants For Bonds Paid		43,047,999	43,047,999		38,180,001	38,180,001
Finance Lease - Receipt	585,000	57,110,000	57,695,000	560,000	4,555,000	5,115,000
Finance Lease (Cost)	(205,613)		(205,613)		(2,112,185)	(2,112,185)
Receipts from Participants		22,232,784	22,232,784		28,170,168	28,170,168
Finance Lease, Net		(8,052,914)	(8,052,914)		2,438,286	2,438,286
Net Cash Flows/(Used in) from Capital and Related Financing Activities	7,171,599	16,621,731	23,793,330	(4,200,417)		(4,200,417)
Cash Flows from Investing Activities:						
Interest Received on Investments	94,737	426,540	521,277	72,425	334,305	406,730
Net Increase/(Decrease) in Cash and Cash Equivalents	$ 8,284,783	$ 17,048,271	$ 25,333,054	$ (2,318,463)	$ 334,305	$ (1,984,158)
Cash and Cash Equivalents at Beginning of Year	14,695,898	14,721,027	29,416,925	17,014,362	14,386,722	31,401,084
Cash and Cash Equivalents at End of Year	$ 22,980,681	$ 31,769,298	$ 54,749,979	$ 14,695,899	$ 14,721,027	$ 29,416,926

Exhibit C
Sheet 2 of 2

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Unrestricted Fund	Restricted Fund	Total	Unrestricted Fund	Restricted Fund	Total
Cash flows from operating activities:						
Revenues over/(under) expenses - net	$ 1,783,506		$ 1,783,506	$ 1,730,484		$ 1,730,484
Non-cash portion of change in net pension liability and OPEB and related deferrals	(78,083)		(78,083)	112,432		112,432
Adjustments to reconcile revenues over/(under) expenses to net cash provided by operating activities:						
Depreciation and amortization	867,419		867,419	809,879		809,879
Changes in assets and liabilities:						
Decrease/(increase) in accounts receivable, net	22,979		22,979	127,976		127,976
Decrease/(increase) in due from participants/county		$ (40,804)	(40,804)		$ 75,007	75,007
(Increase)/decrease in other current assets	(27,574)	(1,108,089)	(1,135,663)	(10,176)	1,064	(9,112)
Decrease/(increase) in inventory	(37,225)		(37,225)	18,564		18,564
(Increase)/decrease in interfund receivable/payable	24,095	(24,095)		19,905	(19,905)	
Increase/(decrease) in various reserves		(90,750)	(90,750)		(329,696)	(329,696)
Increase/(decrease) in restricted cash		(6,283,555)	(6,283,555)		(317,288)	(317,288)
Increase/(decrease) in accrued expenses and other liabilities	1,408,672	9,153,999	10,562,671	84,258	(65,997)	18,261
Increase/(decrease) in due to participants/county		(1,606,706)	(1,606,706)		656,815	656,815
Net cash provided/(used in) by operating activities	$ 3,963,789		$ 3,963,789	$ 2,893,322		$ 2,893,322

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Note 1. OPERATIONS

The Essex County Improvement Authority (ECIA) was created by the Essex County Board of Chosen Freeholders by Resolution # 30674 dated October 12, 1972. The ECIA was established as a public body corporate and politic of the State of New Jersey, exercising public and essential governmental functions, empowered by the State of New Jersey Constitution and statutes of the State of New Jersey (N.J.S.A. 40:37A-1, et seq. – County Improvement Authorities the "Act").The ECIA is a public body corporate and politic, constituting a political subdivision of the State of New Jersey, and was established as an instrumentality exercising public and essential governmental functions to provide for the public convenience, benefit and welfare and shall have perpetual succession.

The ECIA is governed by a seven member Board of Commissioners appointed by the Essex County Executive with the Advice and Consent of the Essex County Board of Chosen Freeholders. The Board meets once a month, usually the last Tuesday of the month, at 5 PM (EST) at ECIA office which is located at 27 Wright Way, Building M, Fairfield, New Jersey. The Executive Director is responsible for the Authority's operations and its 29 employees. You can find more info about ECIA on our web www.ecianj.com

ECIA primary activities consist:

1) The ECIA owns and operates the Essex County Airport in Fairfield, NJ

   On September 8, 1975, the Authority acquired the Essex County Airport (CDW) from Curtiss-Wright Corporation. The Airport is located on Passaic Avenue in the Township of Fairfield, NJ. The airport is a general aviation airport and is comprised of two hundred and seventy eight acres of property. It has two main runways and offers Fixed Based Operations, tie-downs, T-hangars, aircraft avionics and maintenance and flight school training. The Airport is also an economic stimulator for the area generating employment opportunities, as well as, having a significant impact on the local economy. Also, the Airport's location to the areas major cities offers businesses easy commuting access without the delays accompanied by commercial travel.)

2) The ECIA operates two Parking Facilities in the City of Newark, NJ :

   (a) Parking facility located at the County of Essex Complex, i.e. Hall of Records. This facility is comprised of a garage (1,000 spaces) and surface parking (300 spaces). This facility serves those who visit the County for business or utilize the County court complex including the jurors.

   (b) Sportsplex parking garage located at 36 Bridge Street in Newark. This deck holds 377 parking spaces and allows local businesses access to parking through license agreements for their employees, commuters and customers.

Note 1. OPERATIONS (CONTINUED)

3) The ECIA provides financing to local governmental and non-governmental units within the County and outside

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Financial Statements

The financial statements of the Authority have been prepared on the accrual basis of accounting, with certain elimination entries, in accordance with governmental accounting standards applicable to local government units for enterprise funds. The Authority's operations are segregated into the following:

- Unrestricted funds – includes the operation of the airport, juror and sportsplex parking and the development, financial assistance and administrative functions. With respect to revenues derived from airport operations, they are deemed by Authority Bond Resolution as pledged to the airport revenue/refunding bonds (see Note 7). The accounting requirements are such that the airport net position is presented as unrestricted. However, within an individual unrestricted fund, there may be funds that are designated for specific related purposes which are deemed as restricted.

- Restricted funds – includes the administration of the various financing programs for the county, local government units and other qualified participants which are maintained in accordance with each applicable bond resolution. In addition, other Authority funds segregate where applicable.

- All interfund balances and transactions have been eliminated for the purpose of financial reporting.

B. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Unrestricted – Cash, Cash Equivalents and Investments

Cash includes petty cash, change funds, cash in banks, savings accounts, money markets, or highly liquid securities with a maturity date of three (3) months or less from the date of purchase which may be withdrawn at any time without prior notice or penalty. Cash equivalents are defined as short-term, highly liquid securities that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with original maturity dates of three (3) months or less meet this definition. For the Statements of Cash Flows the Authority includes all cash, cash equivalents and investments.

D. Restricted – Cash, Cash Equivalents and Investments

Restricted cash, cash equivalents and investments are stated at cost, which approximates market. These assets are restricted for the future redemption of bonds payable and future investments in direct financing leases. Restricted cash, cash equivalents and investments are principally held in interest bearing bank accounts or U. S. Government obligations, and are held by independent trustees.

E. Inventory

Inventory of airplane fuel is expended when consumed and is stated at cost utilizing the first-in-first-out method.

F. Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets (5 to 40 years).

G. Grants For Capital Expenditures

Grants received from governmental units which are restricted to the acquisition of assets, are reflected as invested in capital assets in the statement of change in unrestricted net position. Depreciation on such property, when acquired, is reflected as a reduction of invested in capital assets.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

I. Refundings of Debt – Unrestricted Funds

Governmental Accounting Standard Statement No. 65, "Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities," provides for current and advance refundings resulting in defeasance of debt to defer the difference between the reacquisition price and the net carrying amount of the defeased indebtedness and amortize the difference as a component of interest expense over the shorter of the remaining life of the old indebtedness or the life of the new debt.

J. Net Position

Net Position represents the difference between assets, deferred outflows, deferred inflows and liabilities in the government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any noncurrent debt used to build or acquire the capital assets. Net position is reported as restricted in the government- wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

K. Accounting and Financial Reporting for Pensions

The Authority has also implemented GASB Statement No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Accounting and Financial Reporting for Pensions (Continued)

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

L. Accounting and Financial Reporting for Other Post-Employment Benefits ("OPEB")

Statement No. 75 – The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service.

In addition, Statement No. 75 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net OPEB liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 75, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to OPEB, contributions made after the measurement date of the beginning net OPEB liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Other Accounting Standards

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

- GASB Statement No. 83. *Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

  Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. The Authority does not expect this Statement to impact its financial statements.

- GASB Statement No. 84. *Fiduciary Activities.* This objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities.

  Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Authority does not expect this Statement to impact its 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 June 15, 2021. The Authority does not expect this Statement to impact its financial statements.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Other Accounting Standards (Continued)

- GASB Statement No. 88. *Certain Disclosure Related to Debt, including Direct Borrowings and Direct Placements.* The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

  This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

  Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. The Authority does not expect this Statement to impact its financial statements.

- 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, 2020. Earlier application is encourage. The requirements of this Statement should be applied prospectively. The Authority does not expect this Statement to impact its financial statements.

- 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 equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Other Accounting Standards (Continued)

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. 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 Authority does not expect this Statement to impact its financial statements.

- *GASB Statement No. 91. Conduit Debt Obligations.* The primary 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, 2021. The Authority does not expect this Statement to impact its financial statements.

- *GASB Statement 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 as follows:

  (a) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.

  (b) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.

  (c) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Other Accounting Standards (Continued)

(d) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020. Implementation has been postponed to June 15, 2021. The Authority does not expect this Statement to impact its financial statement.

- *GASB Statement 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 IBOR. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR).
  Effective Date: The removal of LIBOR 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, 2021; per *GASB Statement No. 95* implementation has been delayed one year. Earlier application is encouraged. The Authority does not expect this Statement to impact its financial statement.

- *GASB Statement 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).

  Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 and all PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated). Implementation has been postponed to June 15, 2021. The Authority does not expect this Statement to impact its financial statement.

- *GASB Statement 95. Postponement of the Effective Dates of Certain Authoritative Guidance.* The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2019 and later; per *GASB Statement No. 95* implementation has been delayed one year.

  Effective Date: The requirements of this Statement are effective immediately. The Authority does not expect this Statement to impact its financial statement.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Other Accounting Standards (Continued)

- *GASB Statement 96. Subscription-Based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscription-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. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

  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. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Station..

- *GASB Statement 97. Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.* 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 performs; (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.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Other Accounting Standards (Continued)

- *GASB Statement 97 (Continued)*

  Effective Date: The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

  The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.*

N. Subsequent Events – Management has reviewed and evaluated all events and transactions from December 31, 2019 through August 31, 2020, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Authority that would require disclosure.

Note 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

New Jersey statutes and the Authority's Bond Resolution permit the deposit of public funds in institutions located in New Jersey that are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund (SAIF), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund. At December 31, 2019, all deposits of the Unrestricted Fund of the Authority with a maturity of three months or less from the date of purchase were deemed cash and cash equivalents for the purposes of the Statement of Cash Flows.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey (GUDPA), 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 one hundred percent 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.

B. Investments

New Jersey statutes permit the Authority 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.

Note 3. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

- Bonds or other obligations of the local unit or authority of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- Local government investment pools, such as New Jersey CLASS and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

New Jersey Statutes and the Authority's General Bond Resolution authorize the Authority to invest in obligations which are obligations of or guaranteed by the Federal Government and certain State managed funds whose investments are primarily in Federal securities and certain banking institutions. As indicated by GASB #3 as amended by GASB #40, all securities with a maturity date of more than three (3) months from the date of purchase are deemed to be investments of the Authority.

At December 31, 2019, the Authority's total cash, cash equivalents and investments on deposit are as follows:

Unrestricted	$ 14,181,304
Restricted	31,769,298
	$ 45,950,602

Note 4. RESTRICTED BONDS RECEIVABLE

The bonds receivable at December 31 consist of following:

	2019
1986 Series Bonds (PGLP) receivable in annual installments ranging from $285,000 to $965,000 through 2025, with interest varying and due monthly an average rate charged of 2.2258% per annum in 2018. (a)	$ 7,290,000
2004 Series Bonds receivable (2004 Project Consolidation Revenue Refunding Bonds) ranging in annual installment from $10,680,000 to $11,885,000 in 2023 through 2030 with interest rate of 5.5%. (b)	93,240,000
2005 Series A and B Bonds receivable (Marina Bay Multifamily Housing Revenue Bonds) ranging in annual installments from $121,794 to $364,513 through 2045. The Series A Bonds carry an interest of 5% and the Series B Bonds carry an interest rate of 3.75%. (c)	6,678,513
2005 Series Bonds receivable (2005 Project Consolidation Revenue Refunding Bonds) ranging in annual installments from $170,000 to $225,000 through 2027 with interest rates ranging from 4.125% to 4.375%. (d)	1,555,000
2005 Series A Bonds receivable (Sportsplex Refunding Project) ranging in annual installments from $20,000 to $380,000 through 2027. The Series A Bonds carry interest rates ranging from 3.75% to 4.35%. (e)	2,405,000
2006 Series Bonds receivable (2006 Project Consolidation Revenue Refunding Bonds) ranging in annual installments from $3,110,000 to $3,820,000 through 2024 with interest rate of 5.25%. (g)	17,300,000
2006 Series A Bonds receivable (Sportsplex Refunding Project) ranging in annual installments from $315,000 in 2025 to $385,000 through 2027. The Series A Bonds carry interest rates ranging from 4.25% to 4.30%. (h)	1,070,000
2007 Series Bonds receivable (2007 Project Consolidation Revenue Refunding Bonds) ranging in annual installments from $35,645,000 to $46,445,000 through 2022 with interest rates ranging from 5% to 5.25%. (h)	125,250,000
2010 Series Bonds receivable (Parking Revenue Bonds, Bloomfield Parking Authority Project) ranging in annual installments from $5,000 in 2019 to $1,500,000 through 2040 with interest rates ranging from 7.275% to 8.008%. (i)	12,480,000

Note 4. RESTRICTED BONDS RECEIVABLE (CONTINUED)

Bonds receivable at December 31:
(Continued)

