

THE ESSEX COUNTY IMPROVEMENT AUTHORITY

COUNTY OF ESSEX, NEW JERSEY

REPORT OF AUDIT

YEAR ENDED DECEMBER 31, 2020

Prepared By:

Joseph J. Faccone, RMA

For the Firm of:

Samuel Klein and Company, LLP

Certified Public Accountants

550 Broad Street

Newark, New Jersey 07102

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**

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## INTRODUCTORY SECTION



Essex County Improvement Authority

27 Wright Way, Building M  
Fairfield, New Jersey 07004  
Phone: 973-575-0952  
Fax: 973-808-0528

April 11, 2022

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

The Annual Comprehensive Financial Report (ACFR) of the Essex County Improvement Authority ("Authority") for the year ended December 31, 2020 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 ACFR 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 2020 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

## ROSTER OF OFFICIALS

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**

**ROSTER OF OFFICIALS**

**YEAR ENDED DECEMBER 31, 2020**

**COUNTY OF ESSEX, NEW JERSEY**

**COUNTY EXECUTIVE**

**Joseph N. DiVincenzo, Jr.**

**BOARD OF COMMISSIONERS**

<u>NAME</u>	<u>TITLE</u>
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

# **SAMUEL KLEIN AND COMPANY, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

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36 WEST MAIN STREET, SUITE 303  
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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, 2020 and 2019, 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, 2020 and 2019, 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 22 and pension information on pages 89 to 90 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 April 11, 2022 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 & Company LLP*

SAMUEL KLEIN AND COMPANY, LLP

Newark, New Jersey  
April 11, 2022

# **SAMUEL KLEIN AND COMPANY, LLP**

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, 2020, and the related notes to the financial statements, which comprise of the Authority's financial statements, and have issued our report thereon dated April 11, 2022.

### **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 LLP*

SAMUEL KLEIN AND COMPANY, LLP

Newark, New Jersey  
April 11, 2022



## **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.

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Assets:		
Current Assets	\$ 75,136,312	\$ 70,869,630
Restricted Assets	404,065,720	511,172,864
Noncurrent Assets	<u>27,594,613</u>	<u>24,851,751</u>
Total Assets	<u>\$ 506,796,645</u>	<u>\$ 606,894,245</u>
Deferred Outflows	<u>\$ 3,107,843</u>	<u>\$ 1,145,907</u>
Liabilities:		
Current Liabilities - Unrestricted	\$ 5,430,055	\$ 6,564,254
Current Liabilities - Restricted	72,167,700	68,326,973
Noncurrent Liabilities	<u>407,346,752</u>	<u>509,777,631</u>
Total Liabilities	<u>\$ 484,944,507</u>	<u>\$ 584,668,858</u>
Deferred Inflows	<u>\$ 4,285,266</u>	<u>\$ 4,310,068</u>
Net Position:		
Invested in Capital Assets	\$ 22,509,359	\$ 20,212,787
Restricted	17,591	290,919
Unrestricted (Deficit)	<u>(1,852,735)</u>	<u>(1,442,480)</u>
	<u>\$ 20,674,215</u>	<u>\$ 19,061,226</u>

The net position of the Authority increased by \$1,612,989 during 2020 compared to 2019 mainly due to investments in capital assets.



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,	
	<u>2020</u>	<u>2019</u>
Total Revenues	\$ 21,424,867	\$ 30,949,906
Operating Expenses	19,166,679	28,298,978
Depreciation	767,549	867,419
Total Operating Expenses	19,934,228	29,166,397
Operating Income	1,490,639	1,783,509
Nonoperating Revenues/(Expenses)	122,350	(3,704,485)
Change in Net Position - Increase/(Decrease)	1,612,989	(1,920,976)
Net Position, Beginning	19,061,226	20,982,202
Net Position, Ending	\$ 20,674,215	\$ 19,061,226

The Authority's revenue decreased by \$9,525,039 mainly due to less overall outstanding debt which also drives restricted revenues.

The Authority's operating expenses exclusive of depreciation decreased by \$9,132,299 in 2020 compared to 2019.

The Authority's overall nonoperating revenues increased by \$3,826,835 in 2020 compared to 2019.

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

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 five (5) employees that include the Executive Director and Counsel oversee work in all departments.

The Development and Finance Assistance's net position of \$6,036,068 is comprised of the following:

- Invested in capital assets of \$11,321.
- Unrestricted funds of \$6,024,747.

	<u>Years ended December 31,</u>		<u>Increased/</u>	
	<u>2020</u>	<u>2019</u>	<u>(Decreased)</u>	<u>Percent</u>
<b>Assets:</b>				
Current Assets	\$ 8,114,191	\$ 8,418,837	\$ (304,646)	-3.62%
Noncurrent Assets	<u>11,322</u>	<u>28,388</u>	<u>(17,066)</u>	-60.12%
Total Assets	<u>\$ 8,125,513</u>	<u>\$ 8,447,225</u>	<u>\$ (321,712)</u>	-3.81%
<b>Liabilities:</b>				
Current Liabilities -				
Unrestricted	<u>\$ 2,089,445</u>	<u>\$ 2,083,092</u>	<u>\$ 6,353</u>	0.30%
Total Liabilities	<u>\$ 2,089,445</u>	<u>\$ 2,083,092</u>	<u>\$ 6,353</u>	0.30%
<b>Net Position:</b>				
Invested in Capital Assets	\$ 11,321	\$ 28,388	\$ (17,067)	-60.12%
Unrestricted	<u>6,024,747</u>	<u>6,335,745</u>	<u>(310,998)</u>	-4.91%
	<u>\$ 6,036,068</u>	<u>\$ 6,364,133</u>	<u>\$ (328,065)</u>	-5.15%

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

	<u>Years Ended December 31,</u>		<u>Increased/</u>	
	<u>2020</u>	<u>2019</u>	<u>(Decreased)</u>	<u>Percent</u>
Total Revenues	\$ 795,474	\$ 734,815	\$ 60,659	8.26%
Operating Expenses:				
Salaries and Benefits	550,280	621,593	(71,313)	-11.47%
Other	240,501	237,175	3,326	1.40%
Depreciation	<u>17,067</u>	<u>17,067</u>	<u>-</u>	0.00%
Total Operating Expenses	<u>807,848</u>	<u>875,835</u>	<u>(67,987)</u>	-7.76%
Operating Income/(Loss)	(12,374)	(141,020)	128,646	-91.23%
Nonoperating Revenues/ (Expenses)	<u>(315,691)</u>	<u>(43,102)</u>	<u>(272,589)</u>	NM
Change in Net Position - Increased/(Decreased)	(328,065)	(184,122)	(143,943)	NM
Net Position, Beginning	<u>6,364,133</u>	<u>6,548,255</u>	<u>(184,122)</u>	-2.81%
Net Position, Ending	<u>\$ 6,036,068</u>	<u>\$ 6,364,133</u>	<u>\$ (328,065)</u>	-5.15%

Net position, as of December 31, 2020 compared to 2019, decreased mainly due to decrease in nonoperating revenues.

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.

	<u>Years ended December 31,</u>		<u>Increased/</u>	
	<u>2020</u>	<u>2019</u>	<u>(Decreased)</u>	<u>Percent</u>
<b>Assets:</b>				
Current Assets	\$ 3,659,630	\$ 3,749,415	\$ (89,785)	-2.39%
Restricted Assets	7,030,451	8,937,172	(1,906,721)	-21.33%
Noncurrent Assets	<u>27,609,056</u>	<u>24,846,037</u>	<u>2,763,019</u>	11.12%
Total Assets	<u>\$ 38,299,137</u>	<u>\$ 37,532,624</u>	<u>\$ 766,513</u>	2.04%
<b>Liabilities:</b>				
Current Liabilities -				
Unrestricted	\$ 1,461,307	\$ 1,520,390	\$ (59,083)	-3.89%
Restricted	43,341	44,218	(877)	100.00%
Noncurrent Liabilities	<u>12,080,537</u>	<u>13,263,673</u>	<u>(1,183,136)</u>	-8.92%
Total Liabilities	<u>\$ 13,585,185</u>	<u>\$ 14,828,281</u>	<u>\$ (1,243,096)</u>	-8.38%
<b>Net Position:</b>				
Invested in				
Capital Assets	\$ 22,498,038	\$ 20,184,399	\$ 2,313,639	11.46%
Restricted	17,591	290,919	(273,328)	-93.95%
Unrestricted	<u>2,198,323</u>	<u>2,229,025</u>	<u>(30,702)</u>	-1.38%
	<u>\$ 24,713,952</u>	<u>\$ 22,704,343</u>	<u>\$ 2,009,609</u>	8.85%

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

	<u>Years Ended December 31,</u>		<u>Increased/</u>	
	<u>2020</u>	<u>2019</u>	<u>(Decreased)</u>	<u>Percent</u>
Operating Revenue	\$ 3,904,696	\$ 4,479,797	\$ (575,101)	-12.84%
Operating Expenses:				
Salaries and Benefits	1,015,565	980,886	34,679	3.54%
Other	1,689,980	2,454,952	(764,972)	-31.16%
Depreciation	750,482	850,352	(99,870)	-11.74%
Total Operating Expenses	3,456,027	4,286,190	(830,163)	-19.37%
Operating Income	448,669	193,607	255,062	131.74%
Nonoperating Revenues/ (Expenses)	1,560,940	(811,383)	2,372,323	-292.38%
Change in Net Position - Increased/(Decreased)	2,009,609	(617,776)	2,627,385	-425.30%
Net Position, Beginning	22,704,343	23,322,119	(617,776)	-2.65%
Net Position, Ending	\$ 24,713,952	\$ 22,704,343	\$ 2,009,609	8.85%

Net position, as of December 31, 2020, increased mainly due to increased grant contributions.

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,		Increased/ (Decreased)	Percent
	2020	2019		
Assets:				
Current Assets	\$ 810,144	\$ 1,234,456	\$ (424,312)	-34.37%
Restricted Assets	<u>1,315,000</u>	<u>1,930,000</u>	<u>(615,000)</u>	-31.87%
Total Assets	<u>\$ 2,125,144</u>	<u>\$ 3,164,456</u>	<u>\$ (1,039,312)</u>	-32.84%
Liabilities:				
Current Liabilities -				
Unrestricted	\$ 1,455,144	\$ 1,849,456	\$ (394,312)	-21.32%
Noncurrent Liabilities	<u>670,000</u>	<u>1,315,000</u>	<u>(645,000)</u>	-49.05%
Total Liabilities	<u>\$ 2,125,144</u>	<u>\$ 3,164,456</u>	<u>\$ (1,039,312)</u>	-32.84%

There is no Net Position due to the fact that the service agreement requires 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

	<u>Years Ended December 31,</u>		<u>Increased/</u>	
	<u>2020</u>	<u>2019</u>	<u>(Decreased)</u>	<u>Percent</u>
Operating Revenue	\$ 1,990,680	\$ 2,316,698	\$ (326,018)	-14.07%
Operating Expenses:				
Salaries and Benefits	369,819	367,109	2,710	0.74%
Other	453,424	574,869	(121,445)	-21.13%
Total Operating Expenses	823,243	941,978	(118,735)	-12.60%
Operating Income	1,167,437	1,374,720	(207,283)	-15.08%
Nonoperating Revenues/ (Expenses)	\$ (1,167,437)	\$ (1,374,720)	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 two (2) Authority employees who work at the Parking Garage. Their main task is to assist the parkers and maintain the grounds.

	<u>Years ended December 31,</u>		<u>Increased/</u>	
	<u>2020</u>	<u>2019</u>	<u>(Decreased)</u>	<u>Percent</u>
Assets:				
Current Assets	<u>\$ 265,162</u>	<u>\$ 1,712,510</u>	<u>\$ (1,447,348)</u>	-84.52%
Total Assets	<u>\$ 265,162</u>	<u>\$ 1,712,510</u>	<u>\$ (1,447,348)</u>	-84.52%
Liabilities:				
Current Liabilities - Unrestricted	<u>\$ 265,162</u>	<u>\$ 1,712,510</u>	<u>\$ (1,447,348)</u>	-84.52%
Total Liabilities	<u>\$ 265,162</u>	<u>\$ 1,712,510</u>	<u>\$ (1,447,348)</u>	-84.52%

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



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

Sportsplex - Garage

	<u>Years Ended December 31,</u>		<u>Increased/</u>	
	<u>2020</u>	<u>2019</u>	<u>(Decreased)</u>	<u>Percent</u>
Operating Revenue	\$ 283,646	\$ 574,576	\$ (290,930)	-50.63%
Operating Expenses:				
Salaries and Benefits	149,745	160,940	(11,195)	-6.96%
Other	124,918	161,752	(36,834)	-22.77%
Total Operating Expenses	274,663	322,692	(48,029)	-14.88%
Operating Income	8,983	251,884	(242,901)	-96.43%
Nonoperating Revenues/ (Expenses)	(8,983)	(1,475,277)	1,466,294	-99.39%
Change in Net Position - Increased/(Decreased)	-	(1,223,393)	1,223,393	NM
Net Position, Beginning	-	1,223,393	(1,223,393)	-100.00%
Net Position, Ending	\$ -	\$ -	\$ -	

There is no Net position, as of December 31, 2020 since the excess funds are allocated to the County of Essex and the Authority.

