# THE ESSEX COUNTY IMPROVEMENT AUTHORITY

## COUNTY OF ESSEX, NEW JERSEY

## REPORT OF AUDIT

## YEAR ENDED DECEMBER 31, 2022

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**

**TABLE OF CONTENTS**

**DECEMBER 31, 2022**


| | Exhibit | Page |
|---|---|---|
| Introductory Section | | |
| Letter of Transmittal | | 1-2 |
| Roster of Officials | | 3 |
| Financial Section | | |
| Independent Auditor's Report | | 4-7 |
| 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* | | 8-9 |
| Management's Discussion and Analysis | | 10-23 |
| Financial Statements | | |
| Comparative Statement of Net Position | A | 24-25 |
| Comparative Statement of Revenues, Expenses and Change in Net Position | B | 26 |
| Comparative Statement of Cash Flows | C | 27-28 |
| Notes to Financial Statements | | 29-64 |
| Required Supplementary Information | | |
| Schedule of Proportionate Share of Net Pension Liability | RSI-1 | 65 |
| Schedule of Contributions | RSI-2 | 66 |

# THE ESSEX COUNTY IMPROVEMENT AUTHORITY

## TABLE OF CONTENTS

## DECEMBER 31, 2022 (CONTINUED)


| | Schedule | Page |
|---|---|---|
| Supplementary Information – Unrestricted Fund | | |
| Combining Statement of Net Position - Unrestricted Fund by Activity | 1 | 67-68 |
| Combining Statement of Revenues and Expenses and Change in Net Position - Unrestricted Fund by Activity | 2 | 69-71 |
| Combining Statement of Cash Flows – Unrestricted Fund | 3 | 72-73 |
| Supplementary Information – Restricted Fund | | |
| Combining Statement of Assets and Liabilities - Restricted Fund by Program | 4 | 74-78 |
| Combining Statement of Revenues and Expenses - Restricted Fund by Program | 5 | 79-83 |
| Combining Statement of Cash Flows – Restricted Fund | 6 | 84-88 |
| Notes to Supplementary Information – Restricted Fund | | 89-107 |
| General Comments and Recommendations | | 108-111 |

# INTRODUCTORY SECTION

ECIA
Essex County Improvement Authority

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

July 23, 2024

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, 2022 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 2022 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

Steven C. Rother
Executive Director

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**
**ROSTER OF OFFICIALS**
**YEAR ENDED DECEMBER 31, 2022**

**COUNTY OF ESSEX, NEW JERSEY**

**COUNTY EXECUTIVE**

**Joseph N. DiVincenzo, Jr.**

BOARD OF COMMISSIONERS

| NAME | TITLE |
|---|---|
| Steven H. Klinghoffer | Chairman |
| Ronald J. Brown | Vice-Chairman |
| Carla A. Stanziale [*through December 6, 2022*] | Secretary |
| Gerard M. Spiesbach | Treasurer |
| Anthony Nardone [*effective July 6, 2022*] | 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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# INDEPENDENT AUDITOR'S REPORT

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

## Report on the Financial Statements

### *Opinions*

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, 2022 and 2021, 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.

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, 2022 and December 31, 2021, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements – regulatory basis as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements – regulatory basis, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Western Monmouth Utilities Authority, State of New Jersey's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements – regulatory basis.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Essex County Improvement Authority, State of New Jersey's ability to continue as a going concern for a reasonable period of time.

**INDEPENDENT AUDITOR'S REPORT**
**(CONTINUED)**

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 10 through 23 and Schedule of Proportionate Share of Net Pension Liability and Schedule of Authority's Contributions on pages 65-66 presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

*Supplementary 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 information included in the supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The combining and individual account financial statements, *Unrestricted and Restricted,* 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 account, *Unrestricted and Restricted,* information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**INDEPENDENT AUDITOR'S REPORT**
**(CONTINUED)**

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2024 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Joseph J. Faccone

Joseph J. Faccone
Registered Municipal Accountant #100

Samuel Klein and Company LLP

SAMUEL KLEIN AND COMPANY, LLP

Newark, New Jersey
July 23, 2024

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, 2022, and the related notes to the financial statements, which comprise of the Authority's financial statements, and have issued our report thereon dated July 23, 2024.

## 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.

## 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)

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.

### 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
July 23, 2024

## 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 four (4) basic proprietary fund statements and are adjusted for the long-term pension liability in order to comply with proper financial reporting.

| | Years Ended December 31, 2022 | *Restated* 2021 |
|---|---|---|
| Assets: | | |
| Current Assets | $ 8,786,413 | $ 11,977,405 |
| Restricted Assets | 5,328,224 | 7,169,717 |
| Noncurrent Assets | 28,899,711 | 27,532,961 |
| Total Assets | $ 43,014,348 | $ 46,680,083 |
| Deferred Outflows | $ 2,367,112 | $ 2,249,285 |
| Liabilities: | | |
| Current Liabilities | $ 4,152,597 | $ 4,911,496 |
| Noncurrent Liabilities | 17,850,171 | 18,541,850 |
| Total Liabilities | $ 22,002,768 | $ 23,453,346 |
| Deferred Inflows | $ 4,020,715 | $ 4,533,076 |
| Net Position: | | |
| Invested in Capital Assets | $ 23,983,535 | $ 22,835,136 |
| Restricted | 46,368 | 58,996 |
| Unrestricted (Deficit) | (4,671,926) | (1,951,186) |
| | $ 19,357,977 | $ 20,942,946 |

The net position of the Authority decreased by $1,584,969 during 2022 compared to 2021 mainly due to provisions for litigation settlements.

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, 2022 | *Restated* 2021 |
|---|---|---|
| Total Revenues | $ 8,891,642 | $ 7,682,566 |
| Operating Expenses | 6,787,045 | 5,281,357 |
| Depreciation | 993,758 | 1,004,322 |
| Total Operating Expenses | 7,780,803 | 6,285,679 |
| Operating Income | 1,110,839 | 1,396,887 |
| Nonoperating Revenues/(Expenses) | (2,695,808) | (1,128,156) |
| Change in Net Position - Increase/(Decrease) | (1,584,969) | 268,731 |
| Net Position, Beginning | 20,942,946 | 20,674,215 |
| Net Position, Ending | $ 19,357,977 | $ 20,942,946 |

The Authority's revenue increased by $1,209,076 mainly due to less overall restricted outstanding debt which also drives restricted revenues. *Refer to Notes to Supplementary Information.*

The Authority's operating expenses exclusive of depreciation increased by $1,505,688 in 2022 compared to 2021.

The Authority's overall nonoperating expenses increased by $1,567,652 in 2022 compared to 2021. This increase is attributable to litigation fees and expenses expended by the ECIA in environmental litigation.

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 Legal Counsel oversee work in all departments.

The Development and Finance Assistance's net position of $2,615,101 is comprised of the following:

- Unrestricted funds of $2,615,101.

| | Years Ended December 31, 2022 | 2021 | Increased/ (Decreased) | Percent |
|---|---|---|---|---|
| Assets: | | | | |
| Current Assets | $ 4,795,596 | $ 7,750,759 | $ (2,955,163) | -38.13% |
| Liabilities: | | | | |
| Current Liabilities - Unrestricted | $ 2,180,494 | $ 2,107,396 | $ 73,098 | 3.47% |
| Net Position: | | | | |
| Unrestricted | $ 2,615,101 | $ 5,643,363 | $ (3,028,262) | -53.66% |

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

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

### Development and Finance Assistance - Administration

| | Years Ended December 31, | | Increased/ | |
|---|---|---|---|---|
| | 2022 | 2021 | (Decreased) | Percent |
| Total Revenues | $ 1,237,847 | $ 774,902 | $ 462,945 | 59.74% |
| Operating Expenses: | | | | |
| Salaries and Benefits | 591,906 | 612,777 | (20,871) | -3.41% |
| Other | 319,133 | 225,019 | 94,114 | 41.83% |
| Depreciation | | 11,322 | (11,322) | -100.00% |
| Total Operating Expenses | 911,039 | 849,118 | 61,921 | 7.29% |
| Operating Income/(Loss) | 326,808 | (74,216) | 401,024 | NM |
| Nonoperating Revenues/ (Expenses) | (3,355,069) | (318,489) | (3,036,580) | NM |
| Change in Net Position - (Decreased) | (3,028,262) | (392,705) | (2,635,557) | NM |
| Net Position, Beginning | 5,643,363 | 6,036,068 | (392,705) | -6.51% |
| Net Position, Ending | $ 2,615,101 | $ 5,643,363 | $ (3,028,263) | -53.66% |

Net position, as of December 31, 2022 compared to 2021, decreased mainly due to litigation settlements.