		2019
2010 Series Bonds receivable (Fern Senior Housing Project) payable in one installment of $11,300,000 in 2040 with varying interest rates. (j)	$	11,300,000
2013 Series Bonds receivable (2013 Project Consolidation Revenue Refunding Bonds) final annual installment of $4,590,000 in 2020 with interest rate of 5.0%. (k)		4,590,000
2014 Series Bonds receivable (2014 Project Consolidation Revenue Refunding Bonds) ranging in annual installation from $9,325,000 to $10,270,000 through 2022 with interest rates from 4.0% to 5.0%. (l)		29,380,000
2015 Series Bonds receivable (2015 Solid Waste Disposal Revenue Bonds, Covanta Project) payable in one installment of $90,000,000 in 2045 with an interest rate of 5.25%. (m)		90,000,000
2015 Series A, B and C receivable (2015 Park Terrace/Grove House Apartments Project Revenue Bonds) ranging in annual installments from $5,000 in 2018 to $480,000 in 2053 with interest rates ranging from 5.0% to 7.0%. (n)		8,845,000
2017 Series Bonds receivable (2017 Project Consolidation Revenue Refunding Bonds) ranging in annual installments from $200,000 to $34,020,000 through 2027 with interest rates ranging from 2.0% to 2.125%. (o)		37,475,000
2019 Governmanetal Loan Revenue Bonds Series 2019 City of Newark, Water Project, ranging in installments from $1,220,000 to $3,475,000 through 2049 with interest rates ranging from 4.0% to 5.0%. (p)		70,685,000
	$	519,543,513
Current	$	54,950,000
Noncurrent		464,593,513
	$	519,543,513

Note 4. RESTRICTED BONDS RECEIVABLE (CONTINUED)

(a) In connection with the 1986 Pooled Government Loan Program bonds issued, the Authority used the proceeds of the bond issuances to purchase bonds of various local government units. The local government units used the proceeds to renovate or acquire public facilities. The proceeds from the bonds receivable are restricted for the future redemption of the pooled government loan program bonds payable. (see Note 8(a))

(b) In connection with the 2004 Project Consolidation Revenue Bonds (Refunding Project). (See Note 8(c))

(c) In connection with the 2005 Marina Bay Series A and B Revenue Bonds. (See Note 8(d))

(d) In connection with the 2005 Project Consolidation Revenue Bonds (Refunding Project). (See Note 8(e))

(e) In connection with the 2005 Sportsplex Refunding Bonds, Series A and B. (See Note 8(f))

(f) In connection with the 2006 Project Consolidation Revenue Bonds (Refunding Project). (See Note 8(g))

(g) In connection with the 2006 Sportsplex Refunding Bonds Series A and B. (See Note 8(h))

(h) In connection with the 2007 Project Consolidation Revenue Bonds (Refunding Project). (See Note 8(i))

(i) In connection with the 2010 Bloomfield Parking Authority Bonds. (See Note 8(s))

(j) In connection with the 2010 Fern Senior Housing Project Revenue Bonds. (See Note 8(j))

(k) In connection with the 2013 Project Consolidation Revenue Refunding Bonds. (See Note 8(l))

(l) In connection with the 2014 Project Consolidation Revenue Refunding Bonds. (See Note 8(m))

(m) In connection with the 2015 Solid Waste Disposal (Covanta Project) Revenue Bonds. (See Note 8(n))

(n) In connection with the 2015 Project Revenue Bonds (Park Terrace/Grove House Apartments Projects), Series 2015 A-C. (See Note 8(o))

(o) In connection with the 2017 Project Consolidation Revenue Refunding Bonds. (See Note 8(p))

(p) In connection with the 2019 Series Governmental Loan Revenue Bonds City of Newark Water Project (See Note 8(q))

Note 4. RESTRICTED BONDS RECEIVABLE (CONTINUED)

Bonds receivable for the next five (5) years and every five (5) years thereafter are as follows:

Next five (5) years:	
2020	$ 54,416,759
2021	58,758,044
2022	62,833,940
2023	51,965,092
2024	19,466,512
	247,440,347
Every five (5) years thereafter:	
2025	15,028,214
2026	14,815,208
2027	15,242,508
2028	13,080,129
2029	13,828,083
	71,994,142
2030	14,616,386
2031	2,920,054
2032	3,104,103
2033	3,313,551
2034	3,503,414
	27,457,508
2035	3,708,713
2036	3,929,465
2037	4,165,693
2038	4,407,417
2039	4,659,660
	20,870,948
2040	16,232,444
2041	3,575,796
2042	3,724,740
2043	3,879,303
2044	4,034,513
	31,446,796

Note 4. RESTRICTED BONDS RECEIVABLE (CONTINUED)

Bonds receivable for the next five (5) years and every five (5) years thereafter are as follows: (Continued)

Every Five (5) years thereafter: (continued)

2045	$ 94,108,772
2046	3,985,000
2047	4,150,000
2048	4,320,000
2049	4,500,000
	111,063,772
2050	455,000
2051	485,000
2052	505,000
2053	535,000
	1,980,000
	$ 512,253,513

Reconciliation to Statement of Net Position:	
Current Portion	$ 54,950,000
Noncurrent Portion	464,593,513
	$ 519,543,513
Less: PGLP Bonds Receivable	7,290,000
	$ 512,253,513

Note 5. RESTRICTED NET INVESTMENT IN DIRECT FINANCING LEASES

The Authority issued bonds to finance the acquisition, construction and renovation of certain capital improvements on behalf of local government units. The Authority then leased such capital assets to the local government units and the County of Essex. The leases are accounted for as direct financing leases with payment terms similar to the bond debt service requirements. The restricted investment in direct financing leases represents the future minimum lease payments receivable less the cost to be incurred in connection with the construction of the capital improvements at December 31, 2019.

Also, in connection with the issuance of the 1992 Parking Facility Revenue Bonds, the Authority is party to a service agreement with the County related to the construction and operation of the new parking facility for jurors serving the County. This service agreement expires in 2022 and provides for annual service charges payable in monthly installments by the County to the Authority equal to the principal and interest on the 2009 Parking Facility Revenue Refunding Bonds due and payable in such year, the operating expenses, including the Authority's management fee for operation of the parking facility, payable in such year, and the administrative expenses, including the Authority's administrative fee for issuing the bonds, payable in such year. This agreement is accounted for as a direct financing lease with payment terms similar to the bond debt service requirements. The restricted investment in direct financing leases represents the future minimum lease payments receivable. The unearned income represents the cost to be incurred in connection with the construction of the parking facility at December 31, 2019. Receipts of operating expenses under this agreement, including the Authority's management fee for operation of the parking facility, are included in parking revenues in the accompanying statements of revenues and expenses. Receipts of administrative fees under this agreement, including the Authority's administrative fee for issuing the bonds, are included in development and financial assistance revenues in the accompanying statements of revenues and expenses.

Note 5. RESTRICTED NET INVESTMENT IN DIRECT FINANCING LEASES (CONTINUED)

A. Future Minimum Lease Payments

Future minimum lease payments to be received for the next five (5) years and every five (5) years thereafter under direct financing leases are as follows:

	Unrestricted	Restricted (1)
Next five (5) years:		
2020	$ 615,000	$ 2,340,000
2021	645,000	2,380,000
2022	670,000	2,500,000
2023	-	1,935,000
2024	-	2,025,000
	1,930,000	11,180,000
Every five (5) years thereafter:		
2025		970,000
2026		1,020,000
2027		1,070,000
2028		785,000
2029		820,000
		4,665,000
Total Minimum Obligation	$ 1,930,000	$ 15,845,000

Note: All principal and interest for direct financing leases for 2019 have been received.

Note 5. RESTRICTED NET INVESTMENT IN DIRECT FINANCING LEASES (CONTINUED)

A. Future Minimum Lease Payments (Continued)

Lease Debt		
Unrestricted - Parking Utility		
Essex County Improvement Authority Parking Facility Revenue Refunding Bonds Series 2009, interest rate at 3%. (Refer to Note 7c)	$	1,930,000
Restricted:		
1. City of Newark General Obligation Lease Revenue Bond, Series 1999, $5,500,000, Interest rate of 5.125%. (Refer to Note 8b)	$	2,865,000
2. County of Essex General Obligation Lease Revenue Refunding Bonds, Series 2011, $3,825,000, Interest rate ranging 4% to 5%. (Refer to Note 8k)		2,230,000
3. General Obligation Lease Revenue Bonds $10,750,000, County of Essex Capital Equipment Lease Bond Series 2019, interest rate ranging 4% to 5%. (Refer to Note 8r)		10,750,000
	$	15,845,000

B. Leased Properties

There are several properties that are owned by the ECIA and leased to participants. The asset value is reflected as part of the net investment in direct financing leases. The properties remaining or portion thereof will revert to the participants upon completion of the lease. They are as follows:

County of Essex – Participant

Description	Block-Lot	Address
Social Services	380-4	50 South Clinton Street, E. Orange
Social Services Parking Lot	380-26	90 South Clinton Street, E. Orange
Gibraltar	62-1.1-C-001 and 1.5-C-005	147-159 Halsey Street, Newark
County Jail	5070-7.1	354-374 Doremus Avenue, Newark
Juror Parking	232-1-SUF-01	48-60 Howard Street, Newark

Note 5. RESTRICTED NET INVESTMENT IN DIRECT FINANCING LEASES (CONTINUED)

C. County of Essex – Lessee/Sublease

The Authority is a party to a lessee/sublease agreement with the County of Essex relating to four (4) properties. The Authority derives no revenue and incurs no expenses in this transaction. The County ultimately owns this property. The properties are as follows:

- McLoones Boathouse at the South Mountain Recreation Complex
  Cherry Lane, West Orange, NJ

- Highlawn Inc. at the Eagle Rock Reservation
  West Orange, NJ

- Aramark Sports and Entertainment Services, LLC at South Mountain Recreation Complex, Turtle Back Zoo, West Orange, NJ

- United Skates of Essex County at Branch Brook Park

D. Sportsplex Garage

On July 23, 2018 the Authority entered into an Exchange Agreement with LEG 450 Broad Street, LLC. LEG intends to construct a mixed-use project and will deliver to the Authority, through a condominium regime, an ECIA parking unit consisting of no less than 377 parking spaces. In exchange thereof, the Authority intends to transfer its ownership of the Sportsplex Garage to LEG.

Note 6. CAPITAL ASSETS, NET

A summary of premises and equipment at December 31 is as follows:

a. Unrestricted Fund

	Balance December 31, 2018	Additions	Transfer/ (Retirements)	Balance December 31, 2019
Land	$ 9,085,551	$ -		$ 9,085,551
Construction in Progress:				
Airport	2,170,704	63,943	$ (2,125,874)	108,773
Total Capital Assets Not being Depreciated	11,256,255	63,943	(2,125,874)	9,194,324
Airport Improvements	36,226,813	2,125,874		38,352,687
Buildings	11,137,999			11,137,999
Equipment and Vehicles	1,264,580			1,264,580
Furniture and Fixtures	89,081			89,081
Total	48,718,473	2,125,874	-	50,844,347
Total Accumulated Depreciation	(34,311,813)	(875,107.00)		(35,186,920)
Total Capital Assets being Depreciated - Net of Accumulated Depreciation	14,406,660	1,250,767.00	0	15,657,427
Capital Assets, Net	$ 25,662,915	$ 1,314,710.00	$ (2,125,874)	$ 24,851,751

Depreciation is provided for on the straight line basis, annually.

Depreciation expense for the years 2019 and 2018 were $875,107 and $817,569, respectively.

Capital assets also include assets that were funded by grants contributed from the Federal and State governments.

b. Restricted Fund

There are other assets that are reflected in Net Investment in Direct Financing Leases that are not required to be included in Capital Assets. These will revert to the County of Essex, City of Newark and/or other participants at the conclusion of the related Lease(s). Refer to Note 5.

Note 7. BONDS PAYABLE – UNRESTRICTED FUND

The debt service obligations from the Authority's unrestricted fund for 2019 have been satisfied. The details are as follows:

	2019 Unrestricted
Airport:	
$1,880,000 County of Essex Airport Refunding Bonds, Series 2014 (a)	$ 580,000
$12,335,000 County of Essex Airport Revenue and Refunding Bonds Series 2019 (b)	12,335,000
Subtotal for Airport	12,915,000
Parking:	
$7,040,000 Parking Facility Revenue Refunding Bonds, Series 2009 (c)	1,930,000
Total	$ 14,845,000
Less: Current Portion	1,725,000
Noncurrent Portion	$ 13,120,000

(a) The $1,880,000 Essex County Improvement Authority Airport Refunding Revenue Bonds, Series 2014 were issued to refund the remaining outstanding balance of the $1,920,000 Airport Revenue Bonds, Series 2004, previously issued by the County of Essex and the Essex County Improvement Authority.

The remaining bonds are payable in annual installments on October 1 ranging from $275,000 to $285,000 in 2021 at an interest rate of 3.0%.

The Series 2014 bonds are not subject to call or early redemption.

(b) The $12,335,000 Essex County Improvement Authority Airport Revenue and Refunding Bonds, Series 2019 issued $4,485,000 to refund the remaining outstanding balance of the $4,925,000 Airport Revenue Bonds, Series 2007 previously issued by the County of Essex and the Essex County Improvement Authority and $7,850,000 to finance capital improvements.

The remaining bonds are payable in annual installments on November 1 ranging from $665,000 to $970,000 through 2032 at interest rates ranging from 2.125% to 5.0%.

The Series 2019 Bonds maturing on or before November 1, 2030 are not subject to optional redemption prior to maturity. The Series 2019 Bonds maturing on or after November 1, 2030 are subject to optional redemption prior to maturity by the Authority, on or after November 1, 2029. To date there has been no call nor Notice of Redemption authorized by the Authority.

Note 7. BONDS PAYABLE – UNRESTRICTED FUND (CONTINUED)

(b) (Continued)

Airport Bonds – Pledge

The Airport Revenue Bond Series 2014 and 2019 (Note 7a and 7b) are payable from and are secured on a parity basis with all other bonds issued pursuant to, and outstanding under the Bond Resolution by a pledge of the funds and accounts which are held by the Trustee under the Bond Resolution, and by a pledge of the revenues of the Authority which are derived from the ownership and operation of the Airport. “Revenues” is defined under the Bond Resolution to consist of (i) all revenues, income, and receipts derived or to be derived by the Authority, from or attributable to the ownership or use the Airport Project, (ii) the proceeds of any insurance covering a loss due to an interruption in the operation of the Airport Project, and (iii) any investment income which is derived from the investment of any funds which are held by the Trustee pursuant to the terms of the Bond Resolution and which are deposited in the Revenue Fund.

Airport Bonds – County Guarantee

The payment of the principal of and interest on the Airport Revenue Bonds Series 2014 and 2019 is further secured under the provisions of the County Guaranty Payment of the principal of and interest on the Airport Bonds is unconditionally and irrevocably guaranteed by the County under the Airport County Guaranty, which requires, among other things, that the County, if necessary, levy ad valorem taxes upon all the property within the County without limitation as to rate or amount in order to make such payments.

Note 7. BONDS PAYABLE – UNRESTRICTED FUND (CONTINUED)

(c) The $7,040,000 Parking Facility Revenue Refunding Bonds, Series 2009 (Note 7d) were issued to provide funds for the advance refunding of $7,100,000 of the Authority's Parking Facility Revenue Bonds, Series 1998. The bonds are term bonds, payable in annual installments on October 1, ranging from $615,000 to $670,000 through 2022. The remaining bonds bear interest rate at 5.0%.