## CAPITAL ASSETS, NET

As of December 31, 2020, the Authority had \$63,602,537 invested in land, buildings, furniture, equipment and vehicles. Details are as follows:

	December 31,	
	2020	2019
Land	\$ 9,085,551	\$ 9,085,551
Construction in Progress:		
Airport	<u>3,533,240</u>	<u>108,773</u>
Total Capital Assets Not being Depreciated	<u>12,618,791</u>	<u>9,194,324</u>
Airport Improvements	32,429,066	32,381,532
Buildings	16,649,501	16,608,736
Equipment and Vehicles	1,816,098	1,764,998
Furniture and Fixtures	<u>89,081</u>	<u>89,081</u>
	50,983,746	50,844,347
Total Accumulated Depreciation	<u>(36,007,924)</u>	<u>(35,186,919)</u>
Total Capital Assets being Depreciated - Net of Accumulated Depreciation	<u>14,975,822</u>	<u>15,657,428</u>
Capital Assets, Net	<u>\$ 27,594,613</u>	<u>\$ 24,851,752</u>

## Authority Debt Unrestricted Funds (Only)

As of December 31, 2020 the Authority had \$13,120,000 of bonded indebtedness attributed to its parking and airport operations as follows:

	December 31,	
	2020	2019
Airport Bonds	\$ 11,805,000	\$ 12,915,000
Parking Bonds	<u>1,315,000</u>	<u>1,930,000</u>
	<u>\$ 13,120,000</u>	<u>\$ 14,845,000</u>

## 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,	
	<u>2020</u>	<u>2019</u>
Current Assets	\$ 62,386,141	\$ 56,626,035
Restricted Assets	<u>395,720,269</u>	<u>500,305,692</u>
	<u>\$ 458,106,410</u>	<u>\$ 556,931,727</u>
Current Liabilities	\$ 72,192,700	\$ 68,389,973
Noncurrent Liabilities	<u>385,913,710</u>	<u>488,541,754</u>
	<u>\$ 458,106,410</u>	<u>\$ 556,931,727</u>
Revenues:		
Development and Financial Assistance	\$ 14,450,371	\$ 22,844,020
Interest	<u>108,180</u>	<u>426,540</u>
	<u>\$ 14,558,551</u>	<u>\$ 23,270,560</u>
Expenses		
Services by Contract	\$ 659,611	\$ 611,236
Interest and Related Charges	<u>13,898,940</u>	<u>22,659,324</u>
	<u>\$ 14,558,551</u>	<u>\$ 23,270,560</u>

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 issues 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.

A handwritten signature in black ink, appearing to read 'S. C. Rother', is positioned above the printed name.

Steven C. Rother  
Executive Director

## FINANCIAL STATEMENTS

THE ESSEX COUNTY IMPROVEMENT AUTHORITY  
COMPARATIVE STATEMENT OF NET POSITION  
DECEMBER 31, 2020 AND 2019

	2020				2019			
	Unrestricted Fund	Restricted Fund	Eliminations	Total	Unrestricted Fund	Restricted Fund	Eliminations	Total
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 12,603,059			\$ 12,603,059	\$ 14,043,601			\$ 14,043,601
Inventory	78,631			78,631	85,920			85,920
Accounts receivable	22,682			22,682	37,355			37,355
Restricted bonds receivable		\$ 61,964,803		61,964,803		\$ 54,950,000		54,950,000
Due from participants/county		3		3		40,804		40,804
Other current assets	45,799	421,335		467,134	76,719	1,635,231		1,711,950
Interfunds receivable	25,000		(25,000)		83,000		\$ (63,000)	
Intrafunds receivable	73,956		\$ (73,956)		808,623		(808,623)	
Total current assets	12,849,127	62,386,141	(98,956)	75,136,312	15,115,218	56,626,035	(871,623)	70,869,630
Restricted assets:								
Restricted cash and cash equivalents	7,030,451	25,687,967		32,718,418	8,937,172	31,769,298		40,706,470
Restricted bonds receivable	1,315,000	361,868,710		363,183,710	1,930,000	464,593,513		466,523,513
Restricted net investment in direct financing leases, less construction costs to be incurred of \$5,341,908 and \$11,902,119 in 2021 and 2020 respectively		8,163,592		8,163,592		3,942,881		3,942,881
Total restricted assets	8,345,451	395,720,269		404,065,720	10,867,172	500,305,692		511,172,864
Noncurrent assets:								
Capital assets, net	27,594,613			27,594,613	24,851,751			24,851,751
Total noncurrent assets	27,594,613			27,594,613	24,851,751			24,851,751
Total assets	\$ 48,789,191	\$ 458,106,410	\$ (98,956)	\$ 506,796,645	\$ 50,834,141	\$ 556,931,727	\$ (871,623)	\$ 606,894,245
<b>DEFERRED OUTFLOW OF RESOURCES</b>								
Pension obligation	\$ 864,522			\$ 864,522	\$ 1,056,263			\$ 1,056,263
OPEB obligation	2,217,056			2,217,056	66,970			66,970
Loss/(Gain), net on defeasance	25,765			25,765	22,674			22,674
Total deferred outflow of resources	\$ 3,107,343			\$ 3,107,343	\$ 1,145,907			\$ 1,145,907

See Notes to Financial Statements.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020 AND 2019**

	2020				2019			
	Unrestricted Fund	Restricted Fund	Eliminations	Total	Unrestricted Fund	Restricted Fund	Eliminations	Total
<b>LIABILITIES</b>								
Current liabilities:								
Current portion of bonds payable	\$ 1,725,000	\$ 62,839,803		\$ 64,564,803	\$ 1,725,000	\$ 56,756,759		\$ 58,481,759
Note payable						1,235,000		1,235,000
Due to participants/counties		508,674		508,674		584,032		584,032
Various reserves		21,998		21,998		41,100		41,100
Accrued expenses and other current liabilities	3,705,055	8,797,225		12,502,280	4,839,254	9,730,082		14,569,336
Interfund payable		25,000	\$ (25,000)			63,000	\$ (63,000)	
Intrafund payable	73,956		(73,956)		808,623		(808,623)	
Total current liabilities	5,504,011	72,192,700	(98,956)	77,597,755	7,372,877	68,389,973	(871,623)	74,891,227
Noncurrent Liabilities:								
Bonds payable, net of current portion	11,395,000	385,913,710		397,308,710	13,120,000	488,541,754		501,661,754
Premium on sale of bonds	1,355,537			1,355,537	1,458,673			1,458,673
Net pension obligation	2,826,525			2,826,525	3,023,335			3,023,335
Net OPEB obligation	5,855,980			5,855,980	3,633,869			3,633,869
Total noncurrent liabilities	21,433,042	385,913,710		407,346,752	21,235,877	488,541,754		509,777,631
Total Liabilities	\$ 26,937,053	\$ 458,106,410		\$ 484,944,507	\$ 28,608,754	\$ 556,931,727	\$ (871,623)	\$ 584,668,858
<b>DEFERRED INFLOW OF RESOURCES</b>								
Pension obligation	\$ 1,197,311			\$ 1,197,311	\$ 1,122,565			\$ 1,122,565
OPEB obligation	3,087,955			3,087,955	3,187,503			3,187,503
Total deferred inflow of resources	\$ 4,285,266			\$ 4,285,266	\$ 4,310,068			\$ 4,310,068
<b>NET POSITION</b>								
Invested in capital assets	\$ 22,509,359			\$ 22,509,359	\$ 20,212,787			\$ 20,212,787
Restricted	17,591			17,591	290,919			290,919
Unrestricted (Deficit)	(1,852,735)			(1,852,735)	(1,442,480)			(1,442,480)
Net Position	\$ 20,674,215			\$ 20,674,215	\$ 19,061,226			\$ 19,061,226

See Notes to Financial Statements.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020			2019 [As Restated]		
	Unrestricted Fund	Restricted Fund	Total	Unrestricted Fund	Restricted Fund	Total
Revenues:						
Airport	\$ 3,904,696		\$ 3,904,696	\$ 4,479,797		\$ 4,479,797
Development and financial assistance	795,474	\$ 14,450,371	15,245,845	734,815	\$ 22,844,020	23,578,835
Parking	1,990,680		1,990,680	2,316,698		2,316,698
Sportsplex Parking	283,646		283,646	574,576		574,576
Total revenues	6,974,496	14,450,371	21,424,867	8,105,886	22,844,020	30,949,906
Expenses:						
Salaries	1,308,885		1,308,885	1,355,368		1,355,368
Fringe benefits	845,079		845,079	670,847		670,847
Services by contract	2,508,823	659,611	3,168,434	3,428,747	611,236	4,039,983
Interest and related charges		13,844,281	13,844,281		22,232,780	22,232,780
Depreciation	767,549		767,549	867,419		867,419
Total expenses	5,430,336	14,503,892	19,934,228	6,322,381	22,844,016	29,166,397
Operating Income	1,544,160	(53,521)	1,490,639	1,783,505	4	1,783,509
Nonoperating Revenues/(Expenses)						
Interest Income	51,648	108,180	159,828	94,737	426,540	521,277
Capital Expenditures				(801,761)		(801,761)
Capital Refunded (Contribution)				90,864		90,864
Grant Contributions	1,981,285		1,981,285	361,035		361,035
Interest Expense	(532,621)		(532,621)	(413,459)		(413,459)
Amounts due under Service Agreements	(395,254)		(395,254)	(357,063)		(357,063)
Provision for Settlement of Litigation	(1,001,989)		(1,001,989)	(1,154,849)		(1,154,849)
Sportsplex Excess - Refunded	(7,186)		(7,186)	(1,356,493)		(1,356,493)
Miscellaneous	(27,054)	(54,659)	(81,713)	(167,492)	(426,544)	(594,036)
Total Nonoperating Revenues/(Expenses)	68,829	53,521	122,350	(3,704,481)	(4)	(3,704,485)
Change in Net Position - Increase/(Decrease)	1,612,989		1,612,989	(1,920,976)		(1,920,976)
Net Position, Beginning	19,061,226		19,061,226	20,982,202		20,982,202
Net Position, Ending	\$ 20,674,215		\$ 20,674,215	\$ 19,061,226		\$ 19,061,226

See Notes to Financial Statements.