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

### Airport

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

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

| | Years Ended December 31, 2022 | 2021 | Increased/ (Decreased) | Percent |
|---|---|---|---|---|
| Assets: | | | | |
| Current Assets | $ 3,327,798 | $ 3,365,338 | $ (37,540) | -1.12% |
| Restricted Assets | 5,328,224 | 6,499,716 | (1,171,492) | -18.02% |
| Noncurrent Assets | 28,925,944 | 27,561,817 | 1,364,127 | 4.95% |
| Total Assets | $ 37,581,966 | $ 37,426,871 | $ 155,095 | 0.41% |
| Liabilities: | | | | |
| Current Liabilities | | | | |
| Unrestricted | $ 1,309,085 | $ 1,272,792 | $ 36,294 | 2.85% |
| Noncurrent Liabilities | 10,224,265 | 11,167,401 | (943,136) | -8.45% |
| Total Liabilities | $ 11,533,350 | $ 12,440,192 | $ (906,842) | -7.29% |
| Net Position: | | | | |
| Invested in | | | | |
| Capital Assets | $ 23,983,535 | $ 22,835,136 | $ 1,148,399 | 5.03% |
| Restricted | 46,368 | 58,996 | (12,628) | -21.40% |
| Unrestricted | 2,018,713 | 2,092,547 | (73,834) | -3.53% |
| | $ 26,048,617 | $ 24,986,679 | $ 1,061,938 | 4.25% |

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

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

## Airport

| | Years Ended December 31, 2022 | 2021 | Increased/ (Decreased) | Percent |
|---|---|---|---|---|
| Operating Revenue | $ 6,060,976 | $ 4,847,988 | $ 1,212,988 | 25.02% |
| Operating Expenses: | | | | |
| Salaries and Benefits | 1,063,294 | 1,236,621 | (173,327) | -14.02% |
| Other | 3,838,724 | 2,450,504 | 1,388,220 | 56.65% |
| Depreciation and Amortization | 993,758 | 993,000 | 758 | 0.08% |
| Total Operating Expenses | 5,895,776 | 4,680,125 | 1,215,651 | 25.97% |
| Operating Income | 165,200 | 167,863 | (2,663) | -1.59% |
| Nonoperating Revenues | 896,738 | 104,863 | 791,875 | NM |
| Change in Net Position - Increased | 1,061,938 | 272,727 | 789,212 | NM |
| Net Position, Beginning | 24,986,679 | 24,713,952 | 272,727 | 1.10% |
| Net Position, Ending | $ 26,048,617 | $ 24,986,679 | $ 1,061,938 | 4.25% |

Net position, as of December 31, 2022, increased mainly due to greater fuel sales and construction grant contributions.

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

## Parking

The Authority operates parking facilities located in Newark, New Jersey. These facilities are located at the Essex County Complex including the Hall of Records; the Old Courthouse, the LeRoy Smith Building; the Veteran's Courthouse and the Martin Luther King, Jr. Justice Center. The parking facilities include two parking decks and two surface parking lots. The parking facilities services various county employees; members of the public and jurors.

There are approximately nine (9) Authority employees who work at the parking facilities. Their main task is to assist the parkers and collect daily parking fees.

| | Years Ended December 31, 2022 | 2021 | Increased/ (Decreased) | Percent |
|---|---|---|---|---|
| Assets: | | | | |
| Current Assets | $ 585,025 | $ 686,808 | $ (101,783) | -14.82% |
| Restricted Assets | | 670,000 | (670,000) | -100.00% |
| Total Assets | $ 585,025 | $ 1,356,808 | $ (771,783) | -56.88% |
| Liabilities: | | | | |
| Current Liabilities | $ 585,025 | $ 1,356,808 | $ (771,783) | -56.88% |
| Total Liabilities | $ 585,025 | $ 1,356,808 | $ (771,783) | -56.88% |

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 Service Agreement between the County of Essex and the Authority.

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

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

### Parking

| | Years Ended December 31, 2022 | Years Ended December 31, 2021 | Increased/ (Decreased) | Percent |
|---|---|---|---|---|
| Operating Revenue | $ 1,462,294 | $ 1,940,646 | $ (478,352) | -24.65% |
| Operating Expenses: | | | | |
| Salaries and Benefits | 547,803 | 463,120 | 84,683 | 18.29% |
| Other | 641,675 | 511,545 | 130,130 | 25.44% |
| Total Operating Expenses | 1,189,478 | 974,665 | 214,813 | 22.04% |
| Operating Income | 272,816 | 965,981 | (693,165) | -71.76% |
| Nonoperating Revenues/ (Expenses) | $ (272,816) | $ (965,981) | $ 693,165 | -71.76% |

The Nonoperating Revenue/(Expenses) includes the distribution in accordance with the service contract of operating income to the County and the Authority.

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

### Parking – 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.

There are two (2) Authority employees who work at the Parking Garage. Their main task is to assist the parkers and maintain the grounds.

| | Years Ended December 31, | | Increased/ | |
|---|---|---|---|---|
| | 2022 | 2021 | (Decreased) | Percent |
| Assets: | | | | |
| Current Assets | $ 189,858 | $ 224,858 | $ (35,000) | -15.57% |
| Total Assets | $ 189,858 | $ 224,858 | $ (35,000) | -15.57% |
| Liabilities: | | | | |
| Current Liabilities - Unrestricted | $ 189,858 | $ 224,858 | $ (35,000) | -15.57% |
| Total Liabilities | $ 189,858 | $ 224,858 | $ (35,000) | -15.57% |

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*

## Parking – Sportsplex Garage

| | Years Ended December 31, 2022 | 2021 | Increased/ (Decreased) | Percent |
|---|---|---|---|---|
| Operating Revenue | $ 130,525 | $ 119,030 | $ 11,495 | 9.66% |
| Operating Expenses: | | | | |
| Salaries and Benefits | 114,223 | 119,011 | (4,788) | -4.02% |
| Other | 51,642 | 51,471 | 171 | 0.33% |
| Total Operating Expenses | 165,865 | 170,482 | (4,617) | -2.71% |
| Operating Income/(Loss) | (35,340) | (51,452) | 16,112 | -31.31% |
| Nonoperating Revenues/ (Expenses) | $ 35,340 | $ 51,452 | $ (16,112) | -31.31% |

There is no Net Position, as of December 31, 2022 since the excess funds are allocated to the County of Essex and the Authority.

CAPITAL ASSETS, NET

As of December 31, 2022, the Authority had $28,899,711 invested in land, buildings, furniture, equipment and vehicles. Details are as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Land | $ 9,085,551 | $ 9,085,551 |
| Construction in Progress: | | |
| Airport | 2,165,008 | 250,288 |
| Total Capital Assets Not being Depreciated | 11,250,559 | 9,335,839 |
| Airport Improvements | 37,247,519 | 37,027,975 |
| Buildings | 16,742,878 | 16,659,300 |
| Equipment and Vehicles | 1,781,951 | 1,536,149 |
| Furniture and Fixtures | 89,081 | 89,081 |
| | 55,861,428 | 55,312,505 |
| Total Accumulated Depreciation | (38,212,276) | (37,115,383) |
| Total Capital Assets being Depreciated - Net of Accumulated Depreciation | 17,649,152 | 18,197,122 |
| Capital Assets, Net | $ 28,899,711 | $ 27,532,961 |

AUTHORITY DEBT UNRESTRICTED FUNDS

As of December 31, 2022 the Authority had $9,915,000 of bonded indebtedness attributed as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Airport Bonds | $ 9,915,000 | $ 10,725,000 |
| Parking Bonds | | 670,000 |
| | $ 9,915,000 | $ 11,395,000 |

RESTRICTED FUNDS

The Restricted Fund of the Authority provides the accounting and custodianship for the various participants based financings that the Authority has issued as a *conduit issuer.* 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, 2022 | December 31, 2021 |
|---|---|---|
| Current Assets | $ 57,178,382 | $ 67,624,744 |
| Restricted Assets | 425,396,733 | 564,271,047 |
| | $ 482,575,115 | $ 631,895,791 |
| Current Liabilities | $ 78,390,437 | $ 172,281,021 |
| Noncurrent Liabilities | 404,184,678 | 459,614,770 |
| | $ 482,575,115 | $ 631,895,791 |
| Revenues: | | |
| Development and Financial Assistance | $ 16,049,622 | $ 12,876,824 |
| Interest | 536,297 | 168,694 |
| | $ 16,585,919 | $ 13,045,518 |
| Expenses | | |
| Services by Contract | $ 683,067 | $ 760,383 |
| Interest and Related Charges | 15,902,852 | 12,285,135 |
| | $ 16,585,919 | $ 13,045,518 |

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. *Refer to Notes to Supplementary Information.*