The Series 2009 Parking Facility Bonds maturing before October 1, 2020 shall not subject to optional redemption prior to their stated maturities. The Series 2009 Parking Facility Bonds maturing on or after October 1, 2020 shall be subject to redemption prior to their stated maturities at the option of the Authority (on its own direction or at the direction of the County) either in whole or in part on any date, on or after October 1, 2019, at par upon notice and other terms as provided in the Parking Facility Bond Resolution, by selection of maturities by the Authority (on its own direction or at the direction of the County), or by lot or in any customary manner within any maturity as determined by the Trustee. To date there has been no call nor Notice of Redemption authorized by the Authority.

Parking Facility Revenue Bonds – Pledge

The Parking Facility Bonds are special obligations of the Authority payable by the Authority solely from and secured by the respective pledge of the Trust Estate as provided in the Parking Facility Bond Resolution. The Trust Estate is defined as (i) all right, title and interest of the Authority in, to and under (a) the Revenues, (b) all moneys and securities held in any Funds or Accounts established under the Parking Facility Bond Resolution with respect to the respective series of Parking Facility Bonds, including the Series 2009 Parking Facility Bonds (except for the Operating Expense Fund and the Rebate Fund), which would include Public Service Charges necessary to satisfy any deficiency in the County Revenues, (c) any moneys or securities to be set aside pursuant to the terms of the Parking Facility Bond Resolution and pledged to the Owners of the Parking Facility Bonds, including the Series 2009 Parking Facility Bonds, and (d) payments, if any, made by the County under the respective Parking Facility County Guaranty and (ii) any other rights, title and interest in, to and under the Service Agreement (but none of the Authority's obligations under the Service Agreement, and also excluding the Reserved Rights), including, without limitation, the Service Agreement Rights and all payments and other amounts required to be paid by the County thereunder and under any other documents executed and deliver in connection with the Service Agreement and the Parking Facility Project.

Note 7. BONDS PAYABLE – UNRESTRICTED FUND (CONTINUED)

(c) (Continued)

Parking Facility Revenue Bonds – Pledge (Continued)

"County Revenues" is primarily comprised of County Service Charges. "County Service Charges" is defined to include payments to be made by the County to the Authority or the Trustee (to the extent Series 2009 Parking Facility Bonds are outstanding), which for any year of calculation, shall equal the sum of the principal and redemption premium, if any, of and interest on the Series 2009 Parking Facility Bonds and any other series of additional bonds (as hereinafter defined) due and payable in such year.

Parking Facility County Guaranty

The principal of and interest on the Series 2009 Parking Facility Bonds will also be fully, unconditionally and irrevocably secured by the County under a guaranty ordinance. The obligation of the County to make payments under the terms of the 2009 Parking Facility County Guaranty constitutes the valid, binding, direct and general obligation of the County, and is payable out of the first funds becoming legally available for such purpose. In the opinions of Bond Counsel to the Authority and the County and based upon certain respective assumptions set forth therein, the County has the power and is obligated to levy ad valorem taxes upon all the taxable property in the County for the purpose of making such payments under the 2009 Parking Facility County Guaranty, as the same may become due, without limitation as to rate or amount, if such funds are not otherwise available. The 2009 Parking Facility County Guaranty will remain in full force and effect for as long as the Series 2009 Parking Facility Bonds remain outstanding.

Note 7. BONDS PAYABLE – UNRESTRICTED FUND (CONTINUED)

Analysis of Bonds Paid

	Original Issued Amount	Balance December 31, 2018	2019 Activity Increase	2019 Activity Paid During Year	Balance December 31, 2019	Cumulative Amount Paid
Airport:						
County of Essex Airport Revenue & Refunding Bonds Series 2007	$ 8,590,000	$ 5,290,000		$ 5,290,000	0	$ 8,590,000
County of Essex Airport Refunding Bonds Series 2014	1,880,000	855,000		275,000	$ 580,000	1,300,000
County of Essex Airport Revenue & Refunding Bonds Series 2019	12,335,000		$ 12,335,000		12,335,000	
	$ 22,805,000	$ 6,145,000	$ 12,335,000 (a)	$ 5,565,000	$ 12,915,000	$ 9,890,000
Parking:						
Parking Facility Revenue Bonds, Series 2009	7,040,000	2,515,000		585,000	1,930,000	
	$ 52,650,000	$ 8,660,000	$ 12,335,000	$ 6,150,000 (b)	$ 14,845,000	$ 9,890,000

(a) Of the $12,335,000, $7,850,000 was considered new money and the remainder $4,485,000 was utilized to refund the 2007 Series Bonds remaining.

(b) Sources:

2019 Bond Proceeds	$4,925,000
2019 Budget Appropriation	1,225,000
	$6,150,000

Note 7. BONDS PAYABLE – UNRESTRICTED FUND (CONTINUED)

Gain/(Loss) on Refunding of Bonds, Net

Accounting losses/gains on advanced refundings of debt are presented net and amortized as a component of interest expense using the straight-line method over the remaining life of the new debt. The unamortized gain/loss at December 31, 2019 are as follows:

	Unamortized Gain on Refunding					
	Gain	Net Book Value Dec 31, 2018	Amortization During 2019	Accumulated Amortization	Refunded	Net Book Value Dec 31, 2019
Airport 2007	$ 49,371	$ 27,153	$ 1,975	$ 25,178	$ 25,178	0
Airport 2014	40,000	17,143	5,715	28,572		$ 11,428
		$ 44,296	$ 7,690	$ 53,750	$ 25,178	$ 11,428

	Unamortized Loss on Refunding				
	Loss	Net Book Value Dec 31, 2018	Amortization During 2019	Accumulated Amortization	Net Book Value Dec 31, 2019
Airport 2019	$ 34,102	N/A	N/A	N/A	$ 34,102
Net Gain/Loss on Refundings					$ 22,274

The amounts are reflected as part of the Deferred Outflows of Resources on the Statement of Net Position

Note 7. BONDS PAYABLE – UNRESTRICTED FUND (CONTINUED)

Debt Service Obligation

All debt service obligations due during the year 2019 have been satisfied. The aggregate remaining maturities of bonds payable for the next five (5) years and every five (5) years thereafter as of December 31, 2019 are as follows:

	Airport		
	Principal	Interest	Total
Next five (5) years:			
2020	$ 1,110,000	$ 431,419	$ 1,541,419
2021	1,080,000	463,350	1,543,350
2022	810,000	430,950	1,240,950
2023	840,000	398,550	1,238,550
2024	880,000	364,950	1,244,950
	4,720,000	2,089,219	6,809,219
Every five (5) years thereafter:			
2025	720,000	320,950	1,040,950
2026	760,000	284,950	1,044,950
2027	800,000	246,950	1,046,950
2028	840,000	206,950	1,046,950
2029	875,000	164,950	1,039,950
	3,995,000	1,224,750	5,219,750
2030	925,000	121,200	1,046,200
2031	970,000	74,950	1,044,950
2032	990,000	54,337	1,044,337
2033	650,000	32,063	682,063
2034	665,000	16,625	681,625
	4,200,000	299,175	4,499,175
	$ 12,915,000	$ 3,613,144	$ 16,528,144

	Parking		
	Principal	Interest	Total
Next three (3) years:			
2020	$ 615,000	$ 96,500	$ 711,500
2021	645,000	65,750	710,750
2022	670,000	33,500	703,500
	$ 1,930,000	$ 195,750	$ 2,125,750

Note – Presented on a *cash basis.*

Note 7. BONDS PAYABLE – UNRESTRICTED FUND (CONTINUED)

Debt Service Obligation (Continued)

	Grand Total (Airport and Parking)		
	Principal	Interest	Total
Next five (5) years:			
2020	$ 1,725,000	$ 527,919	$ 2,252,919
2021	1,725,000	529,100	2,254,100
2022	1,480,000	464,450	1,944,450
2023	840,000	398,550	1,238,550
2024	880,000	364,950	1,244,950
	6,650,000	2,284,969	8,934,969
Every five (5) years thereafter:			
2025	720,000	320,950	1,040,950
2026	760,000	284,950	1,044,950
2027	800,000	246,950	1,046,950
2028	840,000	206,950	1,046,950
2029	875,000	164,950	1,039,950
	3,995,000	1,224,750	5,219,750
2030	925,000	121,200	1,046,200
2031	970,000	74,950	1,044,950
2032	990,000	54,337	1,044,337
2033	650,000	32,063	682,063
2034	665,000	16,625	681,625
	4,200,000	299,175	4,499,175
	$ 14,845,000	$ 3,808,894	$ 18,653,894

Note – Presented on a *cash basis.*

Note 8. BONDS PAYABLE – RESTRICTED FUND

The Bonds Payable that are issued by the Authority as conduit issuer on behalf of Participants are as follows:

	2019
$250,000,000 Pooled Governmental Loan Program Bonds, Series 1986 (a)	$ 17,200,000
$5,500,000 City of Newark General Obligation Guaranteed Lease Revenue Bonds, Series 1999 (b)	2,865,000
$188,565,000 County of Essex Project Consolidation Revenue Bonds, Series 2004 (2004 Refunding Project) (c)	93,240,000
$7,400,000 Multifamily Housing Revenue Bonds, Series 2005 A&B (Marina Bay Project, Cape May County) (d)	6,678,513
$11,515,000 County of Essex Project Consolidation Revenue Bonds, Series 2005 (2005 Refunding Project) (e)	1,555,000
$14,420,000 Essex County Improvement Authority General Obligation Lease Revenue Refunding Bonds, Series 2005 A & B (Sportsplex Refunding Project) (f)	2,405,000
$41,865,000 County of Essex Project Consolidation Revenue Bonds, Series 2006 (2006 Refunding Project) (g)	17,300,000
$13,215,000 Essex County Improvement Authority General Obligation Lease Revenue Refunding Bonds, Series 2006 A & B (Sportsplex Refunding Project) (h)	1,070,000
$235,845,000 County of Essex Project Consolidation Revenue Bonds, Series 2007 (2007 Refunding Project) (i)	125,250,000
$11,300,000 Essex County Improvement Authority Variable Rate Demand Multi-Family Housing Revenue Bonds, Series 2010 (Fern Senior Housing Project) (j)	11,300,000
$3,825,000 County of Essex General Obligation Guaranteed Lease Revenue Refunding Bonds (Social Services) Series 2011 (k)	2,230,000
$52,540,000 County of Essex Project Consolidation Revenue Bonds, Series 2013 (2013 Refunding Project) (l)	4,590,000

Note 8. BONDS PAYABLE – RESTRICTED FUND (CONTINUED)

	2019
$58,255,000 County of Essex Project Consolidation Revenue Bonds, Series 2014 (2014 Refunding Project) (m)	29,380,000
$90,000,000 Essex County Improvement Authority Solid Waste Disposal Revenue Bonds (Covanta Project), Series 2015 (n)	90,000,000
$8,855,000 Essex County Improvement Authority Project Revenue Bonds (Park Terrace/Grove House Apartments Project), Series 2015 A-C (o)	8,845,000
$38,460,000 County of Essex Project Consolidation Revenue Bonds, Series 2017 (2017 Refunding Project) (p)	37,475,000
2010 Series Bonds Parking Revenue Bonds, Bloomfield Parking Authority Project, ranging in annual installments from $5,000 in 2019 to $1,500,000 through 2040 with interest rates ranging from 7.275% to 8.008%. (s)	12,480,000
On April 11, 2019 this Series of Bonds was authorized to be refunded by the Township of Bloomfield; however the closing on the Bonds is expected to occur in 2020.	
$70,685,000 Governmental Loan Revenue Bond Series 2019 City of Newark Water Project (q)	70,685,000
$10,750,000 Essex County Improvement Authority Capital Equipment Pooled Lease Revenue Bonds, Series 2019 (r)	10,750,000
Total	$ 545,298,513

Note 8. BONDS PAYABLE – RESTRICTED FUND (CONTINUED)

		2019
Total Bonds Payable		$ 545,298,513
Less: Current Portion		56,756,759
Noncurrent Portion		$ 488,541,754
Reconciliation to Offsetting Receivable:		
Restricted Bonds Receivable (Note 4)	$ 545,298,513	
Less: Investment in Direct Financing Leases (Note 5)	15,845,000	529,453,513
		$ 529,453,513
Less: PGLP Bonds Payable	$ (17,200,000)	
Add: PGLP Bonds Receivable	7,290,000	(9,910,000)
		$ 519,543,513
Detail:		
Current Portion	$ 54,950,000	
Long-Term Portion	464,593,513	$ 519,543,513

Restricted Debt Issue and Related Charges

Amortization of loss or gain on refunding of debt on behalf of participants is not required to be disclosed in conjunction with the Statement of Net Position as presented, due to the fact that the ECIA deems participants shares as conduit debt.

(a) The 1986 $250,000,000 Pooled Governmental Loan Program Bonds were issued to refinance the $100,000,000 Initial Program Bonds and are payable based on a mandatory sinking fund provision stipulated in the bond resolution. The bonds had an average interest rate of 1.3989% per annum in 2019. The bonds are secured by restricted cash, cash equivalents and investments and restricted bonds receivable (Refer to Note 4(a)).

(b) The $5,500,000 City of Newark General Obligation Guaranteed Lease Revenue Bonds, Series 1999 were issued to provide funds for financing the acquisition, construction, installation and renovation of the City of Newark's Public Safety Communications Center, and pay costs of issuance associated therewith. The bonds are term bonds payable in annual installments on April 1, from $225,000 in 2020 to $365,000 in 2029 and bear interest at rate of 5.125%. The bonds are secured unconditionally and irrevocably by the City of Newark. (Refer to Note 5(a(2))

Note 8. BONDS PAYABLE – RESTRICTED FUND (CONTINUED)

(c) The $188,565,000 Essex County Improvement Authority Project Consolidation Revenue Bonds, Series 2004 (Refunding Project) were issued to refund various previously issued bonds of the County of Essex and the Essex County Improvement Authority. (See Note 4(b))

The Authority executed a partial defeasance of the bonds. Sufficient funds were deposited into an irrevocable trust to cover outstanding principal of $65,245,000 of Project Consolidation Revenue Refunding Bonds, Series 2004. The Project Consolidation Revenue Bonds, Series 2014 were purchased for $58,255,000 with a premium of $7,849,023. The funding for the partial defeasance was provided for within the Authority's Series 2014 $58,255,000 Project Consolidation Revenue Bonds. The Authority completed the partial advance refunding to achieve debt service savings. The bonds are secured by an unconditional and irrevocable guarantee by the County of Essex and certain revenues.