**THE ESSEX COUNTY IMPROVEMENT AUTHORITY  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020			2019		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Cash Flows from Operating Activities:						
Cash Received from Customers	\$ 7,819,223	\$ 606,090	\$ 8,425,313	\$ 9,322,724	\$ 611,236	\$ 9,933,960
Cash Paid to Suppliers	(4,419,269)	(659,611)	(5,078,880)	(3,228,406)	(611,232)	(3,839,638)
Cash Paid to Employees Benefits	(779,524)		(779,524)	(992,794)		(992,794)
Cash Paid to Employees	(1,309,886)		(1,309,886)	(1,137,735)		(1,137,735)
Net Cash Flows from Operating Activities	<u>1,310,544</u>	<u>(53,521)</u>	<u>1,257,023</u>	<u>3,963,789</u>	<u>4</u>	<u>3,963,793</u>
Cash Flows from Noncapital Financing Activities:						
Other Operating Receipts/(Expenditures)	(42,534)		(42,534)	(76,937)		(76,937)
Service Agreements	(394,660)		(394,660)	(1,713,556)		(1,713,556)
Litigation Provision	(1,001,989)		(1,001,989)	(1,154,849)		(1,154,849)
Net Cash Flows from Noncapital Financing Activities	<u>(1,439,183)</u>		<u>(1,439,183)</u>	<u>(2,945,342)</u>		<u>(2,945,342)</u>
Cash Flows from Capital and Related Financing Activities:						
Acquisition of Capital Assets	(3,613,546)		(3,613,546)	(757,543)		(757,543)
Interest Paid	(527,919)	(13,644,757)	(14,172,676)	(399,623)	(22,659,328)	(23,058,951)
Bonds Paid	(1,725,000)	(158,000,000)	(159,725,000)	(1,225,000)	(98,354,999)	(99,579,999)
Grants	1,981,285		1,981,285	361,035		361,035
Bonds Proceeds, Net		64,506,444	64,506,444	13,793,673	91,703,864	105,497,537
(Repayments) Proceeds from Sale of Notes		(1,235,000)	(1,235,000)		1,255,315	1,255,315
Transfer to Escrow		(64,281,245)	(64,281,245)	(4,980,330)	(69,660,994)	(74,641,324)
Received from Participants For Bonds Paid		158,000,000	158,000,000		43,047,999	43,047,999
Finance Lease - Receipt	615,000	2,340,000	2,955,000	585,000	57,110,000	57,695,000
Finance Lease (Cost)		(2,340,000)	(2,340,000)	(205,613)		(205,613)
Receipts from Participants		15,079,281	15,079,281		22,232,784	22,232,784
Finance Lease, Net		<u>(6,560,713)</u>	<u>(6,560,713)</u>		<u>(8,052,914)</u>	<u>(8,052,914)</u>
Net Cash Flows/(Used in) from Capital and Related Financing Activities	<u>(3,270,180)</u>	<u>(6,135,990)</u>	<u>(9,406,170)</u>	<u>7,171,599</u>	<u>16,621,727</u>	<u>23,793,326</u>
Cash Flows from Investing Activities:						
Interest Received on Investments	<u>51,648</u>	<u>108,180</u>	<u>159,828</u>	<u>94,737</u>	<u>426,540</u>	<u>521,277</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ <u>(3,347,171)</u>	\$ <u>(6,081,331)</u>	\$ <u>(9,428,502)</u>	\$ <u>8,284,783</u>	\$ <u>17,048,271</u>	\$ <u>25,333,054</u>
Cash and Cash Equivalents at Beginning of Year	<u>22,980,681</u>	<u>31,769,298</u>	<u>54,749,979</u>	<u>14,695,898</u>	<u>14,721,027</u>	<u>29,416,925</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>19,633,510</u></u>	\$ <u><u>25,687,967</u></u>	\$ <u><u>45,321,477</u></u>	\$ <u><u>22,980,681</u></u>	\$ <u><u>31,769,298</u></u>	\$ <u><u>54,749,979</u></u>

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**COMPARATIVE STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020			2019		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Cash flows from operating activities:						
Revenues over/(under) expenses - net	\$ 1,544,160	\$ (53,521)	1,490,639	\$ 1,783,506	\$ 4	\$ 1,783,510
Non-cash portion of change in net pension liability and OPEB and related deferrals	42,152		42,152	(78,083)		(78,083)
Adjustments to reconcile revenues over/(under) expenses to net cash provided by operating activities:						
Depreciation and amortization	767,549		767,549	867,419		867,419
Changes in assets and liabilities:						
Decrease/(increase) in accounts receivable, net	14,673		14,673	22,979		22,979
Decrease/(increase) in due from participants/county		40,801	40,801		(40,804)	(40,804)
(Increase)/decrease in other current assets	30,920	1,213,896	1,244,816	(27,574)	(1,108,089)	(1,135,663)
Decrease/(increase) in inventory	7,289		7,289	(37,225)		(37,225)
(Increase)/decrease in interfund receivable/payable	38,000	(38,000)		24,095	(24,095)	
Increase/(decrease) in various reserves		(19,102)	(19,102)		(90,750)	(90,750)
Increase/(decrease) in restricted cash		(209,380)	(209,380)		(6,283,555)	(6,283,555)
Increase/(decrease) in accrued expenses and other liabilities	(1,134,199)	(932,857)	(2,067,056)	1,408,672	9,153,999	10,562,671
Increase/(decrease) in due to participants/county		(55,358)	(55,358)		(1,606,706)	(1,606,706)
Net cash provided/(used in) by operating activities	\$ 1,310,544	\$ (53,521)	\$ 1,257,023	\$ 3,963,789	\$ 4	\$ 3,963,793

See Notes to Financial Statements.

## NOTES TO FINANCIAL STATEMENTS

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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 (7) member Board of Commissioners appointed by the Essex County Executive with the Advice and Consent of the Essex County Board of Chosen Commissioners. 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 27 employees. You can find more info about ECIA on our web [www.ecianj.com](http://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.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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 expensed 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.



**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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.



**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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. 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.

- 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.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

M. **Other Accounting Standards (Continued)**

- 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.

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.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

M. **Other Accounting Standards (Continued)**

- *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.

(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, 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. Earlier application is encouraged. The Authority does not expect this Statement to impact its financial statement.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

M. **Other Accounting Standards (Continued)**

- *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.

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

- *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 Statement.



**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Other Accounting Standards (Continued)

- *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 perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Effective Date: The requirements of this Statement 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, 2020 through April 11, 2022, 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.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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, 2020, 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.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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, 2020, the Authority's total cash, cash equivalents and investments on deposit are as follows:

Unrestricted	\$ 12,759,102
Restricted	<u>62,386,140</u>
	<u>\$ 75,145,242</u>

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

**Note 4. RESTRICTED BONDS RECEIVABLE**

The bonds receivable at December 31 consist of following:

	<u>2020</u>
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 .5610% per annum in 2020. (a)	\$ 5,785,000
2004 Series Bonds receivable (2004 Project Consolidation Revenue Refunding Bonds) ranging in annual installment from \$10,680,000 to \$12,065,000 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)	1,385,000
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)	2,385,000
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%. (f)	14,190,000
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%. (g)	1,070,000
2007 Series Bonds receivable (2007 Project Consolidation Revenue Refunding Bonds) ranging in annual installments from \$43,160,000 to \$46,445,000 through 2022 with interest rates ranging from 5% to 5.25%. (h)	89,605,000
2010 Series Bonds receivable (Fern Senior Housing Project) payable in one installment of \$11,300,000 in 2040 with varying interest rates. (i)	11,300,000



**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 4. **RESTRICTED BONDS RECEIVABLE (CONTINUED)**

Bonds receivable at December 31: (Continued)

	<u>2020</u>
2014 Series Bonds receivable (2014 Project Consolidation Revenue Refunding Bonds) ranging in annual installment from \$9,785,000 to \$10,270,000 through 2022 with interest rates from 4.0% to 5.0%. (j)	\$ 20,055,000
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%. (k)	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%. (l)	36,945,000
2019 Governmental 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%. (m)	70,685,000
2020A & B Charter School Revenue Bonds Newark Charter School North Star Academy, installments ranging from \$325,000 to \$1,455,000 at interest rate of 4.00% through 2060. (n)	32,070,000
2020 Charter School Revenue Bonds Series 2020 Newark Charter School 559 Broad/Hazelwood, installments ranging from \$240,000 to \$1,605,000 at interest rates ranging from 1.57% to 4.96%. (o)	<u>29,595,000</u>
	<u>\$ 423,833,513</u>
Current	\$ 61,964,803
Noncurrent	<u>361,868,710</u>
	<u>\$ 423,833,513</u>

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

**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. (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 Fern Senior Housing Project Revenue Bonds. (See Note 8(j))
- (j) In connection with the 2014 Project Consolidation Revenue Refunding Bonds. (See Note 8(l))
- (k) In connection with the 2015 Project Revenue Bonds (Park Terrace/Grove House Apartments Projects), Series 2015 A-C. (See Note 8(m))
- (l) In connection with the 2017 Project Consolidation Revenue Refunding Bonds. (See Note 8(n))
- (m) In connection with the 2019 Series Governmental Loan Revenue Bonds City of Newark Water Project (See Note 8(o))
- (n) In connection with Charter Schools of Newark Revenue Bonds Series 2020 559 Broad/Hazelwood (See Note 8(q))
- (o) In connection with Charter Schools of Newark Revenue Bonds Series 2020A and 2020B North Star Academy (See Note 8(r))

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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:

2021	\$ 60,459,803
2022	64,373,940
2023	53,505,092
2024	21,011,513
2025	16,588,214
	<u>215,938,562</u>

Every five (5) years thereafter:

2026	16,380,208
2027	16,822,508
2028	14,675,129
2029	15,443,083
2030	16,251,386
	<u>79,572,314</u>

2031	4,565,054
2032	4,769,103
2033	4,998,551
2034	3,993,414
2035	3,588,713
	<u>21,914,835</u>

2036	3,739,465
2037	3,900,693
2038	4,062,417
2039	4,224,660
2040	15,702,444
	<u>31,629,679</u>

2041	4,585,796
2042	4,779,740
2043	4,979,303
2044	5,179,513
2045	5,303,771
	<u>24,828,123</u>

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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)

2046	\$ 5,235,000
2047	5,450,000
2048	5,675,000
2049	5,920,000
2050	1,935,000
	<u>24,215,000</u>

2051	2,020,000
2052	2,100,000
2053	2,195,000
2054	1,730,000
2055	1,795,000
	<u>9,840,000</u>

2056	1,865,000
2057	1,940,000
2058	2,020,000
2059	2,100,000
2060	2,185,000
	<u>10,110,000</u>

\$ 418,048,513

Reconciliation to Statement of Net Position:

Current Portion	\$ 61,964,803
Noncurrent Portion	<u>361,868,710</u>

\$ 423,833,513

Less: PGLP Bonds Receivable	<u>5,785,000</u>
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\$ 418,048,513

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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, 2020.

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, 2020. 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.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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:

	<u>Unrestricted</u>	<u>Restricted <sup>(1)</sup></u>
Next five (5) years:		
2021	\$ 645,000	\$ 2,380,000
2022	670,000	2,500,000
2023	-	1,935,000
2024	-	2,025,000
2025	-	970,000
	<u>1,315,000</u>	<u>9,810,000</u>
Every five (5) years thereafter:		
2026		1,020,000
2027		1,070,000
2028		785,000
2029		820,000
		<u>3,695,000</u>
Total Minimum Obligation	<u>\$ 1,315,000</u>	<u>\$ 13,505,000</u>

Note: All principal and interest for direct financing leases for 2020 have been received.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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)	\$ <u>1,315,000</u>
--	---------------------

Restricted:

- |   |                      |
|---|----------------------|
| 1. City of Newark General Obligation Lease Revenue<br>Bond, Series 1999, \$5,500,000,<br>Interest rate of 5.125%. (Refer to Note 8b)  | \$ 2,640,000         |
| 2. County of Essex General Obligation Lease Revenue<br>Refunding Bonds, Series 2011, \$3,825,000,<br>Interest rate ranging 4% to 5%. (Refer to Note 8k)                       | 1,990,000            |
| 3. General Obligation Lease Revenue Bonds \$10,750,000,<br>County of Essex Capital Equipment Lease Bond<br>Series 2019, interest rate ranging 4% to 5%.<br>(Refer to Note 8p) | <u>8,875,000</u>     |
|   | \$ <u>13,505,000</u> |

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**

<u>Description</u>	<u>Block-Lot</u>	<u>Address</u>
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



**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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.



**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 6. **CAPITAL ASSETS, NET**

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

a. **Unrestricted Fund**

	Balance December 31, 2019	Additions	Transfer/ (Retirements)	Balance December 31, 2020
Land	\$ 9,085,551			\$ 9,085,551
Construction in Progress:				
Airport	108,773	\$ 3,424,467		3,533,240
 Total Capital Assets Not being Depreciated	 9,194,324	 3,424,467		 12,618,791
 Airport Improvements	32,709,218	47,534		32,756,752
Buildings	16,595,664	40,765		16,636,429
Equipment and Vehicles	1,450,384	100,780	\$ (49,680)	1,501,484
Furniture and Fixtures	89,081			89,081
 Total	 50,844,347	 189,079	 (49,680)	 50,983,746
 Total Accumulated Depreciation	 (35,186,919)	 (870,685)	 49,680	 (36,007,924)
 Total Capital Assets being Depreciated - Net of Accumulated Depreciation	 15,657,428	 (681,606)	 0	 14,975,822
 Capital Assets, Net	 \$ 24,851,752	 \$ 2,742,861	 \$ -	 \$ 27,594,613

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

Depreciation expense for the years 2020 and 2019 were \$870,685 and \$875,107, 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.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 7. **BONDS PAYABLE – UNRESTRICTED FUND**

The debt service obligations from the Authority's unrestricted fund for 2020 have been satisfied. The details are as follows:

	<u>2020</u> <u>Unrestricted</u>
Airport:	
\$1,880,000 County of Essex Airport Refunding Bonds, Series 2014 (a)	\$ 295,000
\$12,335,000 County of Essex Airport Revenue and Refunding Bonds Series 2019 (b)	<u>11,510,000</u>
Subtotal for Airport	<u>11,805,000</u>
Parking:	
\$7,040,000 Parking Facility Revenue Refunding Bonds, Series 2009 (c)	<u>1,315,000</u>
Total	\$ 13,120,000
Less: Current Portion	<u>1,725,000</u>
Noncurrent Portion	<u>\$ 11,395,000</u>

- (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 bond is payable in the amount of \$295,000 on October 1, 2021 at an interest rate of 3.0%.