FINANCIAL CONTACT

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

Steven C. Rother

Steven C. Rother
Executive Director

# FINANCIAL STATEMENTS

Exhibit A
Sheet 1 of 2

# THE ESSEX COUNTY IMPROVEMENT AUTHORITY
## COMPARATIVE STATEMENT OF NET POSITION
## DECEMBER 31, 2022 AND 2021

| | 2022 Unrestricted Fund | *Restated* 2021 Unrestricted Fund |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 8,648,785 | $ 11,762,179 |
| Inventory | 77,151 | 160,411 |
| Accounts receivable | 14,930 | 15,334 |
| Other current assets | 45,547 | 39,481 |
| Total current assets | 8,786,413 | 11,977,405 |
| Restricted assets: | | |
| Cash and cash equivalents | 5,328,224 | 6,499,716 |
| Bonds receivable | | 670,000 |
| Total restricted assets | 5,328,224 | 7,169,717 |
| Noncurrent assets: | | |
| Capital assets, net | 28,899,711 | 27,532,961 |
| Total noncurrent assets | 28,899,711 | 27,532,961 |
| Total assets | $ 43,014,348 | $ 46,680,083 |
| **DEFERRED OUTFLOW OF RESOURCES** | | |
| Pension obligation | $ 286,196 | $ 330,424 |
| OPEB obligation | 2,054,684 | 1,890,006 |
| Loss on defeasance | 26,232 | 28,855 |
| Total deferred outflow of resources | $ 2,367,112 | $ 2,249,285 |

See notes to financial statements

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**
**COMPARATIVE STATEMENT OF NET POSITION**
**DECEMBER 31, 2022 AND 2021**

| | 2022 Unrestricted Fund | *Restated* 2021 Unrestricted Fund |
|---|---|---|
| **LIABILITIES** | | |
| Current liabilities: | | |
| Current portion of bonds payable | $ 840,000 | $ 1,480,000 |
| Accrued expenses and other current liabilities | 3,312,597 | 3,431,496 |
| Total current liabilities | 4,152,597 | 4,911,496 |
| Noncurrent Liabilities: | | |
| Bonds payable, net of current portion | 9,075,000 | 9,915,000 |
| Premium on sale of bonds | 1,149,265 | 1,252,401 |
| Net pension obligation | 2,610,326 | 2,087,913 |
| Net OPEB obligation | 5,015,580 | 5,286,536 |
| Total noncurrent liabilities | 17,850,171 | 18,541,850 |
| Total Liabilities | $ 22,002,768 | $ 23,453,346 |
| **DEFERRED INFLOW OF RESOURCES** | | |
| Pension obligation | $ 458,396 | $ 1,310,637 |
| OPEB obligation | 3,562,319 | 3,222,439 |
| Total deferred inflow of resources | $ 4,020,715 | $ 4,533,076 |
| **NET POSITION** | | |
| Invested in capital assets | $ 23,983,535 | $ 22,835,136 |
| Restricted | 46,368 | 58,996 |
| Unrestricted (Deficit) | (4,671,926) | (1,951,186) |
| Net Position | $ 19,357,977 | $ 20,942,946 |

See notes to financial statements

Exhibit B

# THE ESSEX COUNTY IMPROVEMENT AUTHORITY
## COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
## FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

| | 2022 Unrestricted Fund | *Restated* 2021 Unrestricted Fund |
|---|---|---|
| Revenues: | | |
| Airport | $ 6,060,976 | $ 4,847,988 |
| Development and financial assistance | 436,679 | 655,287 |
| Parking | 2,263,462 | 2,060,261 |
| Sportsplex Parking | 130,525 | 119,030 |
| Total revenues | $ 8,891,642 | $ 7,682,566 |
| Expenses: | | |
| Salaries | $ 1,492,466 | $ 1,445,888 |
| Fringe benefits | 443,405 | 596,932 |
| Services by contract | 4,851,174 | 3,238,537 |
| Depreciation | 993,758 | 1,004,322 |
| Total expenses | $ 7,780,803 | $ 6,285,679 |
| Operating Income | $ 1,110,839 | $ 1,396,887 |
| Nonoperating Revenues/(Expenses) | | |
| Interest Income | $ 119,853 | $ 5,602 |
| Grant Contributions | 1,228,528 | 575,618 |
| Interest Expense | (453,298) | (511,809) |
| Amounts due under Service Agreements | (251,228) | (259,254) |
| Provision for Settlement of Litigation | (3,468,253) | (996,122) |
| Sportsplex Excess - Refunded | 28,272 | 41,161 |
| Miscellaneous | 100,318 | 16,648 |
| Total Nonoperating Revenues/(Expenses) | $ (2,695,808) | $ (1,128,156) |
| Change in Net Position - Increase/(Decrease) | (1,584,969) | 268,731 |
| Net Position, Beginning | 20,942,946 | 20,674,215 |
| Net Position, Ending | $ 19,357,977 | $ 20,942,946 |

See notes to financial statements.

Exhibit C
Sheet 1 of 2

# THE ESSEX COUNTY IMPROVEMENT AUTHORITY
## COMPARATIVE STATEMENT OF CASH FLOWS
## FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

| | 2022 Unrestricted Fund | 2021 Unrestricted Fund |
|---|---|---|
| Cash Flows from Operating Activities: | | |
| Cash Received from Customers | $ 8,819,831 | $ 7,698,315 |
| Cash Paid to Suppliers | (4,835,625) | (3,536,351) |
| Cash Paid to Employees Benefits | (809,799) | (787,295) |
| Cash Paid to Employees | (1,492,466) | (1,445,887) |
| Net Cash Flows from Operating Activities | $ 1,681,941 | $ 1,928,781 |
| Cash Flows from Noncapital Financing Activities: | | |
| Other Operating Receipts/(Expenditures) | $ 98,652 | $ (32,490) |
| Service Agreements | (241,014) | (199,740) |
| Litigation Provision | (3,468,253) | (996,122) |
| Net Cash Flows from Noncapital Financing Activities | $ (3,610,615) | $ (1,228,352) |
| Cash Flows from Capital and Related Financing Activities: | | |
| Received/(Disbursed): | | |
| Acquisition of Capital Assets | $ (2,463,644) | $ (1,069,164) |
| Interest Paid | (464,450) | (529,100) |
| Bonds Paid | (1,480,000) | (1,725,000) |
| Grants | 1,228,528 | 575,618 |
| Finance Lease Repayment | 703,500 | 645,000 |
| Interfund | | 25,000 |
| Net Cash Flows/(Used in) from Capital and Related Financing Activities | $ (2,476,066) | $ (2,077,646) |
| Cash Flows from Investing Activities: | | |
| Interest Received on Investments | $ 119,854 | $ 5,602 |
| Net Increase/(Decrease) in Cash and Cash Equivalents | $ (4,284,886) | $ (1,371,615) |
| Cash and Cash Equivalents at Beginning of Year | 18,261,895 | 19,633,510 |
| Cash and Cash Equivalents at End of Year | $ 13,977,009 | $ 18,261,895 |

See notes to financial statements.

## THE ESSEX COUNTY IMPROVEMENT AUTHORITY
## COMPARATIVE STATEMENT OF CASH FLOWS
## FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

| | 2022 Unrestricted Fund | 2021 Unrestricted Fund |
|---|---|---|
| Cash flows from operating activities: | | |
| Revenues over/(under) expenses - net | $ 1,110,839 | $ 1,396,887 |
| Non-cash portion of change in net pension liability and OPEB and related deferrals | (381,355) | (362,162) |
| Adjustments to reconcile revenues over/(under) expenses to net cash provided by operating activities: | | |
| Depreciation and amortization | 993,758 | 1,004,322 |
| Changes in assets and liabilities: | | |
| Decrease/(increase) in accounts receivable | 404 | 7,348 |
| (Increase)/decrease in other current assets | (6,066) | 6,319 |
| Decrease/(increase) in inventory | 83,260 | (81,780) |
| (Increase)/decrease in interfund receivable/payable | | 25,000 |
| Increase/(decrease) in accrued expenses and other liabilities | (118,899) | (67,153) |
| Net cash provided/(used in) by operating activities | $ 1,681,941 | $ 1,928,781 |

See notes to financial statements.

# NOTES TO FINANCIAL STATEMENTS

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**
**NOTES TO FINANCIAL STATEMENTS**
**DECEMBER 31, 2022**

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

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 facilities are located at the Essex County Complex including the Hall of Records; the Old Courthouse, the LeRoy Smith Building; the Veteran's Courthouse and the Martin Luther King, Jr. Justice Center. The parking facilities include two parking decks and two surface parking lots. The parking facilities services various county employees; members of the public and jurors.

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

Note 1. OPERATIONS (CONTINUED)

3) The ECIA provides financing to local governmental and non-governmental units within the County and in certain instances, outside the County.