The remaining bonds are payable in annual installments on October 1, ranging from $10,680,000 to $11,885,000 between 2023 and 2030 at an interest rate of 5.5%.

(d) The $2,800,000 Multifamily Housing Revenue Bonds, Series 2005 A and $4,600,000 Multifamily Housing Revenue Bonds, Series 2005 (collectively the Marina Bay Project) were issued to finance a portion of the costs of the acquisition of a low and moderate income multifamily senior citizens residential rental facility and to pay certain costs of issuance associated therewith. The principal and interest on this debt has not been paid since April of 2014 and the obligee is in the process of refinancing the debt. (See Note 4(c))

The remaining bonds are payable in monthly installments from January 2019 to September 2045 annually ranging from $136,044 to $364,513. The Series 2019 A Bonds carry an interest rate of 5% and the Series B Bonds carry an interest rate of 3.75%.

(e) The $11,515,000 Essex County Improvement Authority Project Consolidation Revenue Bonds Series 2005 (Refunding Project) were issued to refund various previously issued bonds of the Essex County Improvement Authority. The bonds are secured by an unconditional and irrevocable guarantee by the County of Essex and certain revenues. In 2017, funds were provided to refund the remaining of the 2005 Series Bonds in the amount of $5,210,000. (See Note 4(d))

The remaining bonds are payable in annual installments on December 15, ranging from $170,000 to $225,000 between 2019 and 2027 at rates ranging from 4.125% to 4.375%.

Note 8. BONDS PAYABLE – RESTRICTED FUND (CONTINUED)

(f) The $14,420,000 Essex County Improvement Authority General Obligation Guaranteed Lease Revenue Refunding Bonds, Series 2005 (Sportsplex Refunding Project) were issued to refund portions of 1997 Series A and B Sportsplex Project Bonds and the 1999 Sportsplex Project Series D2 Bonds in their entirety. The bonds are secured by an unconditional and irrevocable guarantee by the County of Essex and certain revenues. In conjunction with the sale of the Sportsplex Stadium (See Note 5D) during 2016 funds were provided to refund all the remaining 2005 Series B Bonds in the amount of $6,990,000. (See Note 4 (e))

The Bonds were issued in two Series. The $2,485,000 Series A Bonds are tax-exempt bonds maturing in amounts ranging from $20,000 in 2020 to $380,000 in 2027. Interest rates range from 3.75% to 4.35%.

(g) The $41,865,000 Essex County Improvement Authority Project Consolidation Revenue Bonds Series 2006 (Refunding Project) were issued to refund various previously issued bonds of the Essex County Improvement Authority. The bonds are secured by an unconditional and irrevocable guarantee by the County of Essex and certain revenues. In conjunction with the sale of the Sportsplex Stadium (See Note 5D) during 2016 funds were provided to refund the remaining Series B bonds in the amount of $6,880,000. (See Note 4 (f))

The remaining bonds are payable in annual installments on December 15, ranging from $3,110,000 in 2020 to $3,820,000 in 2024 at an interest rate of 5.25%.

(h) The $13,215,000 Essex County Improvement Authority General Obligation Guaranteed Lease Revenue Refunding Bonds, Series 2006 (Sportsplex Refunding Project) were issued to refund 1997 Series E and H Sportsplex Project Bonds and the 1999 Series H2 Sportsplex Project Bonds in their entirety. (See Note 4(g))

The Bonds were issued in two series. The $1,070,000 Series A Bonds are tax-exempt bonds maturing in amounts ranging from $315,000 in 2025 to $385,000 through 2027. Interest rates range from 4.25% to 4.30%. The bonds are secured by an unconditional and irrevocable guarantee by the County of Essex and certain revenues.

Note 8. BONDS PAYABLE – RESTRICTED FUND (CONTINUED)

(i) The $235,845,000 Essex County Improvement Authority Project Consolidation Revenue Bonds Series 2007 (Refunding Project) were issued to refund various previously issued bonds of the Essex County Improvement Authority and the County of Essex and to provide for certain costs in connection with the issuance of the Bonds. In conjunction with the sale of the Sportsplex Stadium (See Note 5D) during 2016 funds were provided to refund $920,000 of the Series 2007 bonds outstanding. In 2017, funds were provided to refund the last payment of the 2007 Series Consolidation Bonds in the amount of $33,455,000. (See note 4(h))

The remaining bonds are payable in annual installments on December 15, ranging from $35,645,000 to $46,445,000 between 2020 and 2022 at interest rates ranging from 5.0% to 5.25%. The bonds are secured by an unconditional and irrevocable guarantee by the County of Essex and certain revenues.

(j) The $11,300,000 Variable Rate Demand Multi-Family Housing Revenue Bonds, Series 2010 were issued for the Fern Senior Housing Project. The bonds are payable in one (1) installment in 2040 and interest is at a variable rate. (See Note 4(j))

(k) The $3,825,000 Lease Revenue Refunding Bonds, Series 2011 for Social Services were issued to provide funds for the advance refunding of $3,715,000 of the Authority's Bonds, Series 1998. The bonds are term bonds, payable in annual installments on October 1, ranging from $225,000 in 2020 to $325,000 in 2027. The remaining bonds bear interest at rates ranging from 3.5% to 5.0%. The bonds are secured by an unconditional and irrevocable guarantee by the County of Essex and certain revenues. (See Note 5(A2))

(l) The $52,540,000 Essex County Improvement Authority General Obligation Project Consolidation Revenue Bond Series 2013 (Refunding Project) were issued to refund all remaining 2003 Series of County Correctional Facility Bonds.

The Bonds were issued in one Series and are tax-exempt bonds final maturity of $4,590,000 in 2020 at an interest rate of 5.0%. The Bonds are secured by an unconditional and irrevocable guaranty of the County of Essex. In conjunction with the sale of the Sportsplex Stadium (See Note 5D) during 2016 funds were provided to refund $165,000 of the Series 2013 bonds outstanding. (See Note 4(k))

Note 8. BONDS PAYABLE – RESTRICTED FUND (CONTINUED)

(m) The $58,255,000 Essex County Improvement Authority General Obligation Project Consolidation Revenue Bonds Series 2014 (Refunding Project were issued to refund $65,245,000 of the 2004 Project Consolidation Revenue Bonds).

The Bonds were issued in one series and are tax-exempt bonds maturing in amounts ranging from $9,325,000 to $10,270,000 from 2020 to 2022. Interest rates ranging from 4.0% to 5.0%. The Bonds are secured by an unconditional and irrevocable guaranty of the County of Essex. (See Note 4(l))

(n) The $90,000,000 Solid Waste Disposal Revenue Bonds Series 2015. The bonds were issued to provide improvements at the County Cogen Plant. The bond will mature on July 1, 2045. Interest will be at 5.25% annually. The Bonds are limited obligations of the Authority and, except to the extent payable out of Bond proceeds or any income from the investment thereof, will be payable solely from, and secured solely by, a pledge of payments derived by the Authority under a Loan Agreement dated as of August 1, 2015, as amended with Covanta Holding Corporation (the "Company").

In addition, the full and prompt payment of principal and purchase price of, premium, if any, and interest on, the Bonds will be guaranteed by Covanta Energy LLC, a wholly-owned, direct subsidiary of the Company, pursuant to a Guaranty Agreement, to be dated as of August 1, 2015 (the "Guaranty"). The Bonds are not secured by the project, nor any revenue thereof, nor any property of the Company or the Guarantor. (See Note 4(n))

(o) Thee $8,855,000 Park Terrace/Grove House Project Revenue Bonds. The bonds were issued to provide funds for (i) finance the cost of the acquisition, renovation and equipping of (a) a 39-unit multifamily residential rental housing facility located at 321 Park Avenue, East Orange, Essex, New Jersey and (b) a 33-unit multifamily residential rental housing facility located at 254 North Grove Street, East Orange, Essex, New Jersey, (ii) fund separate accounts for the Senior Bonds and the Subordinate Series 2015C Bonds in the Debt Service Reserve Fund, (iii) fund an operating reserve and (iv) pay certain costs of issuance of the Bonds.. The semi-annual maturity range is $5,000 to $535,000 in 2053 at interest rates ranging from 5.0% to 7.0%. The Bonds are secured by provisions of the Trust Estate created in the Indenture which includes all right, title and interest of the Authority in and to various assets. (See Note 4(n))

Note 8. BONDS PAYABLE – RESTRICTED FUND (CONTINUED)

(p) The $38,460,000 Essex County Improvement Authority General Obligation Project Consolidation Revenue Bonds Series 2017 (Refunding Project were issued to refund $5,210,000 of the 2005 Refunding Bonds (See Note 8(e)) and $33,455,000 of the 2007 Refunding Bonds (See Note 8(i)). The Series 2017 Bonds are not subject to redemption prior to their stated maturities.

The Bonds were issued in one series and are tax-exempt bonds maturing in amounts ranging from $200,000 to $34,020,000 from 2020 to 2027. Interest rates ranging from 2.0% to 2.125%. The Bonds are secured by an unconditional and irrevocable guaranty of the County of Essex. (See Note 4(o))

(q) The $70,865,000 Governmental Loan Revenue Bonds Series 2019 Essex County Guaranteed City of Newark Project annual maturities commencing November 1, 2021 through November 1, 2049 of $1,220,000 to $3,475,000 at interest rates ranging from 2.52% to 5.00%, a premium of $8,879,896 was also received. The Bonds are secured by an unconditional and irrevocable guaranty by the County of Essex. (Refer to Note 4(p))

(r) The $10,750,000 Essex County Improvement Authority Capital Lease Pooled Lease Revenue Bonds Series 2019 were issued to provide funds for various municipalities and one school district within the County. The Bonds mature commencing October 1, 2020 through October 1, 2029 in annual maturity ranging from $465,000 to $1,875,000 at interest rates ranging from 4.0% to 5.0%. The Bonds are solely secured by the pledge of the pledged property. (Refer to Note 5(A4))

(s) The $12,480,000 Parking Revenue Bonds, Series 2010 were issued to provide funds for the Bloomfield Parking Authority Project. The bonds are term bonds, payable on December 15, ranging from $5,000 in 2019 to $1,500,000 in 2040. The bonds are Recovery Zone Economic Development Bonds and are Federally Taxable-Issuer Subsidized. The bonds bear interest at rates ranging from 7.275% to 8.008%. The Bonds are secured by the Township of Bloomfield. (See Note 4(i))

On April 11, 2019 this Series of Bonds was authorized by the Township of Bloomfield to be refunded. The closing on the Bonds is not expected until 2020.

Note 8. BONDS PAYABLE – RESTRICTED FUND (CONTINUED)

Debt Service Obligation

All debt service obligations due during the year 2019 have been satisfied. The aggregate remaining maturities of bonds payable for the next five (5) years and every five (5) years thereafter as of December 31, 2019 are as follows:

	Restricted Fund Principal Only	
Next five (5) years:		
2020	$ 56,756,759	
2021	61,138,044	
2022	65,333,940	
2023	53,900,092	
2024	21,491,513	
	258,620,348	
Every five (5) years thereafter:		
2025	15,998,214	
2026	33,035,208	*
2027	16,312,508	
2028	13,865,129	
2029	14,648,083	
	93,859,142	
2030	14,616,386	
2031	2,920,054	
2032	3,104,103	
2033	3,313,551	
2034	3,503,414	
	27,457,508	
2035	3,708,713	
2036	3,929,465	
2037	4,165,693	
2038	4,407,417	
2039	4,659,660	
	20,870,948	
2040	16,232,444	**
2041	3,575,796	
2042	3,724,740	
2043	3,879,303	
2044	4,034,513	
	31,446,796	

Note 8. BONDS PAYABLE – RESTRICTED FUND (CONTINUED)

Debt Service Obligation (Continued)

	Restricted Fund Principal Only	
Every five (5) years thereafter (continued):		
2045	$ 94,108,771	***
2046	3,985,000	
2047	4,150,000	
2048	4,320,000	
2049	4,500,000	
	111,063,771	
2050	455,000	
2051	485,000	
2052	505,000	
2053	535,000	
	1,980,000	
Total	$ 545,298,513	
Recap:		
Current Portion as Presented per	$ 56,756,759	
Long-Term Portion	488,541,754	
	$ 545,298,513	

* Includes maturity of a "bullet" final payment for the 1986 PGLP Loan balance of $17,200,000 in 2026. (Note 8(a))

** Includes maturity of a "bullet" final payment of $11,300,000 for the 2010 Fern Senior Housing Project (Note 8 (j))

*** Includes maturity of a "bullet" final payment of $90,000,000 for the 2015 Solid Waste Disposal Revenue Bonds, Covanta Project. (Note 8(n))

Note 8. BONDS PAYABLE – RESTRICTED FUND (CONTINUED)

Summary of Debt – Restricted As of December 31, 2019

	Original	Balance	County Debt	Other Debt			Cumulative
Note 8	Amount Issued	December 31, 2019	Direct & Guaranteed	Not County Guaranteed		County Guaranteed	Paid Down
a	$ 250,000,000	$ 17,200,000	$ 9,093,000	$ 8,107,000			$ 232,800,000
b	5,500,000	2,865,000		2,865,000	(N)		2,635,000
c	188,565,000	93,240,000	93,240,000				95,325,000
d	7,400,000	6,678,513		6,678,513	(H)		721,487
e	11,515,000	1,555,000	1,555,000				9,960,000
f	14,420,000	2,405,000	2,405,000				12,015,000
g	41,865,000	17,300,000	17,300,000				24,565,000
h	13,215,000	1,070,000		1,070,000	(N)		12,145,000
i	235,845,000	125,250,000	125,250,000				110,595,000
j	11,300,000	11,300,000		11,300,000	(H)		-
k	3,825,000	2,230,000	2,230,000				1,595,000
l	52,540,000	4,590,000	4,590,000				47,950,000
m	58,255,000	29,380,000	29,380,000				28,875,000
n	90,000,000	90,000,000		90,000,000	(C)		-
o	8,855,000	8,845,000		8,845,000	(H)		10,000
p	38,460,000	37,475,000	37,475,000				985,000
q	70,685,000	70,685,000	70,685,000				
r	10,750,000	10,750,000		10,750,000	(E)		-
s	12,480,000	12,480,000		12,480,000	(H)		-
	$ 1,125,475,000	$ 545,298,513	$ 393,203,000	$ 152,095,513		$ 0	$ 580,176,487

Guarantor:
(H) = Housing (C) = Covanta (E) = Equipment Lease (N) = City of Newark

Note 9. OTHER DEBT

(A) Note Payable – Governmental Loan Project Notes, Series 2019 (Essex County Guaranteed, City of Newark Project) of $1,235,000 at interest rate of 3.00% as of December 31, 2019. Shown as "Other Current Asset" due October 30, 2020 and offset by Note Payable.