- (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.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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.

- (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 \$645,000 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.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 7. **BONDS PAYABLE – UNRESTRICTED FUND (CONTINUED)**

(c) (Continued)

**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.

"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.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 7. **BONDS PAYABLE – UNRESTRICTED FUND (CONTINUED)**

(c) (Continued)

**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.

**Analysis of Bonds Paid**

		2020 Activity			
	Original Issued <u>Amount</u>	Balance December 31, <u>2019</u>	Paid During <u>Year</u>	Balance December 31, <u>2020</u>	Cumulative Amount <u>Paid</u>
Airport:					
County of Essex Airport Refunding Bonds , Series 2014	\$ 1,880,000	\$ 580,000	\$ 285,000	\$ 295,000	\$ 1,585,000
County of Essex Airport Revenue & Refunding					
Bonds Series 2019	<u>12,335,000</u>	<u>12,335,000</u> (a)	<u>825,000</u>	<u>11,510,000</u>	<u>825,000</u>
	<u>14,215,000</u>	<u>12,915,000</u>	<u>1,110,000</u>	<u>11,805,000</u>	<u>2,410,000</u>
Parking:					
Parking Facility Revenue Bonds, Series 2009	<u>7,040,000</u>	<u>1,930,000</u>	<u>615,000</u>	<u>1,315,000</u>	<u>5,725,000</u>
	<u>\$ 21,255,000</u>	<u>\$ 14,845,000</u>	<u>\$ 1,725,000</u>	<u>\$ 13,120,000</u>	<u>\$ 8,135,000</u>

- (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.



**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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, 2020 are as follows:

<u>Unamortized Gain on Refunding</u>					
		<u>Net</u>			<u>Net</u>
	<u>Gain</u>	<u>Book Value</u> <u>Dec 31, 2019</u>	<u>Amortization</u> <u>2020</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Book Value</u> <u>Dec 31, 2020</u>
Airport 2014	\$ 40,000	\$ <u>11,428</u>	\$ <u>5,714</u>	\$ <u>34,286</u>	\$ <u>5,714</u>

<u>Unamortized Loss on Refunding</u>					
		<u>Net</u>			<u>Net</u>
	<u>Loss</u>	<u>Book Value</u> <u>Dec 31, 2019</u>	<u>Amortization</u> <u>2020</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Book Value</u> <u>Dec 31, 2020</u>
Airport 2019	\$ 34,102	\$ <u>34,102</u>	\$ <u>2,623</u>	\$ <u>2,623</u>	\$ <u>31,479</u>
Net Gain/Loss on Refundings					\$ <u>25,765</u>

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

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

**Note 7. BONDS PAYABLE – UNRESTRICTED FUND (CONTINUED)**

**Debt Service Obligation**

All debt service obligations due during the year 2020 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, 2020 are as follows:

	Airport		
	Principal	Interest	Total
Next five (5) years:			
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
2025	720,000	320,950	1,040,950
	<u>4,330,000</u>	<u>1,978,750</u>	<u>6,308,750</u>
Every five (5) years thereafter:			
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
2030	925,000	121,200	1,046,200
	<u>4,200,000</u>	<u>1,025,000</u>	<u>5,225,000</u>
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
	<u>3,275,000</u>	<u>177,975</u>	<u>3,452,975</u>
	<u>\$ 11,805,000</u>	<u>\$ 3,181,725</u>	<u>\$ 14,986,725</u>
	Parking		
	Principal	Interest	Total
Next two (2) years:			
2021	\$ 645,000	\$ 65,750	\$ 710,750
2022	670,000	33,500	703,500
	<u>\$ 1,315,000</u>	<u>\$ 99,250</u>	<u>\$ 1,414,250</u>

Note – Presented on a *cash basis*.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 7. **BONDS PAYABLE – UNRESTRICTED FUND (CONTINUED)**

**Debt Service Obligation (Continued)**

	Grand Total (Airport and Parking)		
	Principal	Interest	Total
Next five (5) years:			
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
2025	720,000	320,950	1,040,950
	<u>5,645,000</u>	<u>2,078,000</u>	<u>7,723,000</u>
Every five (5) years thereafter:			
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
2030	925,000	121,200	1,046,200
	<u>4,200,000</u>	<u>1,025,000</u>	<u>5,225,000</u>
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
	<u>3,275,000</u>	<u>177,975</u>	<u>3,452,975</u>
	<u>\$ 13,120,000</u>	<u>\$ 3,280,975</u>	<u>\$ 16,400,975</u>

Note – Presented on a “cash” basis.



**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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:

	<u>2020</u>
\$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)	2,640,000
\$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)	1,385,000
\$14,420,000 Essex County Improvement Authority General Obligation Lease Revenue Refunding Bonds, Series 2005 A & B (Sportsplex Refunding Project) (f)	2,385,000
\$41,865,000 Essex County Improvement Authority Project Consolidation Revenue Bonds Series 2006 (g)	14,190,000
\$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)	89,605,000
\$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)	1,990,000

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 8. **BONDS PAYABLE – RESTRICTED FUND (CONTINUED)**

	<u>2020</u>
\$58,255,000 County of Essex Project Consolidation Revenue Bonds, Series 2014 (2014 Refunding Project) (l)	\$ 20,055,000
\$8,855,000 Essex County Improvement Authority Project Revenue Bonds (Park Terrace/Grove House Apartments Project), Series 2015 A-C (m)	8,845,000
\$38,460,000 County of Essex Project Consolidation Revenue Bonds, Series 2017 (2017 Refunding Project) (n)	36,945,000
\$70,685,000 Governmental Loan Revenue Bond Series 2019 City of Newark Water Project (o)	70,685,000
\$10,750,000 Essex County Improvement Authority Capital Equipment Pooled Lease Revenue Bonds, Series 2019 (p)	8,875,000
\$32,070,000 Essex County Improvement Authority Charter School Revenue Bonds Newark Charter School 559 Broad/Hazelwood Series 2020 Project (q)	32,070,000
\$29,595,000 Essex County Improvement Authority Charter School Revenue Bond Newark Charter School North Star Academy 2020 Series 2020A and 2020B Project (r)	<u>29,595,000</u>
Total	<u>\$ 448,753,513</u>
	<u>2020</u>
Noncurrent Portion	\$ 385,913,710
Current Portion	<u>62,839,803</u>
Total Bonds Payable	<u>\$ 448,753,513</u>

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 8. **BONDS PAYABLE – RESTRICTED FUND (CONTINUED)**

Reconciliation to Offsetting Receivable:		
Restricted Bonds Receivable (Note 4)	\$ 418,048,513	
Add: Investment in Direct Financing Leases	13,505,000	
Add: PGLP Bonds Payable	<u>17,200,000</u>	
		<u>\$ 448,753,513</u>
Detail:		
Current Portion	\$ 62,839,803	
Long-Term Portion	<u>385,913,710</u>	
		<u>\$ 448,753,513</u>

**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 .4191% per annum in 2020. 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 \$235,000 in 2021 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(1)))
- (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 ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 8. **BONDS PAYABLE – RESTRICTED FUND (CONTINUED)**

(c) (Continued)

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 \$12,065,000 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 2020 to September 2045 annually ranging from \$143,840 to \$354,513. 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 \$175,000 to \$225,000 between 2021 and 2027 at rates ranging from 4.125% to 4.375%.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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 2021 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 \$3,280,000 in 2021 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.



**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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 \$43,160,000 to \$46,445,000 in 2021 and 2022, respectively, at interest rate of 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(i))
- (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 \$235,000 in 2021 to \$355,000 in 2027. The remaining bonds bear interest at rates ranging from 4.0% 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 \$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 \$9,785,000 to \$10,270,000 from 2021 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(j))

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 8. **BONDS PAYABLE – RESTRICTED FUND (CONTINUED)**

- (m) The \$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(k))
- (n) 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 2021 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(l))

- (o) 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 \$4,065,000 at interest rates ranging from 4.0% to 5.0%, 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(m))
- (p) 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 with 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(A3))

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 8. **BONDS PAYABLE – RESTRICTED FUND (CONTINUED)**

(q) The \$32,070,000 Charter School Revenue Bonds – Newark Charter School 559 Broad/Hazelwood 2020 project (Series A and Series B) were issued to provide funds for improvements to the Charter School. (Refer to Note 4(n))

(i) Series 2020A Term Bond of \$6,505,000 due August 1, 2060 with sinking fund payments commencing August 1, 2050 ranging from \$335,000 to \$730,000 at interest rate of 4.00%.

(ii) Series 2020 B Bonds \$25,565,000 (*federally taxable*) consisting of:

(a) Serial bonds in the amount of \$7,640,000 repayment commencing August 1, 2021 in annual maturity ranging from \$780,000 to \$1,445,000 at interest rates of 1.57% to 3.25% through August 1, 2026.

(b) Term bond of \$6,340,000 due August 1, 2030 with annual sinking fund payments from ranging from \$1,495,000 to \$1,680,000 from 2027 to 2030 at interest rate of 3.97%.

(c) Term bond of \$6,485,000 due August 1, 2035 with annual sinking fund payments ranging from \$240,000 to \$745,000 from 2031 to 2035 at an interest rate of 4.47%.

(d) Term bond of \$5,100,000 due August 1, 2050 with annual sinking fund payment of \$255,000 to \$165,000 from 2036 to 2050 at an interest rate of 4.96%.

(r) The 2020 \$29,595,000 Charter School Revenue Bonds – Newark Charter School North Star Academy 2020 project were issued to provide funds for improvements to the Charter Schools. (Refer to Note 4(o))

Series 2020 Bonds consisting of:

(i) Serial bonds in the amount of \$3,470,000 repayment commencing July 15, 2021 in annual maturity ranging from \$325,000 to \$450,000 at an interest rate of 4.00% through July 15, 2026.

(ii) Term bond of \$5,600,000 due July 1, 2040 with annual sinking fund payments from ranging from \$465,000 to \$665,000 from 2031 to 2040 at interest rate of 4.00%.

(iii) Term bond of \$8,270,000 due July 15, 2050 with annual sinking fund payments ranging from \$690,000 to \$980,000 from 2041 to 2050 at an interest rate of 4.00%.

(iv) Term bond of \$12,255,000 due July 15, 2060 with annual sinking fund payment from \$1,020,000 to \$1,455,000 from 2051 to 2060 at an interest rate of 4.00%.



**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 8. **BONDS PAYABLE – RESTRICTED FUND (CONTINUED)**

**Debt Service Obligation**

All debt service obligations due during the year 2020 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, 2020 are as follows:

	<u>Restricted Fund</u> <u>Principal Only</u>
Next five (5) years:	
2021	\$ 62,839,803
2022	66,873,940
2023	55,440,092
2024	23,036,512
2025	17,558,214
	<u>225,748,561</u>
Every five (5) years thereafter:	
2026	34,600,208 *
2027	17,892,509
2028	15,460,129
2029	16,263,083
2030	16,251,386
	<u>100,467,315</u>
2031	4,565,054
2032	4,769,103
2033	4,998,551
2034	3,993,414
2035	3,588,713
	<u>21,914,835</u>
2036	3,739,465
2037	3,900,693
2038	4,062,417
2039	4,224,660
2040	15,702,444 **
	<u>31,629,679</u>
2041	4,585,796
2042	4,779,740
2043	4,979,303
2044	5,179,513
2045	5,303,771
	<u>24,828,123</u>

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 8. **BONDS PAYABLE – RESTRICTED FUND (CONTINUED)**

**Debt Service Obligation (Continued)**

	<u>Restricted Fund</u> <u>Principal Only</u>
Every five (5) years thereafter (continued):	
2046	\$ 5,235,000
2047	5,450,000
2048	5,675,000
2049	5,920,000
2050	1,935,000
	<u>24,215,000</u>
2051	2,020,000
2052	2,100,000
2053	2,195,000
2054	1,730,000
2055	1,795,000
	<u>9,840,000</u>
2056	1,865,000
2057	1,940,000
2058	2,020,000
2059	2,100,000
2060	2,185,000
	<u>10,110,000</u>
Total	<u>\$ 448,753,513</u>
Recap:	
Current Portion	\$ 62,839,803
Long-Term Portion	<u>385,913,710</u>
	<u>\$ 448,753,513</u>

\* 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))