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 5). 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 conduit debt financing programs for the county, local government units and other qualified participants where the Authority serves as conduit issuer, which are maintained in accordance with each applicable bond resolution and meet the definition of conduit debt obligation. Refer to *supplementary information* on schedules 4-6 and Notes to Supplementary Information ("NSI").

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

B. Use of Estimates

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

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Unrestricted – Cash, Cash Equivalents and Investments

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

D. Restricted – Cash, Cash Equivalents and Investments

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

E. Inventory

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

F. Premises and Equipment

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

G. Grants For Capital Expenditures

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

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Deferred Outflows/Inflows of Resources

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

I. Refundings of Debt – Unrestricted Funds

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

J. Net Position

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

K. Accounting and Financial Reporting for Pensions

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

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Accounting and Financial Reporting for Pensions (Continued)

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

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

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

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

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

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Other Accounting Standards

- *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). 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 Station.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Other Accounting Standards (Continued)

- *GASB Statement 99. Omnibus 2022.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

  - Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.
  - Clarification of provisions in Statement No. 87, Leases.
  - Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.*
  - Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*
  - *Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for.*
  - Accounting for the distribution benefits (SNAP)
  - Disclosures related to nonmonetary transactions.
  - Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position.
  - Terminology used in Statement 53 to refer to resource flows statements.

  Effective Date: The requirements of this Statement that are effective as follows:

  - The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Other Accounting Standards (Continued)

- *GASB Statement 99. Effective Date: (Continued)*
  - The requirements related to leases, PPPSs, and SBITAs are effective for fiscal years beginning after June 15, 2022 and all reporting periods thereafter.
  - The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023 and all reporting periods thereafter.

- *GASB Statement 100. Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.
  This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes.

  Effective Date: The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 and all reporting periods thereafter. Earlier application is encouraged.

- *GASB Statement 101.* Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

  Effective Date: The requirements of this Statement are effective for fiscal years beginning after December 15, 2023 and all reporting periods thereafter. Earlier application is encouraged.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Other Accounting Standards (Continued)

- *GASB Statement No. 102. Certain Risk Disclosures.* State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

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

- *GASB Statement No. 103. Financial Reporting Model Improvements.* The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues – Management's Discussion and Analysis, Unusual or Infrequent Items, Presentation of the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position, Major Component Unit Information, and Budgetary Comparison Information.

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

N. Subsequent Events – Management has reviewed and evaluated all events and transactions from December 31, 2022 through July 23, 2024, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Authority that would require disclosure.

Note 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

New Jersey statutes and the Authority's Bond Resolution permit the deposit of public funds in institutions located in New Jersey that are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund (SAIF), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund. At December 31, 2022, all deposits of the Unrestricted Fund of the Authority with a maturity of three months or less from the date of purchase were deemed cash and cash equivalents for the purposes of the Statement of Cash Flows.

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

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

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

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

B. Investments

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

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.

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

B. Investments (Continued)

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

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

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

- New Jersey State Cash Management Fund.

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

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

At December 31, 2022, the Authority's total cash, cash equivalents and investments on deposit are as follows:

| | | |
|---|---|---|
| Unrestricted | $ | 8,758,894 |
| Restricted | | 5,328,224 |
| | $ | 14,087,118 |

Note 4. CAPITAL ASSETS, NET

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

Unrestricted Fund

| | Balance December 31, 2021 | Additions | Balance December 31, 2022 |
|---|---|---|---|
| Land | $ 9,085,551 | | $ 9,085,551 |
| Construction in Progress: | | | |
| Airport | 250,288 | $ 1,914,721 | 2,165,008 |
| Total Capital Assets Not being Depreciated | 9,335,839 | 1,914,721 | 11,250,559 |
| Airport Improvements | 37,027,975 | 219,544 | 37,247,519 |
| Buildings | 16,659,300 | 83,578 | 16,742,878 |
| Equipment and Vehicles | 1,536,149 | 245,802 | 1,781,951 |
| Furniture and Fixtures | 89,081 | | 89,081 |
| Total | 55,312,505 | 548,923 | 55,861,428 |
| Total Accumulated Depreciation | (37,115,383) | (1,096,894) | (38,212,276) |
| Total Capital Assets being Depreciated - Net of Accumulated Depreciation | 18,197,122 | (547,971) | 17,649,152 |
| Capital Assets, Net | $ 27,532,961 | $ 1,366,750 | $ 28,899,711 |

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

Depreciation expense for the years 2022 and 2021 were $1,096,894 and $1,107,459, respectively.

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

Note 5. BONDS PAYABLE – UNRESTRICTED FUND

| | 2022 |
|---|---|
| Airport: | |
| $12,335,000 County of Essex Airport Revenue and Refunding Bonds Series 2019 (a) | $ 9,915,000 |
| Less: Current Portion | 840,000 |
| Noncurrent Portion | $ 9,075,000 |

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 $650,000 to $990,000 through 2034 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.

Airport Bonds – Pledge

The Airport Revenue Bond Series 2019 is payable from and is 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.

## Note 5. BONDS PAYABLE – UNRESTRICTED FUND (CONTINUED)

### Airport Bonds – County Guarantee

The payment of the principal of and interest on the Airport Revenue Bonds Series 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.

### Analysis of Bonds Paid

| | Original Issued Amount | 2022 Activity: Balance December 31, 2021 | 2022 Activity: Paid During Year | 2022 Activity: Balance December 31, 2022 | Cumulative Amount Paid |
|---|---|---|---|---|---|
| Airport: | | | | | |
| County of Essex Airport Revenue & Refunding Bonds Series 2019 (*) | $ 12,335,000 | $ 10,725,000 | $ 810,000 | $ 9,915,000 | $ 2,420,000 |

* 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.

### 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 loss at December 31, 2022 are as follows:

| | Unamortized Loss on Refunding | | | | |
|---|---|---|---|---|---|
| | Loss | Net Book Value Dec 31, 2021 | Amortization 2022 | Accumulated Amortization | Net Book Value Dec 31, 2022 |
| Airport 2019 | $ 34,102 | $ 28,855 | $ 2,623 | $ 7,897 | $ 26,232 |

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

The debt service obligations from the Authority's unrestricted fund for 2022 have been satisfied. The details are as follows:

## Note 5. BONDS PAYABLE – UNRESTRICTED FUND (CONTINUED)

### Debt Service Obligation

All debt service obligations due during the year 2022 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, 2022 are as follows:

| | Airport | | |
|---|---|---|---|
| | Principal | Interest | Total |
| Next five (5) years: | | | |
| 2023 | $ 840,000 | $ 398,550 | $ 1,238,550 |
| 2024 | 880,000 | 364,950 | 1,244,950 |
| 2025 | 720,000 | 320,950 | 1,040,950 |
| 2026 | 760,000 | 284,950 | 1,044,950 |
| 2027 | 800,000 | 246,950 | 1,046,950 |
| | 4,000,000 | 1,616,350 | 5,616,350 |
| Every five (5) years thereafter: | | | |
| 2028 | 840,000 | 206,950 | 1,046,950 |
| 2029 | 875,000 | 164,950 | 1,039,950 |
| 2030 | 925,000 | 121,200 | 1,046,200 |
| 2031 | 970,000 | 74,950 | 1,044,950 |
| 2032 | 990,000 | 54,337 | 1,044,337 |
| | 4,600,000 | 622,387 | 5,222,387 |
| 2033 | 650,000 | 32,063 | 682,063 |
| 2034 | 665,000 | 16,625 | 681,625 |
| | 1,315,000 | 48,688 | 1,363,688 |
| | $ 9,915,000 | $ 2,287,425 | $ 12,202,425 |

Note – Presented on a *cash basis.*

Note 6. 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 |

Note 6. 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 2022 were seven and 50/100th percent (7.50%) of the employee's base wages.

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

Note 6. 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 Contribution Normal | Authority Share Contribution Accrued | Authority Share NCGI | Authority Share Net Cost | Employee Contribution |
|---|---|---|---|---|---|
| 2022 | $ 33,222 | $ 175,454 | $ 9,445 | $ 218,121 | $ 103,050 |
| 2021 | 24,993 | 171,899 | 9,514 | 206,406 | 97,661 |
| 2020 | 21,647 | 158,800 | 9,165 | 189,612 | 96,788 |

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, 2022 and June 30, 2021 Independent Auditor's Report dated May 18, 2023 and July 21, 2022, respectively.