(B) Debt Authorization – on September 11, 2019 the Local Finance Board ("LFB") approved the issuance of up to $29,000,000 of the Authority revenue bonds for the purpose of financing capital equipment lease ordinances for municipalities and school districts located in Essex County, of the $29,000,000 of said revenue bonds, not more than up to $14,500,000 million shall be issued to the public, of which $10,750,000 was issued and remaining revenue bonds of up to $14,500,000 million shall be issued to the trustee for the revenue bonds issued in the future to the public

Note 10. PENSION PLAN – PERS

Description of Systems

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR), which can be found at http://www.nj.gov/treasury/pensions/financial-reports.shtml

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after twenty-five (25) years of service or under the disability provisions of PERS. Substantially all of the Authority's employees participate in the PERS.

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) was established January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full-time employees and all that qualify of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after eight to ten years of service and twenty-five years for health care coverage. The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Note 10. PENSION PLAN – PERS (CONTINUED)

Public Employees' Retirement System (Continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reach the service retirement age for the respective tier.

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Employee contributions for 2019 employee contributions were seven and 50/100th percent (7.50%) of the employee's base wages.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Note 10. PENSION PLAN – PERS (CONTINUED)

Funding Policy (Continued)

Employer's contributions are actuarially determined annually by the Division of Pensions. The Authority's contributions to the plan for the past three (3) years are as follows:

Fiscal	Authority Share				Employees
	Contribution				
Year	Normal	Accrued	NCGI	Net Cost	Contribution
2019	$ 15,103	$ 139,763	$ 8,345	$ 163,211	$ 92,050
2018	19,434	129,011	7,071	155,516	90,996
2017	19,108	118,992	7,838	145,938	85,608

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2019 and June 30, 2018 Independent Auditor's Report dated June 5, 2020 and May 15, 2019 respectively.

The Authority reported a liability of $3,023,335 and $3,078,419 for its proportionate share of the net pension liability at December 31, 2019 and December 31, 2018, respectively. The net pension liability was measured as of June 30, 2019 and June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

	[*Measurement Date*] June 30,	
	2019	2018
Local Group Share	$ 18,143,832,135	$ 19,689,501,539
Authority Proportionate Percentage	0.0167790776 %	0.0156348300 %
Difference - Increase	0.0011442476	

Note 10. PENSION PLAN – PERS (CONTINUED)

Funding Policy (Continued)

For the year ended December 31, 2019, the Authority recognized pension expense of $165,703. At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 301,891	$ 1,049,390
Net difference between expected and actual experience	54,265	13,356
Net difference between projected and actual investment earnings on pension plan investment		47,725
Changes in proportion	536,896	12,094
Authority contributions subsequent to the measurement date	163,211	
Total	$ 1,056,263	$ 1,122,565

The $163,211 reported as deferred outflows of resources related to pensions resulting from entities contributions subsequent to the measurement date (i.e. for the Authority year ending December 31, 2019, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net pension liability in the Authority year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense based on local share are as follows:

Year Ended December 31,	Amount
2020	$ (87,300)
2021	(283,200)
2022	(252,881)
2023	(118,740)
2024	(12,192)

Note 10. PENSION PLAN – PERS (CONTINUED)

Additional Information:

Collective local employers balances are as follows:

	June 30, 2019	June 30, 2018
Collective deferred outflows of resources	$ 3,149,522,616	$ 4,684,852,302
Collective deferred inflows of resources	7,645,087,574	7,646,736,226
Collective net pension liability	18,143,832,135	19,689,501,539
Collective expense	974,471,686	1,099,708,157
Authority's proportion	0.0167790776 %	0.0156348300 %

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. The total pension liability for the December 31, 2019 measurement date was determined by an actuarial valuation as of June 30, 2019. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.75 Percent
Salary Increases:	
Through 2026	2.00-6.00 Percent (based on years of service)
Thereafter	3.00-7.00 Percent (based on years of service)
Investment Rate of Return	7.00 Percent

Note 10. PENSION PLAN – PERS (CONTINUED)

Actuarial Assumptions (Continued)

Pre-retirement mortality rates were based on the Pub-2000 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-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for one period July1, 2017 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 10. PENSION PLAN – PERS (CONTINUED)

Long-Term Rate of Return (Continued)

Best estimates of arithmetic rates of return for each major asset class including PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Risk Mitigation/ Strategies	3.00 %	4.67 %
Cash Equivalents	5.00	2.00
U.S. Treasuries	5.00	2.68
Investment Grade Credit	10.00	4.25
High Yield	2.00	5.37
Real Estate	7.50	8.33
Real Assets	2.50	9.31
Private Credit	6.00	10.85
Private Equity	12.00	9.00
U.S. Equity	28.00	8.26
Non-U.S. Developed Markets Equity	12.50	9.01
Emerging Market Equities	6.50	11.37

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the *Bond Buyer* GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rate and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 10. PENSION PLAN – PERS (CONTINUED)

Sensitivity of The Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the Authority calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2019 [*Measurement Date*]		
	1% Decrease 5.28%	At Current Discount Rate 6.28%	1% Increase 7.28%
Authority's proportionate share of the Local Group pension liability	$ 3,818,996	$ 3,023,355	$ 2,352,926

	June 30, 2018 [*Measurement Date*]		
	1% Decrease 4.66%	At Current Discount Rate 5.66%	1% Increase 6.66%
Authority's proportionate share of the Local Group pension liability	$ 3,870,759	$ 3,078,419	$ 2,413,699

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS) or by visiting their website at www.state.nj.us/treasury/pensions/pers1.shtml.

Note 11. POST EMPLOYMENT RETIREMENT BENEFITS

In addition to the pension benefits described in Note 10, the Authority provides post-retirement healthcare benefits for employees and their dependents who retire with 25 years or more of service, of which the last ten (10) years are with ECIA. Benefits consist of full medical coverage as if the individuals were still employed, until they become eligible for Medicare, at which time Medicare becomes the primary insurer and the Authority plan becomes the secondary insurer. The number of employees covered and approximate cost for the past three years were as follows:

The Authority is a participant in the New Jersey State Health Benefit Program ("NJSHBP") for active and retired employees. The NJSHBP provides medical, prescription drug, mental health/substance abuse and Medicaid Part B reimbursement to retirees and their spouses and dependents.

The Authority provides for the retiree health benefits on a *"Pay as You Go"* basis. The Authority's contributions to NJSHBP for the last three years were as follows:

Year	Number of Employees	Employer's Cost
2019	2	$ 11,988
2018	2	18,912
2017	2	20,320

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service.

Note 11. POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

Authority Retiree Health Benefits

Plan Description – NJSHBP

The NJSHBP as of July 1, 2019 had statewide for the local employee groups of 63,032 active and 27,871 retired for a total of 90,903 members. The Authority at December 31, 2019 had 24 active and 2 retired employees for a total participation of 26.

The NJSHBP aggregate other post-employment benefit (OPEB) cost (expense) is calculated based on the aggregate required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The OPEB obligation represents the total of cumulative difference between the OPEB cost since the effective date of GASB No. 45 and the employer's contributions and other adjustments to the NJSHBP.

Funding Policy – The contribution requirements of plan members are established and may be amended by the state legislature. Participating local government units are contractually required to contribute at a rate assessed each year by the NJSHBP. The NJSHB Commission sets the employer contribution rate based on the annual required contribution of the employers (ARC) as established in an annual rate recommendation report.

The NJSHBP issues a publicly available financial report that includes financial statements and required supplementary information for the NJSHBP and the actuarial valuation. Those reports may be obtained by writing to the State of New Jersey Department of Treasury, Division of Pension and Benefits, 50 West State Street, Trenton, NJ 08625-0299 or on the State of New Jersey website.

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. For additional information about the Plan, refer to the State of New Jersey, Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report, which can be found at https://www.state.nj.us/treasury/pensions/financial-reports.shtml.

Note 11. POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

Authority Retiree Health Benefits (Continued)

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating 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.

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

GASB Statement No. 75 requires participating employers in the plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Note 11. POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

Authority Retiree Health Benefits (Continued)

The portion of the OPEB Liability that was associated with the Authority recognized is as follows:

June 30 [*Measurement Date*]	
2019	2018
$ 3,633,869	$ 4,538,306

The proportion of the PERS Net OPEB Liability associated with the District's liability is as follows:

June 30 [*Measurement Date*]	
2019	2018
0.026826 %	0.028968 %

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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%
	PERS
	(based on age)
Salary increases:	
through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%

Preretirement mortality rates were based on Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on Pub-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019 Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Note 11. POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Discount Rate

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

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate

The following represents the total nonemployer OPEB liability as of June 30, 2019 and June 30, 2018, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

June 30, 2019 [*Measurement Date*]		
At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
$ 4,201,676	$ 3,633,869	$ 3,172,449

June 30, 2018 [*Measurement Date*]		
At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
$ 5,324,633	$ 4,538,306	$ 3,910,208

Note 11. POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate

The following represents the total nonemployer OPEB liability as of June 30, 2019 and June 30, 2018, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

June 30, 2019 [*Measurement Date*]		
1% Decrease	Healthcare Cost Trend Rate	1% Increase
$ 3,066,537	$ 3,633,869	$ 4,357,595

June 30, 2018 [*Measurement Date*]		
1% Decrease	Healthcare Cost Trend Rate	1% Increase
$ 3,785,675	$ 4,538,306	$ 5,512,322

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2011 – June 30, 2014.

Note 11. POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the Authority recognized OPEB (revenue) of ($270,017) determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

The following table illustrates the Deferred Inflows and Outflows as of June 30, 2019 under GASB 75 prior to any reduction due to the Fiscal Year 2020 amortizations.

	Deferred Outflows	Deferred Inflows
Net Difference between Expected and Actual Earnings on OPEB Plan Investments	$ 2,993	
Difference between Expected and Actual Expenses		$ 1,082,685
Changes in Assumptions		1,287,762
Changes in Proportion	63,971	837,056
Sub-total	$ 66,964	$ 3,207,503

Amount recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Measurement Period Ending June 30,	
2020	$ (382,324)
2021	(382,324)
2022	(382,559)
2023	(382,938)
2024	(382,285)
Total Thereafter	(434,022)

Note 11. POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Additional Information

Collective balances of the PERS Local Retirement Group (Statewide) are as follows:

	June 30, [*Measurement Date*] 2019	2018
Deferred outflows of resources	$ 2,780,762,999	$ 1,943,490,463
Deferred inflows of resources	11,531,430,224	5,841,224,248
Net OPEB liability	13,546,071,100	9,452,773,649
Total expenses - non-employer	(126,256,186)	421,637,696
District proportionate percentage	0.003577 %	0.003862 %

Shown below are details regarding the Total OPEB Liability for the measurement period for the PERS local retirees group (Statewide):

	[*Measurement Date*] 2019	2018
	Total OPEB Liability	
Balance as of June 30,	$ 15,981,103,227	$ 20,629,044,656
Changes Recognized for the Fiscal Year:		
Service Cost	$ 666,574,660	$ 896,235,148
Interest on the Total OPEB Liability	636,082,461	764,082,232
Changes of Assumptions	(1,635,760,217)	(2,314,240,675)
Change of Benefit Terms	(1,903,958)	
Difference between Expected and Actual Expenses	(1,399,921,930)	(3,626,384,047)
Gross Benefit Payments	(470,179,613)	(421,621,253)
Contributions from the Member	43,249,952	53,987,166
Net Changes	$ (2,161,858,645)	$ (4,647,941,429)
Balance as of June 30	$ 13,819,244,582	$ 15,981,103,227

Note 11. POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

Additional Information (Continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% in 2018 to 3.50% in 2019. The component of the Net OPEB Liability Local Retirement Group (statewide) is as follows:

	Measurement Date June 30, 2019	June 30, 2018
Total OPEB Liability	$ 13,819,244,582	$ 15,981,103,227
Plan Fiduciary Net Position	273,173,482	314,485,086
Net OPEB Liability	$ 13,546,071,100	$ 15,666,618,141
Net Position as a Percentage of OPEB Liability	1.96%	1.97%
OPEB Expense	$	$
Special Funding Situation	5,525,718,739	6,213,844,492
Non-special Funding Situation	8,020,352,361	9,452,773,649
	$ 13,546,071,100	$ 15,666,618,141

Note 12. MAJOR CUSTOMERS

The airport revenue is comprised of three main components:

(i) Lease/License Revenues – there are five (5) major aviation leases of hangar and office space. There are ninety-eight (98) T-hangars and two hundred sixty-eight (268) tie-down spaces available.

(ii) Fuel (avgas/jet) Sales – in 2019 there was one FBO with the contractual right to sell fuel. Because of the fuel sale component, the FBO revenues from this source to the Authority are usually higher than others. However, the contract is not exclusive and the Authority retains the right to offering fueling services on its own or through others.

(iii) Landing Fees – the Authority charges landing fees to those non-based aircraft owners that land at the airport.

Note 13. COMMITMENTS AND CONTINGENCIES

A. Litigation

The Authority is party to various legal proceedings. These legal proceedings are not likely to have a material adverse impact on the Authority, based upon inquiry of management with exception of the following:

Celanese Ltd. V. Essex County Improvement Authority

The Authority has been court-ordered to contractually indemnify Celanese, Ltd., a prior owner of Authority owned property located on Doremus Avenue ("Site"), for alleged environmental liabilities relating to the historic release of contaminants into the Lower Passaic River Study Area ("LPRSA") portion of the Diamond Alkali Superfund Site. As the former owner and operator of the Site, Celanese faces joint and several CERCLA liability for these alleged releases.

As the contractual indemnitor for Celanese's alleged environmental liabilities related to its former Site, the Authority has joined the LPRSA Cooperating Parties Group's ("CPG"), which is implementing several Environmental Protection Agency ("EPA") Administrative Orders on Consent ("ACOs") requiring the performance of a Remedial Investigation/Feasibility Study ("RI/FS") as well as some targeted remediation of contamination at RM 10.9 of the LPRSA. The Authority is actively managing and attempting to mitigate this alleged environmental liability. As a member of the CPG, the ECIA is directly funding the Celanese Site's interim pro-rata share of financial responsibility to the group.

The EPA has approved (subject to an additional party's consent) the ECIA to directly sign on to the ACOs in order to obtain contribution protection for its past expenditures. There are numerous potentially responsible parties (PRPs) with alleged discharges of hazardous substances into the Lower Passaic River ("LPR"). These additional PRPs may further share responsibility for remediating the LPRSA. The ECIA along with members of the CPG are funding and conducting an ongoing targeted removal action at RM 10.9, and an RI/FS of the entire 17 miles of the LPR.