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

**Note 8. BONDS PAYABLE – RESTRICTED FUND (CONTINUED)**

**Summary of Debt – Restricted As of December 31, 2020**

		Original	Balance	County Debt	Other Debt		Cumulative
		Amount	December 31,	Direct &	Not County	County	Paid
<u>Note 8</u>		<u>Issued</u>	<u>2020</u>	<u>Guaranteed</u>	<u>Guaranteed</u>	<u>Guaranteed</u>	<u>Down</u>
a	\$	250,000,000	\$ 17,200,000	\$ 5,785,000		\$ 11,415,000	\$ 232,800,000
b		5,500,000	2,640,000		\$ 2,640,000 (N)		2,860,000
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	1,385,000	1,385,000			10,130,000
f		14,420,000	2,385,000	2,385,000			12,035,000
g		41,865,000	14,190,000	14,190,000			27,675,000
h		13,215,000	1,070,000		1,070,000 (N)		12,145,000
i		235,845,000	89,605,000	89,605,000			146,240,000
j		11,300,000	11,300,000		11,300,000 (H)		-
k		3,825,000	1,990,000	1,990,000			1,835,000
l		58,255,000	20,055,000	20,055,000			38,200,000
m		8,855,000	8,845,000		8,845,000 (H)		10,000
n		38,460,000	36,945,000	36,945,000			1,515,000
o		70,685,000	70,685,000	70,685,000			
p		10,750,000	8,875,000		8,875,000 (E)		1,875,000
q		32,070,000	32,070,000		32,070,000 (C)		-
r		29,595,000	29,595,000		29,595,000 (C)		-
		<u>\$ 1,032,120,000</u>	<u>\$ 448,753,513</u>	<u>\$ 336,265,000</u>	<u>\$ 101,073,513</u>	<u>\$ 11,415,000</u>	<u>\$ 583,366,487</u>

**Guarantor:**

(H) = Housing

(C) = Charter School

(E) = Equipment Lease

(N) = City of Newark

**Note 9. OTHER DEBT**

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 shall be issued to the public, of which \$10,750,000 was issued, and the remaining revenue bonds of up to \$14,500,000 shall be issued to the trustee for the revenue bonds issued in the future to the public.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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 Annual Comprehensive Financial Report (ACFR), 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

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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 2020 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.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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 Year	Authority Share				Employees Contribution
	Contribution			Net Cost	
	Normal	Accrued	NCGI		
2020	\$ 21,647	\$ 158,800	\$ 9,165	\$ 189,612	\$ 97,546
2019	15,103	139,763	8,345	163,211	92,050
2018	19,434	129,011	7,071	155,516	90,996

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, 2020 and June 30, 2019 Independent Auditor's Report dated June 4, 2021 and June 5, 2020, respectively.

The Authority reported a liability of \$2,826,525 and \$3,023,335 for its proportionate share of the net pension liability at December 31, 2020 and December 31, 2019, 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.

	<u>[Measurement Date]</u>	
	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Local Group Share	\$ 16,435,616,426	\$ 18,143,832,135
Authority Proportionate Percentage	0.0173327918 %	0.0167790776 %
Difference - Increase	0.0005537142	



**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 10. PENSION PLAN – PERS (CONTINUED)

Funding Policy (Continued)

For the year ended December 31, 2020, the Authority recognized pension expense of \$96,078. At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 91,696	\$ 1,183,493
Net difference between expected and actual experience	51,466	9,996
Net difference between projected and actual investment earnings on pension plan investment	96,613	
Changes in proportion	435,135	3,822
Authority contributions subsequent to the measurement date	<u>189,612</u>	
Total	<u>\$ 864,522</u>	<u>\$ 1,197,311</u>

The \$189,612 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, 2020, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability in the Authority year ended December 31, 2020. 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:

<u>Year Ended December 31,</u>	<u>Amount</u>
2021	\$ (354,677)
2022	(323,358)
2023	(184,791)
2024	(74,726)
2025	(16,162)



**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 10. PENSION PLAN – PERS (CONTINUED)

Additional Information:

Collective local employers balances are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Collective deferred outflows of resources	\$ 2,347,583,337	\$ 3,149,522,616
Collective deferred inflows of resources	7,849,949,467	7,645,087,574
Collective net pension liability	16,435,616,426	18,143,832,135
Collective pension expense	407,705,399	974,471,686
Authority's proportionate share	0.0173327918 %	0.0167790776 %

Actuarial Assumptions

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. This actuarial valuation used the following assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% (based on years of service)
Thereafter	3.00 - 7.00% (based on years of service)
Investment Rate of Return	7.00%

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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, 2020) 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.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	27.00 %	7.71 %
Non-U.S. Developed Markets Equity	13.50	8.57
Emerging Market Equities	5.50	10.23
Private Equity	13.00	11.42
Real Assets	3.00	9.73
Real Estate	8.00	9.56
High Yield	2.00	5.95
Private Credit	8.00	7.59
Investment Grade Credit	8.00	2.67
Cash Equivalents	4.00	0.50
US Treasurers	5.00	1.94
Risk Mitigation Strategies	<u>3.00</u>	3.40
	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on 78% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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:

December 31, 2020			
<u>[June 30, 2020 Measurement Date]</u>			
	1% Decrease	At Current	1% Increase
	<u>6.00%</u>	<u>Discount Rate</u>	<u>8.00%</u>
		<u>7.00%</u>	
Authority's proportionate share of the Local Group pension liability	\$ 3,557,414	\$ 2,826,525	\$ 2,205,304

December 31, 2019			
<u>[June 30, 2019 Measurement Date]</u>			
	1% Decrease	At Current	1% Increase
	<u>5.28%</u>	<u>Discount Rate</u>	<u>7.28%</u>
		<u>6.28%</u>	
Authority's proportionate share of the Local Group pension liability	\$ 3,818,996	\$ 3,023,355	\$ 2,352,926

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/financial-reports.shtml](http://www.state.nj.us/treasury/financial-reports.shtml).

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

**Note 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

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:

<u>Year</u>	<u>Number of Employees</u>	<u>Employer's Cost</u>
2020	2	\$ 11,863
2019	2	11,988
2018	2	18,912

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.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Authority Retiree Health Benefits

Plan Description – NJSHBP

Data for the OPEB was abstracted from the State of New Jersey Local Education Retired Employees Plan as of June 30, 2020 and June 30, 2019 Independent Auditor's report dated January 28, 2022 and June 5, 2020, respectively.

The NJSHBP as of July 1, 2019 had statewide for the local employee groups of 62,547 active and 30,614 retired for a total of 93,161 members. The Authority at December 31, 2020 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) Annual Comprehensive Financial Report, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.



**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (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.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 11. **OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Authority Retiree Health Benefits (Continued)**

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

December 31	
<u>[June 30 Measurement Date]</u>	
<u>2020</u>	<u>2019</u>
\$ 5,855,980	\$ 3,633,869

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

December 31	
<u>[June 30 Measurement Date]</u>	
<u>2020</u>	<u>2019</u>
0.032630 %	0.026826 %

**Total Nonemployer OPEB Liability**

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

Inflation rate	2.50%
	<b><u>PERS</u></b>
	<i>(based on age)</i>
Salary increases:	
through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%

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-2020.



**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven (7) years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven (7) years.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. 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, 2020 and June 30, 2019, 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:

December 31, 2020		
<u>[June 30, 2020 Measurement Date]</u>		
<u>At 1%</u>	<u>At Discount</u>	<u>At 1%</u>
<u>Decrease (1.21%)</u>	<u>Rate (2.21%)</u>	<u>Increase (3.21%)</u>
\$ 6,923,005	\$ 5,855,980	\$ 5,011,332
December 31, 2019		
<u>[June 30, 2019 Measurement Date]</u>		
<u>At 1%</u>	<u>At Discount</u>	<u>At 1%</u>
<u>Decrease (2.50%)</u>	<u>Rate (3.50%)</u>	<u>Increase (4.50%)</u>
\$ 4,201,676	\$ 3,633,869	\$ 3,172,449

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 11. **OTHER POST-EMPLOYMENT BENEFITS (OPEB) (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, 2020 and June 30, 2019, 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:

December 31, 2020 [June 30, 2020 <i>Measurement Date</i> ]		
<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
\$ 4,845,829	\$ 5,855,980	\$ 7,178,786
December 31, 2019 [June 30, 2019 <i>Measurement Date</i> ]		
<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
\$ 3,066,537	\$ 3,633,869	\$ 4,357,595

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

For the year ended June 30, 2020, the Authority recognized an OPEB benefit of \$27,523 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 GASB No. 75 and in which there is a special funding situation.

The following table illustrates the Deferred Inflows and Outflows as of June 30, 2020 under GASB No. 75 prior to any reduction due to the Fiscal Year 2021 amortizations.

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Net Difference between Projected and Actual		
Earnings on OPEB Plan Investments	\$ 3,719	
Difference between Expected and Actual Experience	154,242	\$ 1,090,493
Changes of Assumptions	875,870	1,302,279
Changes in Proportion	<u>1,183,225</u>	<u>695,183</u>
Sub-total	<u>\$ 2,217,056</u>	<u>\$ 3,087,955</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2021	\$ (314,788)
2022	(315,074)
2023	(315,535)
2024	(315,956)
2025	(215,442)
Thereafter	117,854

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 11. **OTHER POST-EMPLOYMENT BENEFITS (OPEB) (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:

	<u>June 30, [Measurement Date]</u>	
	<u>2020</u>	<u>2019</u>
Deferred outflows of resources	\$ 7,524,438,130	\$ 2,780,762,969
Deferred inflows of resources	11,689,136,161	11,531,430,224
Net OPEB liability	17,946,612,946	13,546,071,100
Total OPEB expense (benefit)	141,988,939	(126,256,186)
Authority's proportionate share	0.032630 %	0.026826 %

Shown below are details regarding the Total OPEB Liability for the measurement period for the PERS Local Retirement Group (Statewide):

	<u>[Measurement Date]</u>	
	<u>2020</u>	<u>2019</u>
	<u>Total OPEB Liability</u>	
Balance as of June 30,	\$ 13,819,244,582	\$ 15,981,103,227
Changes Recognized for the Fiscal Year:		
Service Cost	\$ 605,949,339	\$ 666,574,660
Interest Cost	497,444,533	636,082,461
Changes of Assumptions	3,074,968,821	(1,635,760,217)
Change of Benefit Terms	1,034,142	(1,903,958)
Difference between Expected and Actual Expenses	541,506,395	(1,399,921,930)
Gross Benefit Payments	(466,218,997)	(470,179,613)
Contributions from the Member	37,546,413	43,249,952
Net Changes	\$ 4,292,230,646	\$ (2,161,858,645)
Balance as of June 30	<u>\$ 18,111,475,228</u>	<u>\$ 13,819,244,582</u>

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 11. **OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Additional Information (Continued)**

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% in 2019 to 2.21% in 2020. The component of the Net OPEB Liability Local Retirement Group (Statewide) is as follows:

	<i>[Measurement Date]</i>	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Total OPEB Liability	\$ 18,111,475,228	\$ 13,819,244,582
Plan Fiduciary Net Position	<u>164,862,282</u>	<u>273,173,482</u>
Net OPEB Liability	<u>\$ 17,946,612,946</u>	<u>\$ 13,546,071,100</u>
Net Position		
as a Percentage of OPEB Liability	0.91%	1.97%
Special Funding Situation	\$ 5,462,303,132	\$ 5,525,718,739
Non-special Funding Situation	<u>12,484,309,814</u>	<u>8,020,352,361</u>
	<u>\$ 17,946,612,946</u>	<u>\$ 13,546,071,100</u>

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 2020 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.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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.



**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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").



**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

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.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

A. Litigation (Continued)

Occidental Chemical Corp. v. 21<sup>st</sup> 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.

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).

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

Note 14. **NET POSITION – NET INVESTMENT IN CAPITAL ASSETS**

The net investment in capital assets of \$22,509,359 is calculated as follows:

	<u>Airport</u>	<u>Development &amp; Assistance</u>	<u>Total</u>
Capital assets, net of depreciation	\$ 27,583,291	\$ 11,321	\$ 27,594,612
Add:			
Unexpended 2019 Bond Proceeds	6,969,519		6,969,519
Less:			
Bonds payable ( <i>used to build or     acquire capital assets</i> )	(10,725,000)		(10,725,000)
Unamortized deferred premium	(1,355,537)		(1,355,537)
Unamortized Gain/(Loss) on Refunding	<u>25,765</u>		<u>25,765</u>
	<u>\$ 22,498,038</u>	<u>\$ 11,321</u>	<u>\$ 22,509,359</u>

Note 15. **SUBSEQUENT EVENT: COVID-19 CORONAVIRUS PANDEMIC**

In 2020 the Covid-19 Coronavirus outbreak in the United States has caused the Governor of the State of New Jersey to mandate closures and a curfew for all nonessential citizens and businesses.