The Authority reported a liability of $2,610,326 and $2,087,913 for its proportionate share of the net pension liability at December 31, 2022 and December 31, 2021, respectively. The net pension liability was measured as of June 30, 2022 and June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2021 and July 1, 2020, which were rolled forward. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

| | [*Measurement Date*] June 30, 2022 | [*Measurement Date*] June 30, 2021 |
|---|---|---|
| Local Group Share | $ 15,219,184,920 | $ 11,972,782,878 |
| Authority Proportionate Percentage | 0.0172968036 % | 0.0176247238 % |
| Difference - Increase | (0.0003279202) | |

Note 6. PENSION PLAN – PERS (CONTINUED)

Funding Policy (Continued)

For the year ended December 31, 2022 the Authority recognized pension benefit of $285,600. At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Changes of assumptions | $ 8,088 | $ 390,869 |
| Net difference between expected and actual experience | 18,840 | 16,614 |
| Net difference between projected and actual investment earnings on pension plan investment | 108,039 | |
| Changes in proportion | 151,229 | 50,913 |
| Total | $ 286,196 | $ 458,396 |

The $218,121 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, 2022, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability in the Authority year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense based on local share are as follows:

| Year Ended December 31, | Amount |
|---|---|
| 2023 | $ (222,031) |
| 2024 | (113,117) |
| 2025 | (55,165) |
| 2026 | 120,349 |
| 2027 | (264) |

Note 6. PENSION PLAN – PERS (CONTINUED)

Additional Information:

Collective local employers balances are as follows:

| | June 30, 2022 | June 30, 2021 |
|---|---|---|
| Collective deferred outflows of resources | $ 1,660,772,008 | $ 1,164,738,169 |
| Collective deferred inflows of resources | 3,236,303,935 | 8,339,123,762 |
| Collective net pension liability | 15,219,184,920 | 11,972,782,878 |
| Collective pension expense/(benefit) | (1,032,778,934) | (1,599,674,464) |
| Authority's proportionate share | 0.0172968036 % | 0.0176247238 % |

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which rolled forward to June 30, 2022. This actuarial valuation used the following assumptions:

| | |
|---|---|
| Inflation rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | 2.75 – 6.55% (based on years of service) |
| Investment Rate of Return | 7.00% |

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 6. 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, 2022 are summarized in the following table:

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|---|---|---|
| US Equity | 27.00 % | 8.12 % |
| Non-U.S. Developed Markets Equity | 13.50 | 8.38 |
| Emerging Market Equities | 5.50 | 10.33 |
| Private Equity | 13.00 | 11.80 |
| Real Estate | 8.00 | 11.19 |
| Real Assets | 3.00 | 7.60 |
| High Yield | 4.00 | 4.95 |
| Private Credit | 8.00 | 8.10 |
| Investment Grade Credit | 7.00 | 3.38 |
| Cash Equivalents | 4.00 | 1.75 |
| US Treasurers | 4.00 | 1.75 |
| Risk Mitigation Strategies | 3.00 | 4.91 |
| | 100.00 % | |

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 100% 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.

Note 6. 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, 2022 [June 30, 2022 *Measurement Date*] | | |
|---|---|---|---|
| | 1% Decrease 6.00% | At Current Discount Rate 7.00% | 1% Increase 8.00% |
| Authority's proportionate share of the Local Group pension liability | $ 3,353,504 | $ 2,610,326 | $ 1,977,851 |

| | December 31, 2021 [June 30, 2021 *Measurement Date*] | | |
|---|---|---|---|
| | 1% Decrease 6.00% | At Current Discount Rate 7.00% | 1% Increase 8.00% |
| Authority's proportionate share of the Local Group pension liability | $ 2,843,314 | $ 2,087,913 | $ 1,446,848 |

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 or by visiting their website at http://www.state.nj.us/treasury/pensions/financial-reports.shtml.

Note 7. 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:

| Year | Number of Employees | Employer's Cost |
|---|---|---|
| 2022 | 3 | $ 21,872 |
| 2021 | 2 | 13,037 |
| 2020 | 2 | 11,863 |

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

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

Note 7. 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 Government Retired Employees Plan as of June 30, 2022 and June 30, 2021 Independent Auditor's report dated July 31, 2023 and December 5, 2022, respectively.

The NJSHBP as of July 1, 2021 had statewide for the local employee groups of 65,360 active and 33,684 retired for a total of 99,044 members. The Authority at December 31, 2021 had 25 active and 2 retired employees for a total participation of 27.

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.

Note 7. 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, 2021 through June 30, 2022. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Note 7. 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, 2022 [June 30, 2022 *Measurement Date*] 2022 | 2021 |
|---|---|
| $ 5,015,580 | $ 5,286,536 |

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

| December 31, 2022 [June 30, 2022 *Measurement Date*] 2022 | 2021 |
|---|---|
| 0.031057 % | 0.029370 % |

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

| | **PERS** |
|---|---|
| Salary increases for all future years | 2.75%-6.55% (based on years of service) |

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-2021.

Note 7. 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, 2022 and June 30, 2021 was 3.54% and 2.16%, respectively. 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, 2022 and June 30, 2021, 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, 2022 [June 30, 2022 *Measurement Date*] | | |
|---|---|---|
| At 1% Decrease (2.54%) | At Discount Rate (3.54%) | At 1% Increase (4.54%) |
| $ 5,814,067 | $ 5,015,580 | $ 4,373,123 |

| December 31, 2021 [June 30, 2021 *Measurement Date*] | | |
|---|---|---|
| At 1% Decrease (1.16%) | At Discount Rate (2.16%) | At 1% Increase (3.16%) |
| $ 6,221,239 | $ 5,286,536 | $ 4,545,764 |

Note 7. 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, 2022 and June 30, 2021, 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, 2022 [June 30, 2022 *Measurement Date*] | | |
|---|---|---|
| 1% Decrease | Healthcare Cost Trend Rate | 1% Increase |
| $ 4,254,868 | $ 5,015,580 | $ 5,989,838 |

| December 31, 2021 [June 30, 2021 *Measurement Date*] | | |
|---|---|---|
| 1% Decrease | Healthcare Cost Trend Rate | 1% Increase |
| $ 4,410,751 | $ 5,286,536 | $ 6,429,326 |

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

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

For the year ended December 31, 2022, the Authority recognized an OPEB benefit of $95,754 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 December 31, 2022 under GASB No. 75 prior to any reduction due to the Fiscal Year 2023 amortizations.

Note 7. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

| | Deferred Outflows | Deferred Inflows |
|---|---|---|
| Net Difference between Projected and Actual Earnings on OPEB Plan Investments | $ 1,320 | |
| Difference between Expected and Actual Experience | 259,010 | $ 929,675 |
| Changes of Assumptions | 669,350 | 1,711,721 |
| Changes in Proportion | 1,125,004 | 920,923 |
| Sub-total | $ 2,054,684 | $ 3,562,319 |

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

| Measurement Period Ending June 30, | |
|---|---|
| 2023 | $ (454,482) |
| 2024 | (454,883) |
| 2025 | (359,215) |
| 2026 | (160,427) |
| 2027 | (35,967) |
| Thereafter | (246,741) |

Pension Plan Fiduciary Net Position

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

Additional Information

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

| | June 30, [*Measurement Date*] 2022 | 2021 |
|---|---|---|
| Deferred outflows of resources | $ 7,897,070,518 | $ 8,536,291,345 |
| Deferred inflows of resources | 13,408,600,309 | 12,481,961,743 |
| Net OPEB liability | 16,149,595,478 | 17,999,781,235 |
| Total OPEB expense/(benefit) | 150,955,720 | 197,015,566 |
| Authority's proportionate share | 0.031057 % | 0.029370 % |

Note 7. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Additional Information (Continued)

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

| | [Measurement Date] | |
|---|---|---|
| | 2022 | 2021 |
| | Total OPEB Liability | |
| Balance as of June 30, | $ 18,050,052,887 | $ 18,111,475,228 |
| Changes Recognized for the Fiscal Year: | | |
| Service Cost | $ 796,654,029 | $ 846,075,674 |
| Interest Cost | 401,372,615 | 413,837,061 |
| Changes of Assumptions | (3,599,550,175) | 339,165,715 |
| Change of Benefit Terms | 402,474,416 | 2,029,119 |
| Difference between Expected and Actual Expenses | 572,046,963 | (1,196,197,410) |
| Gross Benefit Payments | (585,291,951) | (509,642,373) |
| Contributions from the Member | 53,166,360 | 43,309,873 |
| Net Changes | $ (1,959,127,743) | $ (61,422,341) |
| Balance as of June 30 | $ 16,090,925,144 | $ 18,050,052,887 |

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.54% in 2022. The component of the Net OPEB Liability Local Retirement Group (Statewide) is as follows:

| | *[Measurement Date]* | |
|---|---|---|
| | June 30, 2022 | June 30, 2021 |
| Total OPEB Liability | $ 16,090,925,144 | $ 18,050,052,887 |
| Plan Fiduciary Net Position | (58,670,334) | 50,271,652 |
| Net OPEB Liability | $ 16,149,595,478 | $ 17,999,781,235 |
| Net Position as a Percentage of OPEB Liability | -36.00% | 28.00% |
| Special Funding Situation | $ 3,373,809,587 | $ 3,861,357,890 |
| Non-special Funding Situation | 12,775,785,891 | 14,138,423,345 |
| | $ 16,149,595,478 | $ 17,999,781,235 |

Note 8. 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 2022 there was one FBO with the contractual right to sell fuel. Because of the fuel sale component, the FBO revenues from this source to the Authority are usually higher than others. However, the contract is not exclusive and the Authority retains the right to offering fueling services on its own or through others.