Note 13. COMMITMENTS AND CONTINGENCIES

A. Litigation (Continued)

Celanese Ltd. V. Essex County Improvement Authority (Continued)

The EPA has completed its Focused Feasibility Study and the agency issued its Record of Decision on March 3, 2016 (ROD). The agency selected a final sediment remedy that includes a bank-to-bank removal of all sediment in the lower 8.3 miles of the LPR followed by capping the river bottom, and an interim remedy requiring additional study of the water column (collectively designated Operable Unit 2 (OU 2) of the Diamond Alkali Superfund Site). The ROD represents one of three remaining remedial actions for the LPRSA. A proposed third operable unit (OU3) will address the full 17 miles of the LPRSA, including the sediments above river mile 8.3, and a river-wide remedy for the surface water. The fourth operable unit (OU4) will address the Newark Bay Study Area. LPRSA PRPs may have additional responsibility for alleged contamination in these additional operable units. Additionally, the Federal Trustees retain independent Natural Resource Damages claims which they intend to prosecute against LPRSA PRPs.

The EPA has estimated the discounted cost of the ROD at $1.38 billion ($2.3 billion on an undiscounted basis). The EPA and the Federal Trustees have recently filed proofs of claim in a related Tierra Maxus bankruptcy matter in which they have estimated the range of their respective CERCLA and Natural Resource Damages claims for the entire LPRSA at $7,139,909,256 to $11,907,909,256. Tierra Maxus is the defunct indemnitor to Occidental Chemical ("Occidental Chemical") for LPRSA liabilities stemming from alleged discharges of contaminants of concern from Occidental's former facility.

In light of Tierra Maxus's bankruptcy, EPA has further directed PRP Occidental Chemical Corporation ("Occidental Chemical") to perform the entire remedial design (RD) for the lower 8.3 miles of the Passaic River remediation adopted in the ROD. Occidental Chemical has executed a settlement agreement with EPA to perform the RD which includes sampling, evaluating technologies, and doing the engineering work necessary before physical cleanup work can begin. Occidental Chemical will also pay for the EPA's related oversight costs. The EPA will pursue additional agreements with the more than 100 additional PRPs. Following completion of the RD, it is possible that EPA will pursue an agreement among Occidental Chemical and a group of PRP's, selected from the allocation process described below, to fund and perform the OU2 Remedial Action ("RA").

Note 13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

A. Litigation (Continued)

Celanese Ltd. V. Essex County Improvement Authority (Continued)

The EPA has proposed and is funding a final allocation process that will allocate percentage shares of responsibility to both participating and certain non-participating PRPSs. The allocation process will provide a basis for EPA to (1) enter into early OU2 settlements with a group of appropriate PRPs, and (2) enter into de minimis settlements with a group of PRPs following the allocation, and (3) identify performing parties that are expected to enter into a future consent decree to perform the approved remedial action for OU2. The early settlement portion of the allocation process has concluded with EPA denying Celanese/CAN Holding's early OU2 settlement request. Celanese/CAN Holdings is participating in the ongoing allocation, and it has submitted further documentation in support of a de minimis settlement with the agency. As indemnitor, ECIA is coordinating with Celanese/CAN Holdings in the allocation process.

It is not known at this time whether Celanese/CAN Holdings will receive a de minimis or other settlement offer from EPA, and thus receive concomitant contribution protection for OU2 and potentially the entire 17 miles of the LPR. Those PRPs that do not receive settlements will be required to fund and or perform the final approved bank-to-bank remedial action (RA) for OU2.

At this time, it is unknown whether Occidental Chemical or the remaining PRPs will voluntarily agree to perform the RA contemplated in the ROD. Likewise, the PRPs have not undertaken a final allocation process to allocate individual responsibility, if any, for the costs associated with these obligations. Based on the above, we cannot reasonably estimate the ECIA's final proportionate share of response costs or natural resource damages at this time. The amount of the ECIA's final pro-rata share of LPRSA response costs and natural resource damages however could have a material adverse impact on the agency's finances.

Occidental Chemical Corp. v. 21st Century Fox America, Inc., et al.

Occidental Chemical has instituted an environmental cost recovery action under Sections 107 and 113 of CERCLA against numerous defendants including CNA Holdings LLC. As its contractual indemnitor, ECIA is defending CNA Holdings in this matter. CNA Holdings has jointed and ECIA is funding CNA Holdings' proportional share of a common defense mounted by the Small Parties Litigation Group and its selected common counsel. The litigation is proceeding with extensive discovery and additional motion practice is anticipated. The Court has recently granted defendants' Motion to Dismiss as to the majority of the joint and several Section 107(a) claims and one Section 113(f)(1) claim relating to a 2012 Unilateral Order against Occidental Chemical ("2012 UAO"). Various Section 113(f)(3)(B) claims and a Section 107(a) claim relating to the 2012 UAO remain in the litigation.

Note 13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

A. Litigation (Continued)

Occidental Chemical Corp. v. 21st Century Fox America, Inc., et al. (Continued)

At this time, ECIA cannot reasonably determine whether CNA Holdings will be liable over to Occidental Chemical for costs incurred and to be incurred in the OU2 RD/RA. Damages, if any, are not reasonably estimable at this time however they could have a material adverse impact on the agency's future finances.

B. Grants

The Federal Aviation Authority (FAA) provided 75% of the purchase price of the airport when it was acquired in 1974. In the event of sale or disposal of the airport property, the Authority must reimburse the FAA an amount equal to 75% of the net proceeds of the sale or disposal if the proceeds are not reinvested in an FAA approved property.

The Authority participates in federally and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Authority is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures. Refer to Note 6(a).

C. Preliminary Expenses

The ECIA has advanced funds and charged to operations of the Unrestricted – Development and Assistance Fund to the Restricted Fund in the past for two (2) county supported projects and one (1) ECIA related project. These projects were accounted for as part of the Restricted Funds. The funds were refunded to ECIA Unrestricted Funds and as such, no accounts receivable nor interfund payable to the Development and Assistance Fund has been established. The details are as follows:

Project	ECIA Total Contributions	Interest Earned	Expended through Dec 31, 2019	Transferred to Development & Assistance
Newark Riverfront Park	$ 1,482,000	$ 1,051	$ 1,471,443	$ 11,607
Newark Property Acquisition	195,000	721	140,095	55,626
Airport Obstruction Removal	200,000	793	177,037	23,756
				$ 90,989

Note 14. NET POSITION – NET INVESTMENT IN CAPITAL ASSETS

The net investment in capital assets of $20,212,787 is calculated as follows:

	Total	Development & Assistance	Airport
Capital assets, net of depreciation	$ 24,851,751	$ 28,388	$ 24,823,363
Add:			
Unexpended 2019 Bond Proceeds	8,602,035		8,602,035
Less:			
Bonds payable (*used to build or acquire capital assets*)	- (11,805,000)		(11,805,000)
Unamortized deferred premium	(1,458,673)		(1,458,673)
Unamortized Gain/(Loss) on Refunding	22,674		22,674
	$ 20,212,787	$ 28,388	$ 20,184,399

Note 15. SUBSEQUENT EVENT: COVID-19 CORONAVIRUS PANDEMIC

The Covid-19 Coronavirus outbreak in the United Stated caused the Governor of the State of New Jersey to mandate closures and impose a curfew for all nonessential citizens and businesses.

The overall fiscal impact of Covid-19 on the Essex County Improvement Authority (ECIA) for the year 2020, is not yet, known. However, at this time and based on an analysis of current data, the following can be stated:

1. Covid-19 slowed the utilization of the Airport and thereby impacted the Airport's income/revenue from the sale of fuel, landing fees, etc. However, the slow also decreased the operating expenses of the Airport for items like fuel, etc.

2. The parking facilities sustained biggest impact as a result of Covid-19. The Courthouse and/or County Complex remains closed to jurors, litigants, attorneys and the public. Therefore there is a reduction in operating revenue for Parking facilities.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule RSI-1

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST SIX (6) FISCAL YEARS

Year	Authority's Proportion of Net Pension Liability	Authority's Proportionate Share of Net Pension Liability (asset)	Authority's Covered Payroll	Authority's Proportionate Share of Net Pension Liability (asset) as Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as Percentage of Total Pension Liability
2019	0.0167790776 %	$ 3,023,335	$ 1,227,336	246.33 %	56.27 %
2018	0.0156348300	3,078,419	1,180,751	260.72	46.40
2017	0.0156710995	3,647,981	1,106,479	303.31	48.10
2016	0.0131029120	3,880,237	1,021,212	379.96	40.01
2015	0.0119389558	2,680,056	909,567	294.65	47.92
2014	0.0115745596	2,167,074	821,549	263.78	48.72

Note: Only the last six (6) years of information are presented as GASB 68 was implemented during the year ended December 31, 2015. Eventually a full ten (10) year schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - there were none.

Changes of Assumptions - the discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019.

Schedule RSI-2

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST SIX (6) FISCAL YEARS

Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (excess)	Authority's Covered Payroll	Contributions as Percentage of Covered-Payroll
2019	$ 163,211	$ 163,211	None	$ 1,227,336	13.30 %
2018	155,516	155,516	None	1,180,751	13.17
2017	145,176	145,176	None	1,106,479	13.12
2016	102,643	102,643	None	1,021,212	10.05
2015	89,366	89,366	None	909,567	9.83
2014	99,969	99,969	None	821,549	12.17

Note: Only the last six (6) years of information are presented as GASB 68 was implemented during the year ended December 31, 2015. Eventually a full ten (10) year schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - there were none.
Changes of Assumptions - the discount rate changed from 5.66% as of June 30, 2018 to 6/29% as of June 30, 2019.

SUPPLEMENTARY INFORMATION

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2019
UNRESTRICTED FUND BY ACTIVITY

ASSETS	Development and Financial Assistance	Airport	Parking	Sportsplex Garage	Total Unrestricted Fund
Current assets:					
Cash, cash equivalents and investments	$ 7,481,872	$ 3,623,908	$ 1,229,461	$ 1,708,360	$ 14,043,601
Inventory		85,920			85,920
Accounts receivable	21,995	14,280		1,080	37,355
Other current assets	43,347	25,307	4,995	3,070	76,719
Interfund receivable	63,000				63,000
Intrafund receivable	808,623				808,623
Total current assets	8,418,837	3,749,415	1,234,456	1,712,510	15,115,218
Restricted assets:					
Cash, cash equivalents and investments		8,937,172			8,937,172
Total restricted assets		8,937,172			8,937,172
Restricted net investment in direct financing leases			1,930,000		1,930,000
Net investment in direct financing leases			1,930,000		1,930,000
Noncurrent assets:					
Capital assets, net	28,388	24,823,363			24,851,751
Loss on defesance		22,674			22,674
Total noncurrent assets	28,388	24,846,037			24,874,425
Total assets	$ 8,447,225	$ 37,532,624	$ 3,164,456	$ 1,712,510	$ 50,856,815

See notes to financial statement

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2019
UNRESTRICTED FUND BY ACTIVITY

	Development and Financial Assistance	Airport	Parking	Sportsplex Garage	Total Unrestricted Fund
LIABILITIES					
Liabilities:					
Current liabilities Payable from Unrestricted Assets:					
Current portion of bonds payable		$ 1,110,000	$ 615,000		$ 1,725,000
Accrued expenses and other current liabilities	$ 2,083,092	410,390	764,956	$ 1,373,387	4,631,825
Intrafund payable			469,500	339,123	808,623
Total current liabilities from unrestricted Assets	2,083,092	1,520,390	1,849,456	1,712,510	7,165,448
Current Liabilities Payable from Restricted Assets:					
Accrued expenses and Other Liabilities		44,218			44,218
		44,218			44,218
Noncurrent liabilities:					
Bonds payable, net of current portion		11,805,000	1,315,000		13,120,000
Premium on Sale of Bonds		1,458,673			1,458,673
Total noncurrent liabilities		13,263,673	1,315,000		14,578,673
Total liabilities	$ 2,083,092	$ 14,828,281	$ 3,164,456	$ 1,712,510	$ 21,788,339
NET POSITION					
Net Position:					
Invested in capital assets	$ 28,388	$ 20,184,399			$ 20,212,787
Restricted		290,919			290,919
Unrestricted	6,335,745	2,229,025			8,564,770
Net position	$ 6,364,133	$ 22,704,343			$ 29,068,476
Total liabilities and net position	$ 8,447,225	$ 37,532,624	$ 3,164,456	$ 1,712,510	$ 50,856,815

See notes to financial statement

Schedule 2
Sheet 1 of 6

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2019
RESTRICTED FUND BY PROGRAM

	Pooled Government Loan Program 1986	Property Improvement Lease Program 1996/1994/ 1993/1990	Property and Equipment Lease Program - 1992	County of Essex General Obligation Lease Revenue Bonds - Series 1996 A (County Jail Proj)	County of Essex General Obligation Guaranteed Lease Revenue Bonds - Series 1997A (County Corr Facil)	County of Essex General Obligation Guaranteed Lease Revenue Bonds - Series 1999 D2 and H2 (Sportsplex Project)
ASSETS						
Current assets:						
Restricted bonds receivable	$ 1,505,000					
Due from participants	40,804					
Other current assets	14,783					
Total current assets	1,560,587					
Restricted cash, cash equivalents and investments	9,976,970	$ 85,472	$ 28,071	$ 11,976	$ 775	$ 2,163
Restricted bonds receivable	5,785,000					
Restricted net investment in direct financing leases (Costs to be incurred)/Earnings Utilized						
Net restricted net investments in direct financing leases						
	$ 17,322,557	$ 85,472	$ 28,071	$ 11,976	$ 775	$ 2,163
LIABILITIES						
Current liabilities:						
Current portion of bonds payable						
Note payable	$					
Due to participants	28,000	$ 85,472	$ 28,071	$ 11,976	$ 775	$ 2,163
Accrued expenses and other current liabilities	31,557					
Interfund payable	63,000					
Capital, debt and maintenance reserve						
Total current liabilities	122,557	85,472	28,071	11,976	775	2,163
Bonds payable, net of current portion	17,200,000					
Total liabilities	$ 17,322,557	$ 85,472	$ 28,071	$ 11,976	$ 775	$ 2,163

See notes to financial statement

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2019
RESTRICTED FUND BY PROGRAM