The biggest impact of Covid-19 on the Essex County Improvement Authority (ECIA) was on the parking facilities. The Courthouse, County Complex, and many businesses in Newark were closed, therefore there is a significant reduction in operating revenues for the Parking facilities.

Also, Covid-19 slowed the utilization of the Airport and thereby impacted the Airport's income/revenue from the sale of fuel and landing fees.

**REQUIRED SUPPLEMENTARY INFORMATION**

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**  
**LAST SEVEN (7) FISCAL YEARS**

<u>Year</u>	<u>Authority's Proportion of Net Pension Liability</u>	<u>Authority's Proportionate Share of Net Pension Liability (asset)</u>	<u>Authority's Covered Payroll</u>	<u>Authority's Proportionate Share of Net Pension Liability (asset) as Percentage of Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as Percentage of Total Pension Liability</u>
2020	0.0173327918 %	\$ 2,826,525	\$ 1,290,502	219.03 %	58.32 %
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 seven (7) 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 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**  
**LAST SEVEN (7) FISCAL YEARS**

<u>Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (excess)</u>	<u>Authority's Covered Payroll</u>	<u>Contributions as Percentage of Covered-Payroll</u>
2020	\$ 189,612	\$ 189,612	None	\$ 1,290,502	14.69 %
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 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

## SUPPLEMENTARY INFORMATION



**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**COMBINING STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**  
**UNRESTRICTED FUND BY ACTIVITY**

<u>ASSETS</u>	<u>Development and Financial Assistance</u>	<u>Airport</u>	<u>Parking</u>	<u>Sportsplex Garage</u>	<u>Total Unrestricted Fund</u>
Current assets:					
Cash, cash equivalents and investments	\$ 8,007,375	\$ 3,528,550	\$ 807,118	\$ 260,016	\$ 12,603,059
Inventory		78,631			78,631
Accounts receivable	4,834	17,848			22,682
Other current assets	3,026	34,601	3,026	5,146	45,799
Interfund receivable	25,000				25,000
Intrafund receivable	73,956				73,956
Total current assets	<u>8,114,191</u>	<u>3,659,630</u>	<u>810,144</u>	<u>265,162</u>	<u>12,849,127</u>
Restricted assets:					
Cash, cash equivalents and investments		7,030,451			7,030,451
Total restricted assets		<u>7,030,451</u>			<u>7,030,451</u>
Restricted net investment in direct financing leases			1,315,000		1,315,000
Net investment in direct financing leases			<u>1,315,000</u>		<u>1,315,000</u>
Noncurrent assets:					
Capital assets, net	11,322	27,583,291			27,594,613
(Gain)/Loss on defeasance		25,765			25,765
Total noncurrent assets	<u>11,322</u>	<u>27,609,056</u>			<u>27,620,378</u>
Total assets	<u>\$ 8,125,513</u>	<u>\$ 38,299,137</u>	<u>\$ 2,125,144</u>	<u>\$ 265,162</u>	<u>\$ 48,814,956</u>

See notes to financial statement

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**COMBINING STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**  
**UNRESTRICTED FUND BY ACTIVITY**

	Development and Financial Assistance	Airport	Parking	Sportsplex Garage	Total Unrestricted Fund
<b>LIABILITIES</b>					
Liabilities:					
Current liabilities Payable from Unrestricted Assets:					
Current portion of bonds payable		\$ 1,080,000	\$ 645,000		\$ 1,725,000
Accrued expenses and other current liabilities	\$ 2,089,445	381,307	788,376	\$ 212,974	3,472,102
Intrafund payable			21,768	52,188	73,956
Total current liabilities from unrestricted Assets	2,089,445	1,461,307	1,455,144	265,162	5,271,058
Current Liabilities Payable from Restricted Assets:					
Accrued expenses and Other Liabilities		43,341			43,341
		43,341			43,341
Noncurrent liabilities:					
Bonds payable, net of current portion		10,725,000	670,000		11,395,000
Premium on Sale of Bonds		1,355,537			1,355,537
Total noncurrent liabilities		12,080,537	670,000		12,750,537
Total liabilities	\$ 2,089,445	\$ 13,585,185	\$ 2,125,144	\$ 265,162	\$ 18,064,936
<b>NET POSITION</b>					
Net Position:					
Invested in capital assets	\$ 11,321	\$ 22,498,038			\$ 22,509,359
Restricted		17,591			17,591
Unrestricted	6,024,747	2,198,323			8,223,070
Net position	\$ 6,036,068	\$ 24,713,952			\$ 30,750,020
Total liabilities and net position	\$ 8,125,513	\$ 38,299,137	\$ 2,125,144	\$ 265,162	\$ 48,814,956

See notes to financial statement

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**DECEMBER 31, 2020**  
**RESTRICTED FUND BY PROGRAM**

	Pooled Government Loan Program 1986	Property Improvement Lease Program 1996/1994/ 1993/1990	Property & Equipment Lease Program- 1,992	County of Essex General Obligation Guaranteed Lease Revenue Bonds - Series 1996A (County Corr Facil)	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)
<b>ASSETS</b>						
Current assets:						
Restricted bonds receivable	\$ 1,505,000					
Due from participants	3					
Other current assets	1,779					
Total current assets	1,506,782					
Restricted cash, cash equivalents and investments	11,456,868	\$ 85,897	\$ 28,207	\$ 12,056	\$ 896	\$ 416
Restricted bonds receivable	4,280,000					
Restricted net investment in direct financing leases (Costs to be incurred)/Earnings Utilized						
Net restricted net investments in direct financing leases						
	\$ 17,243,650	\$ 85,897	\$ 28,207	\$ 12,056	\$ 896	\$ 416
<b>LIABILITIES</b>						
Current liabilities:						
Current portion of bonds payable						
Due to participants	\$ 5,797	\$ 85,897	\$ 28,207	\$ 12,056	\$ 896	\$ 416
Accrued expenses and other current liabilities	12,853					
Interfund payable	25,000					
Capital, debt and maintenance reserve						
Total current liabilities	43,650	85,897	28,207	12,056	896	416
Bonds payable, net of current portion	17,200,000					
Total liabilities	\$ 17,243,650	\$ 85,897	\$ 28,207	\$ 12,056	\$ 896	\$ 416

See notes to financial statement

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**DECEMBER 31, 2020**  
**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 2002B (County Correctional Facility Project)	County of Essex General Obligation Guaranteed Lease Revenue Bonds - Series 2003 A & '2003 B (County Correctional Facility Project)	Project Consolidation Revenue Bonds Series 2004 (Refunding Project)
<b>ASSETS</b>						
Current assets:						
Restricted bonds receivable						
Due from participants						
Other current assets	\$ 3,405					\$ 98,240
Total current assets	3,405					98,240
Restricted cash, cash equivalents and investments	21,298	\$ 3,409	\$ 310	\$ 1,281	\$ 446	44
Restricted bonds receivable						93,240,000
Restricted net investment in direct financing leases (Costs to be incurred)/Earnings Utilized	2,640,000					
Net restricted net investments in direct financing leases	2,640,000					
	<u>\$ 2,664,703</u>	<u>\$ 3,409</u>	<u>\$ 310</u>	<u>\$ 1,281</u>	<u>\$ 446</u>	<u>\$ 93,338,284</u>
<b>LIABILITIES</b>						
Current liabilities:						
Current portion of bonds payable	\$ 235,000					
Due to participants	21,298	\$ 3,409	\$ 310	\$ 1,281	\$ 446	\$ 44
Accrued expenses and other current liabilities	3,405					98,240
Interfund payable						
Capital, debt and maintenance reserve						
Total current liabilities	259,703	3,409	310	1,281	446	98,284
Bonds payable, net of current portion	2,405,000					93,240,000
Total liabilities	<u>\$ 2,664,703</u>	<u>\$ 3,409</u>	<u>\$ 310</u>	<u>\$ 1,281</u>	<u>\$ 446</u>	<u>\$ 93,338,284</u>

See notes to financial statement

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**DECEMBER 31, 2020**  
**RESTRICTED FUND BY PROGRAM**

	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)	Project Consolidation Revenue Bonds Series 2007 (Refunding Project)
<b>ASSETS</b>						
Current assets:						
Restricted bonds receivable	\$ 924,803	\$ 175,000	\$ 300,000	\$ 3,280,000		\$ 43,160,000
Due from participants						
Other current assets	15,254	6,210	3,085	15,910	2,070	28,087
Total current assets	940,057	181,210	303,085	3,295,910	2,070	43,188,087
Restricted cash, cash equivalents and investments	4,563,864	875	1	327	2,078	135,219
Restricted bonds receivable	5,753,710	1,210,000	2,085,000	10,910,000	1,070,000	46,445,000
Restricted net investment in direct financing leases (Costs to be incurred)/Earnings Utilized						
Net restricted net investments in direct financing leases						
	\$ 11,257,631	\$ 1,392,085	\$ 2,388,086	\$ 14,206,237	\$ 1,074,148	\$ 89,768,306
<b>LIABILITIES</b>						
Current liabilities:						
Current portion of bonds payable	\$ 924,803	\$ 175,000	\$ 300,000	\$ 3,280,000		\$ 43,160,000
Due to participants		875	1	327	2,078	135,219
Accrued expenses and other current liabilities	4,579,118	6,210	3,085	15,910	2,070	28,087
Interfund payable						
Capital, debt and maintenance reserve						
Total current liabilities	5,503,921	182,085	303,086	3,296,237	4,148	43,323,306
Bonds payable, net of current portion	5,753,710	1,210,000	2,085,000	10,910,000	1,070,000	46,445,000
Total liabilities	\$ 11,257,631	\$ 1,392,085	\$ 2,388,086	\$ 14,206,237	\$ 1,074,148	\$ 89,768,306

See notes to financial statement

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**DECEMBER 31, 2020**  
**RESTRICTED FUND BY PROGRAM**

	Bloomfield Recovery Zone Development Bonds 2010	FERN Senior Housing Project 2010	Refunded County of Essex General Obligation Guaranteed Lease Revenue Bonds - Series 2011 Riverbank Park	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)	Park Terrace/ Grove House Apartments Project Revenue Bonds Series 2015
<b>ASSETS</b>							
Current assets:							
Restricted bonds receivable						\$ 9,785,000	\$ 300,000
Due from participants							
Other current assets		\$ 12,300	\$ 42	\$ 2,240		12,270	34,838
Total current assets		12,300	42	2,240		9,797,270	334,838
Restricted cash, cash equivalents and investments	\$ 123,577	996,142		3,704	\$ 30,947	5,613	27,802
Restricted bonds receivable		11,300,000				10,270,000	8,545,000
Restricted net investment in direct financing leases (Costs to be incurred)/Earnings Utilized				1,990,000			
Net restricted net investments in direct financing leases				1,990,000			
	<u>\$ 123,577</u>	<u>\$ 12,308,442</u>	<u>\$ 42</u>	<u>\$ 1,995,944</u>	<u>\$ 30,947</u>	<u>\$ 20,072,883</u>	<u>\$ 8,907,640</u>
<b>LIABILITIES</b>							
Current liabilities:							
Current portion of bonds payable				\$ 250,000		\$ 9,785,000	\$ 300,000
Due to participants	\$ 123,577	\$ 33,303	\$ 42	3,522	\$ 22,687	441	5,804
Accrued expenses and other current liabilities		975,139		2,422	8,260	17,442	34,838
Interfund payable							
Capital, debt and maintenance reserve							21,998
Total current liabilities	123,577	1,008,442	42	255,944	30,947	9,802,883	362,640
Bonds payable, net of current portion		11,300,000		1,740,000		10,270,000	8,545,000
Total liabilities	<u>\$ 123,577</u>	<u>\$ 12,308,442</u>	<u>\$ 42</u>	<u>\$ 1,995,944</u>	<u>\$ 30,947</u>	<u>20,072,883</u>	<u>\$ 8,907,640</u>