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

Note 9. 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

In order to develop and construct the Essex County Correctional Facility, the ECIA acquired certain property located on Doremus Avenue, Newark, New Jersey ("Site") from Celanese Ltd. in 1988. The parties' Agreement of Sale for the Site, a former Celanese chemicals distribution facility, contained broadly worded environmental indemnity, defense and hold harmless obligations. Following subsequent litigation between the parties over the enforceability of these contractual obligations, the ECIA was court-ordered to contractually indemnify Celanese, Ltd. and its successor/affiliate CNA Holdings LLC. (collectively "Celanese/CNA") 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, which includes the Lower Passaic River ("LPR"). As the former owner and operator of the Site, Celanese is alleged to have released hazardous substances into the LPRSA during its period of ownership and operations.

Note 9. COMMITMENTS AND CONTINGENCIES

A. Litigation (Continued)

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

The Environmental Protection Agency ("EPA") had issued General Notice Letters ("GNLs") to over 100 entities, including Celanese/CNA, alleging that they are potentially responsible parties ("PRPs") at the Diamond Alkali Superfund Site, which includes a 17 mile stretch of the Lower Passaic River and its tributaries. As the contractual indemnitor for Celanese/CNA's alleged environmental liabilities related to the former Site, ECIA joined the LPRSA Cooperating Parties Group's ("CPG"), which has collectively funded and implemented several prior EPA Administrative Orders on Consent ("ACOs").

ECIA continues to actively manage and mitigate its contractual exposure related to Celanese/CNA's alleged environmental liability relating to the Site. As a member of the CPG on behalf of Celanese/CNA, ECIA has funded the Celanese/CNA's Site's interim allocated share of financial responsibility to the CPG as well as additional PRP groups formed to defend their collective interests.

On March 3, 2016, EPA issued its Record of Decision ("Lower 8 Mile ROD") detailing remediation obligations for the lower 8.3 miles of the LPR. 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 ("OU2") of the Diamond Alkali Superfund Site).

This Lower 8 Mile ROD represents one of three remaining remedial actions for the LPRSA. A proposed third operable unit ("OU3") will address alleged contamination of the Newark Bay Study Area. As detailed below, the fourth operable unit ("OU4") will address contaminated sediments in the upper 9 miles of the LPR along with a river-wide remedy for the surface water in the full 17 miles of the LPRSA. PRPs including Celanese/CNA may have additional responsibility for alleged contamination in additional operable units. Additionally, the Federal Natural Resource Trustees ("Trustees") retain independent Natural Resource Damages ("NRD") claims which they intend to prosecute against LPRSA PRPs.

On September 30, 2016, EPA and PRP Occidental Chemical entered into an order whereby Occidental Chemical was to perform the entire remedial design for the lower 8.3 miles of the Passaic River remediation adopted in the final OU2 ROD. Occidental Chemical is currently performing its OU2 design obligations.

Note 9. COMMITMENTS AND CONTINGENCIES

A. Litigation (Continued)

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

On March 2, 2022, EPA issued a notice of liability to a number of PRPs, including Occidental Chemical, and requested those parties to submit a good faith offer to EPA for the performance and funding of the OU2 remedial action and the OU4 remedial design and remedial action. EPA has estimated the discounted cost of remediating OU2 (the lower 8 miles of the LPR) at $1.38 billion ($2.3 billion on an undiscounted basis). EPA has estimated the discounted cost of remediating OU4 (the upper 9 miles of the LPR and 17 miles of the LPR water column) under an interim OU4 ROD at $441 million.

The EPA conducted and completed a final confidential allocation process in order to further additional settlements among certain PRPs based in-part on their de minimis allocated percentage shares of responsibility. The EPA engaged in confidential cash out settlement negotiations with various PRPs including Celanese/CNA to fully resolve their alleged CERCLA liabilities for both OU2 and OU4, and to provide the parties with statutory contribution protection and a covenant not to sue.

On December 16, 2022, the United States concluded and lodged a Consent Decree with 85 settling parties, including CNA Holdings LLC / Celanese Ltd (by and through its general partner Celanese International Corporation) and its contractual indemnitor Essex County Improvement Authority (for Doremus Avenue Site). The Consent Decree settled those parties' minor share of the response costs incurred and to be incurred in connection with OU2 and OU4 of the LPRSA for a combined global settlement in the amount of $150 million. ECIA has paid its proportionate share in 2022 of the global settlement into an escrow trust account pending the Court's approval of the Consent Decree. ECIA's financial obligation under the pending Consent Decree settlement has been fully funded.

The lodging of the Consent Decree was done by the United States through filing a complaint and commencement of a civil action, *United States v. Alden Leeds, Inc. et al.* (Case No. 2:22-cv-07326-MCA-LDW) against the settling defendants under Sections I07 and I 13(g)(2) of CERCLA in the United States District Court for the District of New Jersey. As part of this litigation, the Consent Decree is required to undergo public comment and must ultimately be approved by the Court in a future proceeding. Occidental Chemical is contesting the entry of the Consent Decree.

Note 9. COMMITMENTS AND CONTINGENCIES

A. Litigation (Continued)

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

Occidental Chemical has instituted an environmental cost recovery action under Sections 107 and 113 of CERCLA against numerous defendants including CNA Holdings LLC. As its contractual indemnitor, ECIA is defending CNA Holdings in this matter. CNA Holdings has joined and ECIA is funding CNA Holdings' proportional share of a common defense mounted by the Small Parties Litigation Group and its selected common counsel. Soon after the United States lodged the Consent Decree and initiated the requisite action to enforce the settlement, the Court entered an unopposed motion to stay the Occidental Litigation and administratively dismissed the case. Defendants assert that the Consent Decree would effectively resolve some or all of Occidental's CERCLA claims against the 85 defendants in that case. The Occidental Litigation may be reopened and restored to the Court's active docket following adjudication of the Consent Decree matter or for other good cause shown.

On March 24, 2023, Occidental Chemical filed a separate complaint in an environmental cost recovery and declaratory judgment action under Section 107 of CERCLA, and CNA Holdings is one of many defendants named in the case ("Occidental Subsequent Litigation"). Except for the Passaic Valley Sewerage Commission, all of the defendants named in Occidental's Subsequent Litigation are also defendants in the Occidental Litigation. As its contractual indemnitor, ECIA is also defending CNA Holdings in this matter, and it is funding its proportional share in the common defense. CNA Holdings was served with the Complaint in this matter on Friday, April 14, 2023, and the parties are moving to dismiss or stay the Occidental Subsequent Litigation which is largely duplicative of the Occidental Litigation.

At this time prior to the court's ruling on the pending settlement detailed above, ECIA cannot reasonably determine whether CNA Holdings will be liable over to Occidental Chemical, in the pending litigations detailed above, for costs incurred and to be incurred in the LPR OU2 and OU4 RD/RA. Likewise, ECIA cannot reasonably determine CNA Holdings' future liability for alleged environmental contamination of the Newark Bay Study Area and for Trustees' NRD claims. Damages, if any, are not reasonably estimable at this time however, they could have a material adverse impact on the agency's future finances.

Note 9. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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).

Note 10. NET POSITION – NET INVESTMENT IN CAPITAL ASSETS

The net investment in capital assets of $28,983,535 is calculated as follows:

| | | |
|---|---|---|
| Capital assets, net of depreciation | | $ 28,899,711 |
| Add: | Unexpended 2019 Bond Proceeds | 5,281,856 |
| Less: | Bonds payable (*used to build or acquire capital assets*) | (9,075,000) |
| | Unamortized deferred premium | (1,149,265) |
| | Unamortized (Gain)/Loss on Refunding | 26,232 |
| | | $ 23,983,535 |

Note 11. GASB#91 – CONDUIT DEBT OBLIGATIONS

In May of 2019 the Governmental Accounting Standards Board (hereinafter referred to as GASB) issued GASB #91 (*Conduit Debt Obligations*), effective for the Authority's December 31, 2022 fiscal year. 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. The Authority is deemed as the "*issuer*" in accordance with the GASB #91.

The Authority Statements as of December 31, 2021 have been restated to conform to the December 31, 2022 presentation. Also refer to the Restricted Fund and related Notes to Supplementary Information ("NSI").