	City of Newark General Obligation Guaranteed Lease Revenue Bonds, Series 1999 (Public Safety Center Project) Communications Center Project)	County of Essex General Obligation Guaranteed Lease Revenue Bonds - Series 2000 (County Correctional Facility Project)	County of Essex General Obligation Lease Revenue Bonds Series 2002 (Cogen Facility Project)	County of Essex General Obligation Guaranteed Lease Revenue Bonds Series 2002A and 2002 B (County Correctional Facility Project)	County of Essex General Obligation Guaranteed Lease Revenue Bonds - Series 2003 B (County Correctional Facility Project)
ASSETS					
Current assets:					
Restricted bonds receivable					
Due from participants					
Other current assets	$ 3,640				
Total current assets	3,640				
Restricted cash, cash equivalents and investments	21,266	$ 2,166	$ 307	$ 1,271	$ 438
Restricted bonds receivable					
Restricted net investment in direct financing leases	2,865,000				
(Costs to be incurred)/Earnings Utilized					
Net restricted net investments in direct financing leases	2,865,000				
	$ 2,889,906	$ 2,166	$ 307	$ 1,271	$ 438
LIABILITIES					
Current liabilities:					
Current portion of bonds payable	$ 225,000				
Note payable					
Due to participants	21,266	$ 2,166	$ 307	$ 1,271	$ 438
Accrued expenses and other current liabilities	3,640				
Interfund payable					
Capital, debt and maintenance reserve					
Total current liabilities	249,906	2,166	307	1,271	438
Bonds payable, net of current portion	2,640,000				
Total liabilities	$ 2,889,906	$ 2,166	$ 307	$ 1,271	$ 438

See notes to financial statement

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2019
RESTRICTED FUND BY PROGRAM

	Project Consolidation Revenue Bonds Series 2004 (Refunding Project)	Multifamily Housing Revenue Bonds Series 2005 (Marina Bay Project)	Project Consolidation Revenue Bonds Series 2005 (Refunding Project)	Guaranteed Lease Revenue Bonds Series 2005 (Sportsplex Refunding Project)	Project Consolidation Revenue Bonds Series 2006 (Refunding Project)	Guaranteed Lease Revenue Bonds Series 2006 (Sportsplex Refunding Project)
ASSETS						
Current assets:						
Restricted bonds receivable			$ 170,000	$ 20,000	$ 3,110,000	
Due from participants						
Other current assets	$ 98,240	$ 10,577	744	3,385	19,190	$ 2,070
Total current assets	98,240	10,577	170,744	23,385	3,129,190	2,070
Restricted cash, cash equivalents and investments	3,867	5,955,057	6,385	108	2,671	354
Restricted bonds receivable	93,240,000	6,678,513	1,385,000	2,385,000	14,190,000	1,070,000
Restricted net investment in direct financing leases						
(Costs to be incurred)/Earnings Utilized						
Net restricted net investments in direct financing leases						
	$ 93,342,107	$ 12,644,147	$ 1,562,129	$ 2,408,493	$ 17,321,861	$ 1,072,424
LIABILITIES						
Current liabilities:						
Current portion of bonds payable		$ 786,759	$ 170,000	$ 20,000	$ 3,110,000	
Note payable						
Due to participants	$ 3,867		744	108	2,671	$ 354
Accrued expenses and other current liabilities	98,240	5,965,634	6,385	3,385	19,190	2,070
Interfund payable						
Capital, debt and maintenance reserve						
Total current liabilities	102,107	6,752,393	177,129	23,493	3,131,861	2,424
Bonds payable, net of current portion	93,240,000	5,891,754	1,385,000	2,385,000	14,190,000	1,070,000
Total liabilities	$ 93,342,107	$ 12,644,147	$ 1,562,129	$ 2,408,493	$ 17,321,861	$ 1,072,424

See notes to financial statement

Schedule 2
Sheet 4 of 6

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2019
RESTRICTED FUND BY PROGRAM

	Project Consolidation Revenue Bonds Series 2007 (Refunding Project)	Bloomfield Recovery Zone Development Bonds 2010	FERN Senior Housing Project 2010	City of Newark Lease Revenue Bond 2010A	City of Newark Lease Revenue Bond 2010B	Refunded County of Essex General Obligation Guaranteed Lease Revenue Bonds - Series 2011 Riverbank Park
ASSETS						
Current assets:						
Restricted bonds receivable	$ 35,645,000	$ 40,000				
Due from participants						
Other current assets	49,592	13,475				$ 42
Total current assets	35,694,592	53,475				42
Restricted cash, cash equivalents and investments	116,945	136,582	$ 894,534	$ 10,042	$ 14,671	
Restricted bonds receivable	89,605,000	12,440,000	11,300,000			
Restricted net investment in direct financing leases (Costs to be incurred)/Earnings Utilized						
Net restricted net investments in direct financing leases						
	$ 125,416,537	$ 12,630,057	$ 12,194,534	$ 10,042	$ 14,671	$ 42
LIABILITIES						
Current liabilities:						
Current portion of bonds payable	$ 35,645,000	$ 40,000				
Note payable						
Due to participants	116,945	136,582	$ 29,524	$ 10,042	$ 14,671	$ 42
Accrued expenses and other current liabilities	49,592	13,475	865,010			
Interfund payable						
Capital, debt and maintenance reserve						
Total current liabilities	35,811,537	190,057	894,534	10,042	14,671	42
Bonds payable, net of current portion	89,605,000	12,440,000	11,300,000			
Total liabilities	$ 125,416,537	$ 12,630,057	$ 12,194,534	$ 10,042	$ 14,671	$ 42

See notes to financial statement

Schedule 2
Sheet 5 of 6

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2019
RESTRICTED FUND BY PROGRAM

	Refunded County of Essex Guaranteed Lease Revenue Bonds - Series 2011 Social Services	Project Consolidation Revenue Bonds Series 2013 (Refunding Project)	Project Consolidation Revenue Bonds Series 2014 (Refunding Project)	Solid Waste Disposal Revenue Bonds (Covanta Project) Series 2015	Park Terrace/ Grove House Apartments Project Revenue Bonds Series 2015
ASSETS					
Current assets:					
Restricted bonds receivable		$ 4,590,000	$ 9,325,000		$ 15,000
Due from participants					
Other current assets	$ 2,490	2,000	22,055	$ 92,000	24,003
Total current assets	2,490	4,592,000	9,347,055	92,000	39,003
Restricted cash, cash equivalents and investments	$ 4,108	27,856	20,210	2,362,706	127,992
Restricted bonds receivable			20,055,000	90,000,000	8,830,000
Restricted net investment in direct financing leases	2,230,000				
(Costs to be incurred)/Earnings Utilized					
Net restricted net investments in direct financing leases	2,230,000				
	$ 2,236,598	$ 4,619,856	$ 29,422,265	$ 92,454,706	$ 8,996,995
LIABILITIES					
Current liabilities:					
Current portion of bonds payable	$ 240,000	$ 4,590,000	$ 9,325,000		$ 200,000
Note payable					
Due to participants	3,926	19,596	15,037	$ 206	5,070
Accrued expenses and other current liabilities	2,672	10,260	27,228	2,454,500	105,826
Interfund payable					
Capital, debt and maintenance reserve					41,100
Total current liabilities	246,598	4,619,856	9,367,265	2,454,706	351,996
Bonds payable, net of current portion	1,990,000		20,055,000	90,000,000	8,645,000
Total liabilities	$ 2,236,598	$ 4,619,856	$ 29,422,265	$ 92,454,706	$ 8,996,996

See notes to financial statement

Schedule 2
Sheet 6 of 6

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2019
RESTRICTED FUND BY PROGRAM

	Project Consolidation Revenue Bonds Series 2017 (Refunding Project)	Governmental loan Revenue Bond, Series 2019 City of Newark Project #241	Governmental Loan Project Notes Series 2009 City of Newark Project #242	Capital Equipment Pooled Lease Rev. Bonds Series 2019	Total Restricted Funds
ASSETS					
Current assets:					
Restricted bonds receivable	$ 530,000				$ 54,950,000
Due from participants					40,804
Other current assets	41,945		$ 1,235,000		1,635,231
Total current assets	571,945		1,235,000		56,626,035
Restricted cash, cash equivalents and investments	29,473	$ 20,524	2,218	$ 11,902,119	31,769,298
Restricted bonds receivable	36,945,000	70,685,000			464,593,513
Restricted net investment in direct financing leases				10,750,000	15,845,000
(Costs to be incurred)/Earnings Utilized				(11,902,119)	(11,902,119)
Net restricted net investments in direct financing leases				(1,152,119)	3,942,881
	$ 37,546,418	$ 70,705,524	$ 1,237,218	$ 10,750,000	$ 556,931,727
LIABILITIES					
Current liabilities:					
Current portion of bonds payable	$ 530,000			$ 1,875,000	$ 56,756,759
Note payable			$ 1,235,000		1,235,000
Due to participants		$ 20,524	2,218		564,032
Accrued expenses and other current liabilities	71,418				9,730,082
Interfund payable					63,000
Capital, debt and maintenance reserve					41,100
Total current liabilities	601,418	20,524	1,237,218	1,875,000	68,389,973
Bonds payable, net of current portion	36,945,000	70,685,000		8,875,000	488,541,754
Total liabilities	$ 37,546,418	$ 70,705,524	$ 1,237,218	$ 10,750,000	$ 556,931,727

See notes to financial statement

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING STATEMENT OF REVENUES AND EXPENSES
AND CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019
UNRESTRICTED FUND BY ACTIVITY

	Development and Financial Assistance	Airport	Parking	Sportsplex Garage	Total Unrestricted Fund
Revenues:					
Airport:					
Aviation rent		$ 1,207,296			$ 1,207,296
Landing fees		29,953			29,953
Tie down rent		400,524			400,524
T-Hangar rent income		1,026,018			1,026,018
Commercial rent		60,648			60,648
Fuel sales		1,717,513			1,717,513
Miscellaneous airport income		37,845			37,845
Airport		$ 4,479,797			$ 4,479,797
Development and financial assistance:					
Administrative and management fees:					
Newark Public Safety 1999	$ 2,865				$ 2,865
Project Consolidation Refunding - 2004	93,240				93,240
Marina Bay	6,679				6,679
Project Consolidation Refunding - 2005	1,555				1,555
Sportsplex Refunding - 2005A	2,405				2,405
Project Consolidation Refunding - 2006	17,300				17,300
Sportsplex Refunding - 2006A	1,070				1,070
Project Consolidation Refunding - 2007	62,310				62,310
Fern - 2010	11,300				11,300
Newark Leaseback - 2010	56,665				56,665
Bloomfield	12,475				12,475
Social Services - 2011	2,230				2,230
Project Consolidation Refunding - 2013	4,590				4,590
Project Consolidation Refunding - 2014	29,380				29,380
Covanta - 2015	90,000				90,000
2017 Project Consolidation	37,475				37,475
Juror Parking	117,269				117,269
Pooled Property Equipment Lease - 2019	24,187				24,187
City of Newark Water Project	161,820				161,820
Development and financial assistance	$ 734,815				$ 734,815
Parking:					
Administrative fees			$ 1,807,072		$ 1,807,072
Jurors			509,626		509,626
Parking			$ 2,316,698		$ 2,316,698

See notes to financial statement

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING STATEMENT OF REVENUES AND EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019
UNRESTRICTED FUND BY ACTIVITY

	Development and Financial Assistance	Airport	Parking	Sportsplex Garage	Total Unrestricted Fund
Sportsplex Parking:					
Stadium lot parking				$ 337,800	$ 337,800
Miscellaneous				236,776	236,776
Sportsplex Parking				$ 574,576	$ 574,576
Total revenues	$ 734,815	$ 4,479,797	$ 2,316,698	$ 574,576	$ 8,105,886
Expenses:					
Salaries	$ 423,673	$ 581,530	$ 251,965	$ 98,200	$ 1,355,368
Employee Benefits	197,920	399,356	115,144	62,741	775,161
	$ 621,593	$ 980,886	$ 367,109	$ 160,940	$ 2,130,529
Other:					
Stationery and office supplies	$ 16,892	$ 19,772	$ 6,685	$ 4,576	$ 47,925
Facility and vehicle material and supplies	1,321	20,745	87,747	773	110,587
Uniforms		6,703			6,703
Tickets			19,278		19,278
Utilities	21,815	73,759	63,442	28,105	187,121
Fuel for resale		1,556,744			1,556,744
Vehicle fuel		26,474			26,474
Fuel Tax		11,024			11,024
Permits		28,720		258	28,978
Facility and vehicle maintenance and repairs	30,695	314,881	122,256	43,677	511,510
Merchant Fees		17,402			17,402
Professional services	64,018	134,459	165,480	49,995	413,951
Non Professional services	11,409	8,243	4,650	1,583	25,884
Insurance	90,212	105,576	89,325	32,786	317,898
Pilot Fees		110,000			110,000
Trustee Fee		20,174			20,174
Miscellaneous			15,705		15,705
Depreciation and Amortization	17,067	850,352			867,419
Travel & Other	814	276	301		1,390
Total other expenses	$ 254,242	$ 3,305,304	$ 574,869	$ 161,752	$ 4,296,166
Total Salaries and Other Expenses	$ 875,835	$ 4,286,190	$ 941,978	$ 322,692	$ 6,426,695
Operating Income/(Loss)	$ (141,021)	$ 193,607	$ 1,374,720	$ 251,884	$ 1,679,191

See notes to financial statement

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING STATEMENT OF REVENUES AND EXPENSES
AND CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019
UNRESTRICTED FUND BY ACTIVITY

	Development and Financial Assistance	Airport	Parking	Sportsplex Garage	Total Unrestricted Fund
Nonoperating Revenues/(Expenses):					
Interest Income	$ 12,812	$ 69,478	$ 12,346	$ 101	$ 94,737
Interest expense		(295,396)	(118,063)		(413,459)
Sportsplex excess				(1,356,493)	(1,356,493)
Sportsplex Parking management fee	50,391			(50,391)	
Grant Contributions		361,035			361,035
Amounts due under service agreements	953,862		(1,310,925)		(357,063)
Capital contribution refunded	90,864				90,864
Capital Expenditures		(801,761)			(801,761)
Provision for Settlement of Litigation	(1,154,849)				(1,154,849)
Miscellaneous	3,819	(144,739)	41,922	(68,494)	(167,492)
Total Nonoperating Revenues/(Expenses)	$ (43,101)	$ (811,383)	$ (1,374,720)	$ (1,475,277)	$ (3,704,481)
Revenues (under)/over expenses	$ (184,122)	$ (617,776)		$ (1,223,393)	$ (2,025,290)
Change in Net Position - Increase/(Decrease)	$ (184,122)	$ (617,776)		$ (1,223,393)	$ (2,025,290)
Net Position, Beginning	6,548,255	23,322,119		1,223,393	31,093,767
Net Position, Ending	$ 6,364,133	$ 22,704,343			$ 29,068,477
Detail:					
Invested in Capital Assets	$ 28,388	$ 20,184,399			$ 20,212,787
Restricted		290,919			290,919
Unrestricted	6,335,745	2,229,025			8,564,770
	$ 6,364,133	$ 22,704,343			$ 29,068,476