See notes to financial statement



**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**DECEMBER 31, 2020**  
**RESTRICTED FUND BY PROGRAM**

	Project Consolidation Revenue Bonds Series 2017 (Refunding Project)	Governmental Loan Revenue Bond, Series 2019 City of Newark Project	Capital Equipment Pooled Lease Rev. Bonds Series 2019	City of Newark Charter School Revenue Bonds 2020-A	City of Newark Charter School Revenue Bonds 2020-B	Total Restricted Funds
<b>ASSETS</b>						
Current assets:						
Restricted bonds receivable	\$ 535,000	\$ 1,220,000			\$ 780,000	\$ 61,964,803
Due from participants						3
Other current assets	41,410	73,215	\$ 8,480	\$ 29,750	32,750	421,335
Total current assets	576,410	1,293,215	8,480	29,750	812,750	62,385,141
Restricted cash, cash equivalents and investments	29,541	16,460	5,362,186	756,607	2,021,896	25,687,967
Restricted bonds receivable	36,410,000	69,465,000		29,595,000	31,290,000	361,868,710
Restricted net investment in direct financing leases (Costs to be Incurred)/Earnings Utilized			8,875,000 (5,341,408)			13,505,000 (5,341,408)
Net restricted net investments in direct financing leases			3,533,592			8,163,592
	<u>\$ 37,015,951</u>	<u>\$ 70,774,675</u>	<u>\$ 8,904,258</u>	<u>\$ 30,381,357</u>	<u>\$ 34,124,846</u>	<u>\$ 458,106,410</u>
<b>LIABILITIES</b>						
Current liabilities:						
Current portion of bonds payable	\$ 535,000	\$ 1,220,000	\$ 1,895,000		\$ 780,000	\$ 62,839,803
Due to participants	69	849	19,815	\$ 8		508,674
Accrued expenses and other current liabilities	70,882	88,826	9,443	786,349	2,054,646	8,797,225
Interfund payable						25,000
Capital, debt and maintenance reserve						21,998
Total current liabilities	605,951	1,309,675	1,924,258	786,357	2,834,646	72,192,700
Bonds payable, net of current portion	36,410,000	69,465,000	8,980,000	29,595,000	31,290,000	385,913,710
Total liabilities	<u>\$ 37,015,951</u>	<u>\$ 70,774,675</u>	<u>\$ 8,904,258</u>	<u>\$ 30,381,357</u>	<u>\$ 34,124,846</u>	<u>\$ 458,106,410</u>

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, 2020**  
**UNRESTRICTED FUND BY ACTIVITY**

Schedule 3  
Sheet 1 of 3

	Development and Financial Assistance	Airport	Parking	Sportsplex Garage	Total Unrestricted Fund
Revenues:					
Airport:					
Aviation rent		\$ 1,221,758			\$ 1,221,758
Landing fees		19,000			19,000
Tie down rent		385,371			385,371
T-Hangar rent		1,013,478			1,013,478
Commercial rent		60,648			60,648
Fuel sales		1,077,215			1,077,215
Miscellaneous airport income		127,227			127,227
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Airport		\$ 3,904,696			\$ 3,904,696
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Development and financial assistance:					
Administrative and management fees:					
Newark Public Safety 1999	\$ 2,640				\$ 2,640
Project Consolidation Refunding - 2004	93,240				93,240
Marina Bay	6,679				6,679
Project Consolidation Refunding - 2005	1,385				1,385
Sportsplex Refunding - 2005A	2,385				2,385
Project Consolidation Refunding - 2006	14,190				14,190
Sportsplex Refunding - 2006A	1,070				1,070
Project Consolidation Refunding - 2007	44,593				44,593
Fern - 2010	11,300				11,300
Newark Leaseback - 2010	42,572				42,572
Bloomfield	12,475				12,475
Social Services - 2011	1,990				1,990
Project Consolidation Refunding - 2014	20,055				20,055
Covanta - 2015	90,000				90,000
2017 Project Consolidation	36,945				36,945
2019 Equipment lease fees	8,875				8,875
2019 Newark Water bonds	70,685				70,685
2020 Charter school North Star	103,583				103,583
2020 Newark charter school	112,245				112,245
Juror Parking	118,568				118,568
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Development and financial assistance	\$ 795,474				\$ 795,474
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Parking:					
Administrative fees			\$ 1,881,831		\$ 1,881,831
Parking fees			108,849		108,849
			<u>          </u>		<u>          </u>
Parking			\$ 1,990,680		\$ 1,990,680
			<u>          </u>		<u>          </u>

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, 2020**  
**UNRESTRICTED FUND BY ACTIVITY**

Schedule 3  
Sheet 2 of 3

	Development and Financial Assistance	Airport	Parking	Sportsplex Garage	Total Unrestricted Fund
Sportsplex Parking:					
Stadium lot parking				\$ 176,600	\$ 176,600
Miscellaneous				107,046	107,046
Sportsplex Parking				\$ 283,646	\$ 283,646
Total revenues	\$ 795,474	\$ 3,904,696	\$ 1,990,680	\$ 283,646	\$ 6,974,496
Expenses:					
Salaries	\$ 385,291	\$ 592,164	\$ 243,884	\$ 87,547	\$ 1,308,885
Employee Benefits	164,990	423,400	125,935	62,199	776,524
	\$ 550,280	\$ 1,015,565	\$ 369,819	\$ 149,745	\$ 2,085,409
Other:					
Stationery and office supplies	\$ 16,217	\$ 16,112	\$ 10,713	\$ 4,686	\$ 47,729
Facility and vehicle material and supplies	2,878	26,402	1,319	40	30,639
Uniforms		10,943	4,627		15,571
Utilities	18,056	72,977	60,776	24,380	176,189
Fuel for resale		944,723			944,723
Vehicle fuel		18,270			18,270
Fuel Tax		7,912			7,912
Permits		28,400	1,275	100	29,775
Facility and vehicle maintenance and repairs	1,248	189,296	168,563	27,535	386,641
Merchant Fees		18,928		859	19,787
Professional services	83,445	72,222	115,466	26,100	297,232
Non Professional services	28,452	20,682	2,112	1,815	53,062
Insurance	90,000	127,302	83,321	39,083	339,706
Pilot Fees		110,000			110,000
Trustee Fee		21,779			21,779
Miscellaneous		568	5,095		5,663
Depreciation and Amortization	17,067	750,482			767,549
Travel & Other	204	3,463	157	320	4,144
Total other expenses	\$ 257,567	\$ 2,440,462	\$ 453,424	\$ 124,918	\$ 3,276,372
Total Salaries and Other Expenses	\$ 807,848	\$ 3,456,027	\$ 823,243	\$ 274,663	\$ 5,361,781
Operating income/(Loss)	\$ (12,374)	\$ 448,669	\$ 1,167,437	\$ 8,983	\$ 1,612,715

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, 2020**  
**UNRESTRICTED FUND BY ACTIVITY**

Schedule 3  
Sheet 3 of 3

	Development and Financial Assistance	Airport	Parking	Sportsplex Garage	Total Unrestricted Fund
Nonoperating Revenues/(Expenses):					
Interest Income	\$ 5,591	\$ 43,861	\$ 2,196		\$ 51,648
Interest expense		(443,809)	(88,813)		(532,621)
Sportsplex excess				\$ (7,186)	(7,186)
Sportsplex Parking management fee	1,797			(1,797)	
Grant Contributions		1,981,285			1,981,285
Amounts due under service agreements	678,900		(1,074,154)		(395,254)
Provision for Settlement of Litigation	(1,001,989)				(1,001,989)
Miscellaneous	10	(20,397)	(6,667)		(27,054)
Total Nonoperating Revenues/(Expenses)	\$ (315,691)	\$ 1,560,940	\$ (1,167,437)	\$ (8,983)	\$ 68,829
Revenues (under)/over expenses	\$ (328,065)	\$ 2,009,609			\$ 1,681,544
Change in Net Position - Increase/(Decrease)	\$ (328,065)	\$ 2,009,609			\$ 1,681,544
Net Position, Beginning	6,364,133	22,704,343			29,068,476
Net Position, Ending	\$ 6,036,068	\$ 24,713,952			\$ 30,750,020
Detail:					
Invested in Capital Assets	\$ 11,321	\$ 22,498,038			\$ 22,509,359
Restricted		17,591			17,591
Unrestricted	6,024,747	2,198,323			8,223,070
	\$ 6,036,068	\$ 24,713,952			\$ 30,750,020

See notes to financial statement

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**COMBINING STATEMENT OF REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**RESTRICTED FUND BY PROGRAM**

Schedule 4  
Sheet 1 of 5

	<u>Pooled Government Loan Program 1986</u>	<u>Property &amp; Equipment Lease Program 1992</u>	<u>Property Improvement Lease Program 1996/1994/ 1993/1990</u>	<u>ComLease Program Lease Revenue Bonds - Series 1996 (Livingston)</u>	<u>County of Essex General Obligation Lease Revenue Bonds - Series 1996 A (County Jail Proj)</u>	<u>County of Essex General Obligation Guaranteed Lease Revenue Bonds - Series 1997A (County Corr Facil)</u>	<u>General Obligation Guaranteed Lease Revenue Bonds - Series 1999 D2 and H2 (Sportsplex Project)</u>
Revenues:							
Development and financial assistance revenues	\$ 263,799						
Interest	\$ 53,522	\$ 135	\$ 424	\$ 135	\$ 80	\$ 121	\$ 2
Total revenues	<u>\$ 317,321</u>	<u>\$ 135</u>	<u>\$ 424</u>	<u>\$ 135</u>	<u>\$ 80</u>	<u>\$ 121</u>	<u>\$ 2</u>
Expenses:							
Services by contract:							
Remarketing fees	\$ 12,192						
Administrative fees							
Credit fees	133,185						
Tender agent fees	4,500						
Financial advisor	24,000						
Reimbursement	38,000						
Professional fees	5,550						
Auditing fees	7,500						
Trustee fees	10,000						
Legal fees	5,021						
Services by contract	\$ 239,949						
Interest	77,372						
Interest rebate (expense) income		\$ 135	\$ 424	\$ 135	\$ 80	\$ 121	\$ 2
Total expenses	<u>\$ 317,321</u>	<u>\$ 135</u>	<u>\$ 424</u>	<u>\$ 135</u>	<u>\$ 80</u>	<u>\$ 121</u>	<u>\$ 2</u>

See notes to financial statement.

THE ESSEX COUNTY IMPROVEMENT AUTHORITY  
COMBINING STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
RESTRICTED FUND BY PROGRAM

Schedule 4  
Sheet 2 of 5

	City of Newark General Obligation Guaranteed Lease Revenue Bonds, Series 1999 (Public Safety 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)	General Obligation Guaranteed Lease Revenue Bonds Series 2002A and 2002 B (County Correctional Facility Project)	General Obligation Guaranteed Lease Revenue Bonds - Series 2003 A and 2003 B (County Correctional Facility Project)	Project Consolidation Revenue Bonds Series 2004 (Refunding Project)
Revenues:						
Development and financial assistance revenues	\$ 144,471					\$ 98,240
Interest	175	\$ 1,243	\$ 3	\$ 10	\$ 7	179
Total revenues	\$ 144,645	\$ 1,243	\$ 3	\$ 10	\$ 7	\$ 98,419
Expenses:						
Services by contract:						
Remarketing fees						
Administrative fees	\$ 2,405					\$ 93,240
Credit fees						
Tender agent fees						
Financial advisor						
Reimbursement						
Professional fees						
Auditing fees	1,000					5,000
Trustee fees						
Legal fees						
Services by contract	3,405					98,240
Interest	141,068					
Interest rebate (expense) income	175	\$ 1,243	\$ 3	\$ 10	\$ 7	179
Total expenses	\$ 144,645	\$ 1,243	\$ 3	\$ 10	\$ 7	\$ 98,419

See notes to financial statement.