Note 11. GASB#91 – CONDUIT DEBT OBLIGATIONS (CONTINUED)

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

This statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

# REQUIRED SUPPLEMENTARY INFORMATION

Schedule RSI-1

## THE ESSEX COUNTY IMPROVEMENT AUTHORITY
## SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
## PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
## LAST NINE (9) FISCAL YEARS

| Year | Authority's Proportion of Net Pension Liability | Authority's Proportionate Share of Net Pension Liability (asset) | Authority's Covered Payroll | Authority's Proportionate Share of Net Pension Liability (asset) as Percentage of Covered-Employee Payroll | Plan Fiduciary Net Position as Percentage of Total Pension Liability |
|---|---|---|---|---|---|
| 2022 | 0.0172968036 % | $ 2,610,326 | $ 1,373,996 | 189.98 % | 62.91 % |
| 2021 | 0.0176247238 | 2,087,913 | 1,302,139 | 160.34 | 70.33 |
| 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 | 329.69 | 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 nine (9) 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 remained unchanged at 7.00% as of June 30, 2021 and June 30, 2022.

Schedule RSI-2

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**
**SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS**
**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**
**LAST NINE (9) FISCAL YEARS**

| Year | Contractually Required Contribution | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (excess) | Authority's Covered Payroll | Contributions as Percentage of Covered-Payroll |
|---|---|---|---|---|---|
| 2022 | $ 218,121 | $ 218,121 | None | $ 1,373,996 | 15.87 % |
| 2021 | 206,406 | 206,406 | None | 1,302,139 | 15.85 |
| 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 nine (9) 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 remained unchanged at 7.00% as of June 30, 2021 and June 30, 2022.

# SUPPLEMENTARY INFORMATION –

# UNRESTRICTED FUND

## THE ESSEX COUNTY IMPROVEMENT AUTHORITY
## COMBINING STATEMENT OF NET POSITION
## DECEMBER 31, 2022
## UNRESTRICTED FUND BY ACTIVITY

| ASSETS | Development and Financial Assistance | Airport | Parking | Sportsplex Garage | Total Unrestricted Fund |
|---|---|---|---|---|---|
| Current assets: | | | | | |
| Cash, cash equivalents and investments | $ 4,713,737 | $ 3,175,733 | $ 569,556 | $ 189,759 | $ 8,648,785 |
| Inventory | | 77,151 | | | 77,151 |
| Accounts receivable | | 14,930 | | | 14,930 |
| Other current assets | 3,480 | 38,462 | 3,547 | 58 | 45,547 |
| Intrafund receivable | 78,379 | 21,522 | 11,922 | 41 | 111,864 |
| Total current assets | 4,795,596 | 3,327,798 | 585,025 | 189,858 | 8,898,277 |
| Restricted assets: | | | | | |
| Cash, cash equivalents and investments | | 5,328,224 | | | 5,328,224 |
| Total restricted assets | | 5,328,224 | | | 5,328,224 |
| Noncurrent assets: | | | | | |
| Capital assets, net | | 28,899,711 | | | 28,899,711 |
| (Gain)/Loss on defeasance | | 26,232 | | | 26,232 |
| Total noncurrent assets | | 28,925,944 | | | 28,925,944 |
| Total assets | $ 4,795,596 | $ 37,581,966 | $ 585,025 | $ 189,858 | $ 43,152,445 |

See notes to financial statements.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**
**COMBINING STATEMENT OF NET POSITION**
**DECEMBER 31, 2022**
**UNRESTRICTED FUND BY ACTIVITY**

| | Development and Financial Assistance | Airport | Parking | Sportsplex Garage | Total Unrestricted Fund |
|---|---|---|---|---|---|
| **LIABILITIES** | | | | | |
| Liabilities: | | | | | |
| Current liabilities payable from unrestricted assets: | | | | | |
| Current portion of bonds payable | | $ 840,000 | | | $ 840,000 |
| Accrued expenses and other current liabilities | $ 2,138,765 | 469,085 | $ 546,310 | $ 158,438 | 3,312,598 |
| Intrafund payable | 41,729 | | 38,715 | 31,420 | 111,864 |
| Total current liabilities from unrestricted assets | 2,180,494 | 1,309,085 | 585,025 | 189,858 | 4,264,462 |
| Noncurrent liabilities: | | | | | |
| Bonds payable, net of current portion | | 9,075,000 | | | 9,075,000 |
| Premium on sale of bonds | | 1,149,265 | | | 1,149,265 |
| Total noncurrent liabilities | | 10,224,265 | | | 10,224,265 |
| Total liabilities | $ 2,180,494 | $ 11,533,350 | $ 585,025 | $ 189,858 | $ 14,488,727 |
| **NET POSITION** | | | | | |
| Net Position: | | | | | |
| Invested in capital assets | | $ 23,983,535 | | | $ 23,983,535 |
| Restricted | | 46,368 | | | 46,368 |
| Unrestricted | $ 2,615,101 | 2,018,713 | | | 4,633,815 |
| Net position | $ 2,615,101 | $ 26,048,617 | | | $ 28,663,718 |

See notes to financial statements.

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**
**COMBINING STATEMENT OF REVENUES AND EXPENSES**
**AND CHANGE IN NET POSITION**
**FOR THE YEAR ENDED DECEMBER 31, 2022**
**UNRESTRICTED FUND BY ACTIVITY**

| | Development and Financial Assistance | Airport | Parking | Sportsplex Garage | Total Unrestricted Fund |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Airport: | | | | | |
| Aviation rent | | $ 1,315,345 | | | $ 1,315,345 |
| Landing fees | | 32,129 | | | 32,129 |
| Tie down rent | | 450,600 | | | 450,600 |
| T-Hangar rent | | 1,062,120 | | | 1,062,120 |
| Commercial rent | | 64,616 | | | 64,616 |
| Fuel sales | | 3,079,434 | | | 3,079,434 |
| Miscellaneous airport income | | 56,733 | | | 56,733 |
| Airport | | $ 6,060,976 | | | $ 6,060,976 |
| Development and financial assistance: | | | | | |
| Administrative and management fees: | | | | | |
| Newark Public Safety 1999 | $ 2,155 | | | | $ 2,155 |
| Project Consolidation Refunding - 2004 | 93,240 | | | | 93,240 |
| Marina Bay | 6,679 | | | | 6,679 |
| Project Consolidation Refunding - 2005 | 1,030 | | | | 1,030 |
| Sportsplex Refunding - 2005A | 1,770 | | | | 1,770 |
| Project Consolidation Refunding - 2006 | 7,455 | | | | 7,455 |
| Sportsplex Refunding - 2006A | 1,070 | | | | 1,070 |
| Fern - 2010 | 11,300 | | | | 11,300 |
| Social Services - 2011 | 1,480 | | | | 1,480 |
| Project Consolidation - 2017 | 35,855 | | | | 35,855 |
| Equipment lease fees - 2019 | 4,990 | | | | 4,990 |
| Newark Water bonds - 2019 | 68,195 | | | | 68,195 |
| Charter School - North Star Academy - 2020 | 29,595 | | | | 29,595 |
| Charter School - Broad/Hazelwood - 2020 | 31,290 | | | | 31,290 |
| NJIT - 2021 | 91,005 | | | | 91,005 |
| Team Charter School | 49,570 | | | | 49,570 |
| Development and financial assistance | $ 436,679 | | | | $ 436,679 |
| Parking: | | | | | |
| Administrative fees | $ 120,718 | | $ 1,268,717 | | $ 1,389,435 |
| Parking fees | 680,450 | | 193,577 | | 874,027 |
| Parking | $ 801,168 | | $ 1,462,294 | | $ 2,263,462 |