See notes to financial statement

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
RESTRICTED FUND BY PROGRAM

	Pooled Government Loan Program 1986	Property Improvement Lease Program 1996/1994/ 1993/1990	Property and Equipment Lease Program - 1992	County of Essex General Obligation Lease Revenue Bonds - Series 1996 A (County Jail Proj)	County of Essex General Obligation Guaranteed Lease Revenue Bonds - Series 1997A (County Corr Facil)	County of Essex General Obligation Guaranteed Lease Revenue Bonds - Series 1999 D2 and H2 (Sportsplex Project)	City of Newark General Obligation Guaranteed Lease Revenue Bonds, Series 1999 (Public Safety Communications Center Project)
Revenues:							
Development and financial assistance revenues	$ 424,804						$ 155,981
Interest	224,264	$ 1,782	$ 585	$ 250	$ 16	$ 46	1,127
Total revenues	$ 649,068	$ 1,782	$ 585	$ 250	$ 16	$ 46	$ 157,108
Expenses:							
Services by contract:							
Remarketing fees	$ 14,420						
Administrative fees							$ 2,640
Credit fees	133,995						
Tender agent fees	6,000						
Financial consultant	4,867						
Professional fees	5,417						
Auditing fees	7,500						1,000
Trustee fees	10,000						
Reimbursement	24,000						
Services by contract	$ 206,199						3,640
Interest	218,601						152,341
Interest rebate (expense) income	224,268	$ 1,782	$ 585	$ 250	$ 16	$ 46	1,127
Total expenses	$ 649,068	$ 1,782	$ 585	$ 250	$ 16	$ 46	$ 157,108

See notes to financial statement

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
RESTRICTED FUND BY PROGRAM

	County of Essex General Obligation Guaranteed Lease Revenue Bonds - Series 2000 (County Correctional Facility Project)	County of Essex General Obligation Guaranteed Lease Revenue Bonds Series 2002A and 2002 B (County Correctional Facility Project)	County of Essex General Obligation Guaranteed Lease Revenue Bonds - Series 2003 B (County Correctional Facility Project)	Project Consolidation Revenue Bonds Series 2004 (Refunding Project)	Multifamily Housing Revenue Bonds Series 2005 (Marina Bay Project)	Project Consolidation Revenue Bonds Series 2005 (Refunding Project)
Revenues:						
Development and financial assistance revenues				$ 3,223,340	$ 126,290	$ 79,397
Interest	$ 45	$ 234	$ 10	8,987	51,629	405
Total revenues	$ 45	$ 234	$ 10	$ 3,232,327	$ 177,919	$ 79,802
Expenses:						
Services by contract:						
Remarketing fees						
Administrative fees				$ 93,240	$ 6,677	$ 1,385
Credit fees						
Tender agent fees						
Financial consultant						
Professional fees						
Auditing fees				5,000	1,000	5,000
Trustee fees						
Reimbursement						
Services by contract				98,240	7,677	6,385
Interest				3,125,100	118,613	73,012
Interest rebate (expense) income	$ 45	$ 234	$ 10	8,987	51,629	405
Total expenses	$ 45	$ 234	$ 10	$ 3,232,327	$ 177,919	$ 79,802

See notes to financial statement

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
RESTRICTED FUND BY PROGRAM

Schedule 4
Sheet 3 of 4

	Guaranteed Lease Revenue Bonds Series 2005 (Sportsplex (Refunding Project)	Project Consolidation Revenue Bonds Series 2006 (Refunding Project)	Guaranteed Lease Revenue Bonds Series 2006 (Sportsplex Refunding Project)	Project Consolidation Revenue Bonds Series 2007 (Refunding Project)	Bloomfield Recovery Zone Development Bonds REZ 2010	Fern Senior Housing Project 2010	City of Newark Lease Revenue Bonds 2010 A
Revenues:							
Development and financial assistance revenues	$ 105,815	$ 1,082,840	$ 47,737	$ 7,893,092	$ 1,000,059	$ 177,938	
Interest	210	6,775	80	56,766	4,376	15,809	$ 466
Total revenues	$ 106,025	$ 1,089,615	$ 47,817	$ 7,949,858	$ 1,004,435	$ 193,747	$ 466
Expenses:							
Services by contract:							
Remarketing fees							
Administrative fees	$ 2,385	$ 14,190	$ 1,070	$ 44,592	$ 12,475	$ 11,300	
Credit fees							
Tender agent fees							
Financial consultant							
Professional fees							
Auditing fees	1,000	5,000	1,000	5,000	1,000	1,000	
Trustee fees							
Reimbursement							
Services by contract	3,385	19,190	2,070	49,592	13,475	12,300	
Interest	102,430	1,063,650	45,667	7,843,500	986,584	165,638	
Interest rebate (expense) income	210	6,775	80	56,766	4,376	15,809	$ 466
Total expenses	$ 106,025	$ 1,089,615	$ 47,817	$ 7,949,858	$ 1,004,435	$ 193,747	$ 466

See notes to financial statement

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
RESTRICTED FUND BY PROGRAM

	City of Newark Lease Revenue Bonds 2010 B	Refunded County of Essex Guaranteed Lease Revenue Bond - Series 2011 Social Services	Project Consolidation Revenue Bonds Series 2013 (Refunding Project)	Project Consolidation Revenue Bonds Series 2014 (Refunding Project)	Solid Waste Disposal Revenue Bonds (Covanta Project) Series 2015	Park Terrace Grove House Bonds (Apartment Project) Series 2015	Project Consolidation Revenue Bonds Series 2017 (Refunding Project)	Total Rev and Exp.
Revenues:								
Development and financial assistance revenues		$ 108,115	$ 463,340	$ 1,918,855	$ 4,817,000	$ 415,378	$ 804,039	$ 22,844,020
Interest	$ 21,966	574	11,005	16,858	107	2,168		426,540
Total revenues	$ 21,966	$ 108,689	$ 474,345	$ 1,935,713	$ 4,817,107	$ 417,546	$ 804,039	$ 23,270,560
Expenses:								
Services by contract:								
Remarketing fees								$ 14,420
Administrative fees		$ 1,990	$ 4,590	$ 20,055	$ 90,000	$ 18,003	$ 36,945	361,537
Credit fees								133,995
Tender agent fees								6,000
Financial consultant								4,867
Professional fees								5,417
Auditing fees		500	2,000	2,000	2,000	6,000	5,000	51,000
Trustee fees								10,000
Reimbursement								24,000
Services by contract		2,490	6,590	22,055	92,000	24,003	41,945	611,236
Interest		105,625	456,750	1,896,800	4,725,000	391,375	762,094	22,232,780
Interest rebate (expense) income	$ 21,966	574	11,005	16,858	107	2,168		426,544
Total expenses	$ 21,966	$ 108,689	$ 474,345	$ 1,935,713	$ 4,817,107	$ 417,546	$ 804,039	$ 23,270,560

See notes to financial statement

Schedule 5
Sheet 1 of 2

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING UNRESTRICTED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Development and Financial Assistance	Airport	Parking Lot	Sportsplex Garage	Total Unrestricted Fund
Cash Flows from Operating Activities:					
Cash Received from Customers/Affiliations	$ 1,115,198	$ 4,397,835	$ 1,818,580	$ 1,991,111	$ 9,322,724
Cash Paid to Suppliers	(220,777)	(2,316,284)	(552,767)	(138,578)	(3,228,406)
Cash Paid for Benefits	(197,920)	(581,530)	(115,144)	(98,200)	(992,794)
Cash Paid to Employees	(423,673)	(399,356)	(251,965)	(62,741)	(1,137,735)
Net Cash Flows from Operating Activities	272,828	1,100,665	898,704	1,691,592	3,963,789
Cash Flows from Noncapital Financing Activities:					
Other Operating Receipts/(Expenses)	14,807	(72,261)	49,111	(68,594)	(76,937)
Service Agreements	1,004,253		(1,310,925)	(1,406,884)	(1,713,556)
Litigation Provision	(1,154,849)				(1,154,849)
Net Cash Flows from Noncapital Financing Activities	(135,789)	(72,261)	(1,261,814)	(1,475,478)	(2,945,342)
Cash Flows from Capital and Related Financing Activities:					
Acquisition of Capital Assets		(757,543)			(757,543)
Financing Costs		(205,613)			(205,613)
Transfer to Escrow		(4,980,330)			(4,980,330)
Bond Sale Proceeds		13,793,673			13,793,673
Interest Paid		(274,373)	(125,250)		(399,623)
Bonds Paid		(640,000)	(585,000)		(1,225,000)
Grants		361,035			361,035
Finance Lease Repayment			585,000		585,000
Net Cash Flows/(Used in) from Capital and Related Financing Activities		7,296,849	(125,250)		7,171,599.00
Cash Flows from Investing Activities:					
Interest Received on Investments	12,812	69,478	12,346	101	94,737
Net Increase/(Decrease) in Cash and Cash Equivalents	$ 149,851	$ 8,394,731	$ (476,014)	$ 216,215	$ 8,284,783
Cash and Cash Equivalents at Beginning of Year	7,332,021	4,166,349	1,705,475	1,492,053	14,695,898
Cash and Cash Equivalents at End of Year	$ 7,481,872	$ 12,561,080	$ 1,229,461	$ 1,708,268	$ 22,980,681

See notes to financial statement

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING UNRESTRICTED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Development and Financial Assistance	Airport	Parking Lot	Sportsplex Garage	Total Unrestricted Fund
Cash flows from operating activities:					
Revenues over/(under) expenses - net	$ (141,021)	$ 193,607	$ 1,374,720	$ 251,884	$ 1,679,190
Adjustments to reconcile revenues over/(under) expenses to net cash provided by operating activities:					
Depreciation and amortization	17,067	850,352			867,419
Changes in assets and liabilities:					
(Increase)/decrease in accounts receivable	(9,515)	(12,484)		(980)	(22,979)
(Increase)/decrease in other current assets	39,938	(5,363)	(942)	18,669	52,302
Decrease/(increase) in inventory		(37,225)			(37,225)
(Increase)/decrease in interfund/intrafund receivable	353,302		2,410	1,917	357,629
Increase/(decrease) in accrued expenses and					114,383
other current liabilities	17,384	114,383	(100,492)	1,369,702	1,400,977
Increase/(decrease) in inter/intrafund payable	(4,327)	(2,605)	(376,992)	50,390	(333,534)
Net cash provided/(used in) by operating activities	$ 272,828	$ 1,100,665	$ 898,704	$ 1,691,582	$ 4,078,162

See notes to financial statement

GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS
DECEMBER 31, 2019

Unrestricted Funds – Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4 (as Amended)

N.J.S. 40A:11-4 (as Amended) states, "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate $26,000.00 and in this case $17,500.00 due to the absence of a Qualified Purchasing Agent ("QPA"), except by contract or agreement." The Authority appointed a QPA effective July 30, 2019 utilized a $40,000.00 bid threshold from that point forward.

Inasmuch as the system of records did not provide for an accumulation of payments for categories of materials and supplies or related work or labor, the results of such accumulation could not reasonably be ascertained. Disbursements were reviewed however, to determine whether any clear-cut violations existed.

The minutes indicate that bids were requested by public advertising for the following items:

- Drainage Improvements Construction

In addition, the following items were purchased under state contract and/or purchasing co-operative:

2019 Purchases and/or Services from NJ State Contracts:
- Fueling Equipment and Underground Tanks at Airport Fuel Farm
- New Computers

2019 Purchases and/or Services Used from Co-Ops:
- Concrete Repairs at Airport
- Crack Sealing Repairs on Airport
- Line Striping on Airport
- Tree Removal on and off Airport

The minutes did indicate that proposals were requested for professional services. The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services for Accounting Services and Audit Services" per N.J.S. 40A:11-5.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of $17,500.00, "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Unrestricted Funds – Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4 (as Amended) (Continued)

The Commissioners of the Essex County Improvement Authority have the responsibility of determining whether any contract or agreement might result in a violation of the statute and when a question arises, the Authority Counsel's opinion should be sought before a commitment is made.

Unrestricted Funds – Expenditures and Payroll

In verifying expenditures, computations were tested on claims approved and paid. No attempt was made in this connection to establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

Claims paid during the period under audit were examined on a test basis to determine that they are submitted on Authority vouchers, itemized, signed by the officials as to approval for payment, allocation to the proper accounts and charged to proper fiscal period.

An examination was made of the employees' compensation records for the year ended December 31, 2019 to determine that salaries were paid in conformity to the amounts authorized.

Restricted Funds – Statement of Assets and Liabilities (Supplemental Schedule 2)

Our examination revealed that there are twelve (12) projects that have neither outstanding debt nor related bonds or lease receivable which should be considered for closeout.

Budget

The Authority adopted an annual operating budget for the fiscal year ending December 31, 2019. In addition, the annual operating budget for the year ended December 31, 2020 was adopted by the Authority on December 30, 2019.

The Authority operates with a complete encumbrance system for its budget appropriations.

Debt Service

All debt service obligations of the Authority were paid in accordance with the repayments as scheduled in the bond agreement with the exception of the Marina Bay Series A and Series B for principal and interest which has been the subject of potential adjustments proposed by the bondholder representative in conjunction with the Trustee. (Refer to Notes to Financial Statements 7). It should be noted that the obligation to pay the debt service on the Bonds is not that of the Authority.

Interfunds

There is one interfund that is greater than one (1) year old that relates to PGLP cash requirements that is in effect being raised through user fees to reduce on a proportionate basis the liability with final payment to be not later than July 2026.

Financial Procedures Review

It is suggested that for all financial processes with each revenue generating department and for every Authority function related to finance that a review, updating and documentation of all procedures be done in order to be in compliance with recent accounting and auditing requirements related to internal control. It is essential to the operation of an entity the size of the Authority that compliance with the procedures be emphasized and adhered in order to avoid errors, misunderstandings, assist in periods of employee turnover and present an early warning system for defalcation.

Prior Year Audit Recommendation

None.

Other Comments

An exit conference was held on November 10, 2020.

Acknowledgment

We wish to express our appreciation for the cooperation received from the Essex County Improvement Authority officials and employees, and for the courtesies extended to us during the course of the audit.

Filing Audit Report, N.J.S.A. 40A:5A-15

A copy of this report has been filed with the Division of Local Government Services.

RECOMMENDATIONS
DECEMBER 31, 2019

None.

A corrective action plan for 2019 is not required by the Authority since there were no recommendations. Should you desire our assistance in developing or implementing any other matter, please do not hesitate to contact me.

The general comments noted in our audit were not of such magnitude that they precluded us from issuing an unmodified opinion on the financial statements taken as a whole.

Very truly yours,

Joseph J. Faccone

Joseph J. Faccone
Registered Municipal Accountant #100

For the Firm
SAMUEL KLEIN AND COMPANY
Certified Public Accountants