**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**COMBINING STATEMENT OF REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**RESTRICTED FUND BY PROGRAM**

Schedule 4  
Sheet 3 of 5

	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)	Project Consolidation Revenue Bonds Series 2007 (Refunding Project)	Bloomfield Recovery Zone Development Bonds REZ 2010
Revenues:							
Development and financial assistance revenues	\$ 15,254	\$ 72,416	\$ 104,715	\$ 924,160	\$ 47,738	\$ 6,570,687	
Interest	86	131	34	2,201	14	18,272	\$ 470
Total revenues	<u>\$ 15,340</u>	<u>\$ 72,547</u>	<u>\$ 104,749</u>	<u>\$ 926,361</u>	<u>\$ 47,751</u>	<u>\$ 6,588,859</u>	<u>\$ 470</u>
Expenses:							
Services by contract							
Remarketing fees							
Administrative fees	\$ 13,254	\$ 1,210	\$ 2,085	\$ 10,910	\$ 1,070	\$ 23,087	
Credit fees							
Tender agent fees							
Financial advisor							
Reimbursement							
Professional fees							
Auditing fees	2,000	5,000	1,000	5,000	1,000	5,000	
Trustee fees							
Legal fees							
Services by contract	15,254	6,210	3,085	15,910	2,070	28,087	
Interest		86,206	101,630	908,250	45,668	6,542,500	
Interest rebate (expense) income	86	131	34	2,201	14	18,272	\$ 470
Total expenses	<u>\$ 15,340</u>	<u>\$ 72,547</u>	<u>\$ 104,749</u>	<u>\$ 926,361</u>	<u>\$ 47,751</u>	<u>\$ 6,588,859</u>	<u>\$ 470</u>

See notes to financial statement

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**COMBINING STATEMENT OF REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**RESTRICTED FUND BY PROGRAM**

Schedule 4  
Sheet 4 of 5

	Fern Senior Housing Project 2010	City of Newark A 2010 Bonds	City of Newark B 2010 Bonds	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)	Park Terrace Grove House Bonds (Apartment Project) Series 2015
Revenues:							
Development and financial assistance revenues	\$ 11,949			\$ 99,815	\$ 229,500	\$ 1,481,270	\$ 490,938
Interest	4,739	\$ 50	\$ 73	30	3,091	685	0
Total revenues	\$ 16,689	\$ 50	\$ 73	\$ 99,845	\$ 232,591	\$ 1,481,955	\$ 490,938
Expenses:							
Services by contract:							
Remarketing fees							
Administrative fees	\$ 10,949			\$ 1,740		\$ 10,270	\$ 26,838
Credit fees							
Tender agent fees							
Financial advisor							
Reimbursement							
Professional fees							
Auditing fees	1,000			500		2,000	8,000
Trustee fees							
Legal fees							
Services by contract	11,949			2,240		12,270	34,838
Interest				97,575	\$ 229,500	1,469,000	456,100
Interest rebate (expense) income	4,739	\$ 50	\$ 73	30	3,091	685	0
Total expenses	\$ 16,689	\$ 50	\$ 73	\$ 99,845	\$ 232,591	\$ 1,481,955	\$ 490,938

See notes to financial statement

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**COMBINING STATEMENT OF REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**RESTRICTED FUND BY PROGRAM**

Schedule 4  
Sheet 5 of 5

	Project Consolidation Revenue Bonds Series 2017 (Refunding Project)	Capital Equipment Pooled Lease Rev. Bonds Series 2019	Governmental Loan Revenue Bond, Series 2019 City of Newark Project	City of Newark Charter School Revenue Bonds 2020-A	City of Newark Charter School Revenue Bonds 2020-B	Total Rev and Exp.
Revenues:						
Development and financial assistance revenues	\$ 793,204	\$ 8,980	\$ 3,030,836	\$ 29,750	\$ 32,750	\$ 14,450,371
Interest	69	19,815	2,380	6		108,180
Total revenues	<u>\$ 793,272</u>	<u>\$ 28,795</u>	<u>\$ 3,033,216</u>	<u>\$ 29,756</u>	<u>\$ 32,750</u>	<u>\$ 14,558,551</u>
Expenses:						
Services by contract:						
Remarketing fees						\$ 12,192
Administrative fees	\$ 36,410	\$ 6,980	\$ 69,465	\$ 29,000	\$ 32,000	370,913
Credit fees						133,185
Tender agent fees						4,500
Financial advisor						24,000
Reimbursement						38,000
Professional fees						5,550
Auditing fees	5,000	2,000	3,750	750	750	56,250
Trustee fees						10,000
Legal fees						5,021
Services by contract	41,410	8,980	73,215	29,750	32,750	659,611
Interest	751,794		2,957,621			13,844,281
Interest rebate (expense) income	69	19,815	2,380	6		54,659
Total expenses	<u>\$ 793,272</u>	<u>\$ 28,795</u>	<u>\$ 3,033,216</u>	<u>\$ 29,756</u>	<u>\$ 32,750</u>	<u>\$ 14,558,551</u>

See notes to financial statement

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**COMBINING UNRESTRICTED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Development and Financial Assistance	Airport	Parking Lot	Sportsplex Garage	Total Unrestricted Fund
Cash Flows from Operating Activities:					
Cash Received from Customers/Affiliations	\$ 1,524,121	\$ 3,901,128	\$ 2,109,248	\$ 284,726	\$ 7,819,223
Cash Paid to Suppliers	(251,214)	(1,721,947)	(871,767)	(1,574,341)	(4,419,269)
Cash Paid for Benefits	(164,990)	(423,400)	(128,935)	(62,199)	(779,524)
Cash Paid to Employees	(385,291)	(592,164)	(244,884)	(87,547)	(1,309,886)
Net Cash Flows from Operating Activities	722,627	1,163,617	863,662	(1,439,361)	1,310,545
Cash Flows from Noncapital Financing Activities:					
Other Operating Receipts/(Expenses)	9	(35,877)	(6,667)		(42,535)
Service Agreements	799,265		(1,185,034)	(8,891)	(394,660)
Litigation Provision	(1,001,989)				(1,001,989)
Net Cash Flows from Noncapital Financing Activities	(202,715)	(35,877)	(1,191,701)	(8,891)	(1,439,184)
Cash Flows from Capital and Related Financing Activities:					
Acquisition of Capital Assets		(3,613,546)			(3,613,546)
Interest Paid		(431,419)	(96,500)		(527,919)
Bonds Paid		(1,110,000)	(615,000)		(1,725,000)
Grants		1,981,285			1,981,285
Finance Lease Repayment			615,000		615,000
Net Cash Flows/(Used in) from Capital and Related Financing Activities		(3,173,680)	(96,500)		(3,270,180)
Cash Flows from Investing Activities:					
Interest Received on Investments	5,591	43,861	2,196		51,648
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ 525,503	\$ (2,002,079)	\$ (422,343)	\$ (1,448,252)	\$ (3,347,171)
Cash and Cash Equivalents at Beginning of Year	7,481,872	12,561,080	1,229,461	1,708,268	22,980,681
Cash and Cash Equivalents at End of Year	\$ 8,007,375	\$ 10,559,001	\$ 807,118	\$ 260,016	\$ 19,633,510

See notes to financial statement

THE ESSEX COUNTY IMPROVEMENT AUTHORITY  
COMBINING UNRESTRICTED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Development and Financial Assistance	Airport	Parking Lot	Sportsplex Garage	Total Unrestricted Fund
Cash flows from operating activities:					
Revenues over/(under) expenses - net	\$ (12,374)	\$ 448,669	\$ 1,167,437	\$ 8,983	\$ 1,612,715
Adjustments to reconcile revenues over/(under) expenses to net cash provided by operating activities:					
Depreciation and amortization	17,067	750,482			767,549
Changes in assets and liabilities:					
(Increase)/decrease in accounts receivable	17,161	(3,568)		1,080	14,673
(Increase)/decrease in other current assets	40,321	(9,294)	1,969	(2,075)	30,921
Decrease/(increase) in inventory		7,289			7,289
Increase/(decrease) in accrued expenses and other current liabilities	6,352	(29,961)	23,420	(1,160,413)	(1,160,602)
Net change in interfund/intrafund receivables and payables	654,100		(329,164)	(286,936)	38,000
Net cash provided/(used in) by operating activities	\$ <u>722,627</u>	\$ <u>1,163,617</u>	\$ <u>863,662</u>	\$ <u>(1,439,361)</u>	\$ <u>1,310,545</u>

See notes to financial statement

**SINGLE AUDIT SECTION**

# SAMUEL KLEIN AND COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners  
Essex County Improvement Authority  
County of Essex, New Jersey

### Report on Compliance for Each Major Federal Program

We have audited the Essex County Improvement Authority ("Authority"), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Authority's major federal programs for the year ended December 31, 2020. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedules of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards, the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether on compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
(CONTINUED)**

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
(CONTINUED)**

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the basic financial statements consisting of the business-type activities of the Authority as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated April 11, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes.

*Joseph J. Faccone*

Joseph J. Faccone  
Registered Municipal Accountant #100

*Samuel Klein & Company LLP*

SAMUEL KLEIN AND COMPANY, LLP

Newark, New Jersey  
April 11, 2022

ESSEX COUNTY IMPROVEMENT AUTHORITY  
COUNTY OF ESSEX, NEW JERSEY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR YEAR ENDED DECEMBER 31, 2020

<u>Federal Grantor/Program Title</u>	<u>Federal Grant #</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Expenditures</u>
U.S. Department of Transportation:					
Rehab R/W 4-22 (Construction)	20.206	2020 to Completion	\$ 2,176,692	\$ 1,896,740	\$ 1,896,740
Rehab Apron B (Design)	20.206	2020 to Completion	148,000	7,300	7,300
CARES ACT Reimbursement	20.206	2020 to Completion	69,000	<u>69,000</u>	<u>69,000</u>
				<u>\$ 1,973,040</u>	<u>\$ 1,973,040</u>

**ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2020**

**1. GENERAL**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Essex County Improvement Authority ("Authority") under programs of the federal for the year ended December 31, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

**2. BASIS OF ACCOUNTING**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in (the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*) and New Jersey OMB Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements are presented on a GAAP basis.

**4. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal financial reports.

**5. FEDERAL LOANS OUTSTANDING**

The Authority had no loans outstanding payable at December 31, 2020.

**6. INDIRECT COSTS**

The Authority has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

**ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**COUNTY OF ESSEX, NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**MAJOR FEDERAL AWARD PROGRAMS**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified dated  
April 11, 2022

Internal control over financial reporting:

1. Material weakness(es) identified?        yes   X   no
2. Significant deficiencies identified that are not  
considered to be material weaknesses?        yes   X   none reported

Noncompliance material to basic financial statements noted?        yes   X   no

**Federal Awards**

Internal control over major programs:

1. Material weakness(es) identified?        yes   X   no
2. Significant deficiencies identified that are not  
considered to be material weaknesses?        yes   X   none reported

Type of auditor's report issued on compliance for major programs: Unmodified dated  
April 11, 2022

Any audit findings disclosed that are required to be reported  
in accordance with Uniform Guidance?        yes   X   no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>20.206</u>	<u>US DOT - Airport Improvements</u>

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 750,000.00

Auditee qualified as low-risk auditee?        Yes       X       No

**ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**COUNTY OF ESSEX, NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(CONTINUED)**

**STATE FINANCIAL ASSISTANCE PROGRAMS – N/A**

**Section I - Summary of Auditor's Results**

**State Financial Assistance – N/A**

Dollar threshold used to distinguish between type A and type B Programs: \_\_\_\_\_

1. Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes \_\_\_\_\_ No

Unmodified, dated

Type of auditor's report issued on compliance for major programs: \_\_\_\_\_

Internal Control over major programs:

1. Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_\_\_ No

2. Significant deficiency(ies) identified that are not considered  
to be material weakness(es): \_\_\_\_\_ Yes \_\_\_\_\_ None reported

Any audit findings disclosed that are required to be reported  
in accordance with NJ OMB Circular Letter 15-08? \_\_\_\_\_ Yes \_\_\_\_\_ No

Identification of major programs:

<u>Identification Number</u>	<u>Name of State Program or Cluster</u>
_____	_____
_____	_____
_____	_____

Dollar threshold used to distinguish between Type A and Type B Programs: \_\_\_\_\_

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes \_\_\_\_\_ No

**ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**COUNTY OF ESSEX, NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(CONTINUED)**

**Section II - Schedule of Financial Statement Findings**

No financial statement findings noted that are required to be reported under *Government Auditing Standards*.

**Section III - Schedule of Federal Awards  
Findings and Questioned Costs**

No federal award findings or questioned costs noted that are required to be reported in accordance with the Uniform Guidance.



**ESSEX COUNTY IMPROVEMENT AUTHORITY**  
**COUNTY OF ESSEX, NEW JERSEY**  
**SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS**  
**YEAR ENDED DECEMBER 31, 2020**

**FOR THE YEAR ENDED DECEMBER 31, 2019:**

Not Applicable.

There was no single audit for the year ended December 31, 2019.

## GENERAL COMMENTS AND RECOMMENDATIONS

**GENERAL COMMENTS**  
**DECEMBER 31, 2020**

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 \$29,000.00, except by contract or agreement during 2020." The Authority appointed a Qualified Purchasing Agent ("QPA") as a result utilized a \$44,000.00 bid threshold.

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:

- Fire Protection System
- Drainage Improvements
- Runway Rehab

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

Purchases and/or Services Used from Co-Ops

- Airport Vehicles & Equipment

Purchases and/or Services from NJ State Contracts

- Service of All Fueling Equipment & Underground Tanks at Airport Fuel Farm
- Airport Vehicle Fuel Purchase & Delivery

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 \$29,000.00, "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.

**GENERAL COMMENTS**  
**DECEMBER 31, 2020 (CONTINUED)**

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

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.

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, 2020 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, 2020. In addition, the annual operating budget for the year ended December 31, 2021 was adopted by the Authority on November 24, 2020.

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

**GENERAL COMMENTS**  
**DECEMBER 31, 2020 (CONTINUED)**

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 31<sup>st</sup> of 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 April 21, 2022.

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, 2020**

None.

A corrective action plan for 2020 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, LLP  
Certified Public Accountants