See notes to financial statements

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING STATEMENT OF REVENUES AND EXPENSES
AND CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022
UNRESTRICTED FUND BY ACTIVITY**

| | Development and Financial Assistance | Airport | Parking | Sportsplex Garage | Total Unrestricted Fund |
|---|---|---|---|---|---|
| Sportsplex Parking: | | | | | |
| Miscellaneous | | | | $ 130,525 | $ 130,525 |
| Sportsplex Parking | | | | $ 130,525 | $ 130,525 |
| Total revenues | $ 1,237,847 | $ 6,060,976 | $ 1,462,294 | $ 130,525 | $ 8,891,642 |
| Expenses: | | | | | |
| Salaries | $ 413,897 | $ 651,350 | $ 360,723 | $ 66,496 | $ 1,492,466 |
| Employee Benefits | 178,009 | 411,944 | 187,080 | 47,727 | 824,760 |
| | $ 591,906 | $ 1,063,294 | $ 547,803 | $ 114,223 | $ 2,317,226 |
| Other: | | | | | |
| Stationery and office supplies | $ 11,683 | $ 7,818 | $ 5,989 | | $ 25,490 |
| Facility and vehicle material and supplies | 5,052 | 77,721 | 8,604 | | 91,377 |
| Uniforms | | 11,016 | 5,554 | | 16,570 |
| Utilities | 27,801 | 68,659 | 58,693 | $ 20,887 | 176,039 |
| Fuel for resale | | 2,830,933 | | | 2,830,933 |
| Vehicle fuel | | 37,078 | | | 37,078 |
| Fuel Tax | | 12,484 | | | 12,484 |
| Permits | | 27,620 | | | 27,620 |
| Facility and vehicle maintenance and repairs | 27,198 | 266,573 | 380,912 | 3,699 | 678,382 |
| Merchant Fees | | 49,899 | | | 49,899 |
| Professional services | 114,482 | 70,211 | 19,717 | 5,878 | 210,288 |
| Non Professional services | 10,181 | 6,980 | 6,035 | | 23,196 |
| Insurance | 118,245 | 144,939 | 139,813 | 21,178 | 424,174 |
| Pilot Fees | | 110,000 | | | 110,000 |
| Trustee Fee | | 13,008 | | | 13,008 |
| Miscellaneous | 4,204 | 103,600 | 16,358 | | 124,161 |
| Depreciation and Amortization | | 993,758 | | | 993,758 |
| Travel & Other | 288 | 186 | | | 474 |
| Total other expenses | $ 319,133 | $ 4,832,482 | $ 641,675 | $ 51,642 | $ 5,844,932 |
| Total Salaries and Other Expenses | $ 911,039 | $ 5,895,776 | $ 1,189,478 | $ 165,865 | $ 8,162,158 |
| Operating Income/(Loss) | $ 326,808 | $ 165,200 | $ 272,816 | $ (35,340) | $ 729,484 |

See notes to financial statements

# THE ESSEX COUNTY IMPROVEMENT AUTHORITY
## COMBINING STATEMENT OF REVENUES AND EXPENSES AND CHANGE IN NET POSITION
## FOR THE YEAR ENDED DECEMBER 31, 2022
## UNRESTRICTED FUND BY ACTIVITY

| | Development and Financial Assistance | Airport | Parking | Sportsplex Garage | Total Unrestricted Fund |
|---|---|---|---|---|---|
| Nonoperating Revenues/(Expenses): | | | | | |
| Interest Income | $ 18,032 | $ 96,383 | $ 5,439 | | $ 119,853 |
| Interest expense | | (428,173) | (25,125) | | (453,298) |
| Sportsplex (excess)/deficit | | | | $ 28,272 | 28,272 |
| Sportsplex Parking management fee | (7,068) | | | 7,068 | |
| Grant Contributions | | 1,228,528 | | | 1,228,528 |
| Amounts due under service agreements | 38,717 | | (289,945) | | (251,228) |
| Provision for Settlement of Litigation | (3,468,253) | | | | (3,468,253) |
| Miscellaneous | 63,503 | | 36,815 | | 100,318 |
| Total Nonoperating Revenues/(Expenses) | $ (3,355,069) | $ 896,738 | $ (272,816) | $ 35,340 | $ (2,695,808) |
| Revenues (under)/over expenses | $ (3,028,261) | $ 1,061,938 | | | $ (1,966,324) |
| Change in Net Position - Increase/(Decrease) | $ (3,028,261) | $ 1,061,938 | | | $ (1,966,324) |
| Net Position, Beginning | 5,643,363 | 24,986,679 | | | 30,630,041 |
| Net Position, Ending | $ 2,615,101 | $ 26,048,617 | | | $ 28,663,718 |
| Detail: | | | | | |
| Invested in Capital Assets | | $ 23,983,535 | | | $ 23,983,535 |
| Restricted | | 46,368 | | | 46,368 |
| Unrestricted | $ 2,615,101 | 2,018,713 | | | 4,633,815 |
| | $ 2,615,101 | $ 26,048,617 | | | $ 28,663,718 |

See notes to financial statements

Schedule 3
Sheet 1 of 2

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**
**COMBINING UNRESTRICTED STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED DECEMBER 31, 2022**

| | Development and Financial Assistance | Airport | Parking Lot | Sportsplex Garage | Total Unrestricted Fund |
|---|---|---|---|---|---|
| Cash Flows from Operating Activities: | | | | | |
| Cash Received from Customers/Affiliations | $ 1,199,132 | $ 6,061,380 | $ 1,428,794 | $ 130,525 | $ 8,819,831 |
| Cash Paid to Suppliers | (247,900) | (3,767,059) | (733,941) | (86,725) | (4,835,625) |
| Cash Paid for Benefits | (168,923) | (421,154) | (173,274) | (46,448) | (809,799) |
| Cash Paid to Employees | (413,897) | (651,350) | (360,723) | (66,496) | (1,492,466) |
| Net Cash Flows from Operating Activities | 368,412 | 1,221,817 | 160,856 | (69,144) | 1,681,941 |
| Cash Flows from Noncapital Financing Activities: | | | | | |
| Other Operating Receipts/(Expenses) | 56,437 | 5,400 | 36,815 | | 98,652 |
| Service Agreements | 38,717 | | (315,071) | 35,340 | (241,014) |
| Litigation Provision | (3,468,253) | | | | (3,468,253) |
| Net Cash Flows from Noncapital Financing Activities | (3,373,099) | 5,400 | (278,256) | 35,340 | (3,610,615) |
| Cash Flows from Capital and Related Financing Activities: | | | | | |
| Acquisition of Capital Assets | | (2,463,644) | | | (2,463,644) |
| Interest Paid | | (430,950) | (33,500) | | (464,450) |
| Bonds Paid | | (810,000) | (670,000) | | (1,480,000) |
| Grants | | 1,228,528 | | | 1,228,528 |
| Finance Lease Repayment | | | 703,500 | | 703,500 |
| Net Cash Flows/(Used in) from Capital and Related Financing Activities | | (2,476,066) | | | (2,476,066) |
| Cash Flows from Investing Activities: | | | | | |
| Interest Received on Investments | 18,032 | 96,383 | 5,439 | | 119,854 |
| Net Increase/(Decrease) in Cash and Cash Equivalents | $ (2,986,655) | $ (1,152,466) | $ (111,961) | $ (33,804) | $ (4,284,886) |
| Cash and Cash Equivalents at Beginning of Year | 7,700,392 | 9,656,423 | 681,517 | 223,563 | 18,261,895 |
| Cash and Cash Equivalents at End of Year | $ 4,713,737 | $ 8,503,957 | $ 569,556 | $ 189,759 | $ 13,977,009 |

See notes to financial statements

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**
**COMBINING UNRESTRICTED STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED DECEMBER 31, 2022**

| | Development and Financial Assistance | Airport | Parking Lot | Sportsplex Garage | Total Unrestricted Fund |
|---|---|---|---|---|---|
| Cash flows from operating activities: | | | | | |
| Revenues over/(under) expenses - net | $ 326,808 | $ 165,200 | $ 272,816 | $ (35,340) | $ 729,484 |
| Adjustments to reconcile revenues over/(under) expenses to net cash provided by operating activities: | | | | | |
| Depreciation and amortization | | 993,758 | | | 993,758 |
| Changes in assets and liabilities: | | | | | |
| (Increase)/decrease in accounts receivable | | 404 | | | 404 |
| (Increase)/decrease in other current assets | (116) | (6,113) | (182) | 345 | (6,066) |
| Decrease/(increase) in inventory | | 83,260 | | | 83,260 |
| Increase/(decrease) in accrued expenses and other current liabilities | 39,830 | 6,293 | (140,499) | (24,523) | (118,899) |
| Net change in interfund/intrafund receivables and payables | 1,890 | (20,985) | 28,721 | (9,626) | |
| Net cash provided/(used in) by operating activities | $ 368,412 | $ 1,221,817 | $ 160,856 | $ (69,144) | $ 1,681,941 |

See notes to financial statements

# SUPPLEMENTARY INFORMATION –

# RESTRICTED FUND

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2022
RESTRICTED FUND BY PROGRAM

| | Pooled Government Loan Program 1986 | Property & Equipment Lease Program 1992 | Property Improvement Lease Program 1996/1994/ 1993/1990 | 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) | City of Newark General Obligatio Guaranteed Lease Revenue Bonds Series 1999 (Public Safety Communications Center Project) |
|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | |
| Current assets: | | | | | | | |
| Restricted bonds receivable | $ 1,505,000 | | | | | | |
| Other current assets | 48,180 | | | | | | $ 2,890 |
| Total current assets | 1,553,180 | | | | | | 2,890 |
| Restricted cash, cash equivalents and investments | 14,520,848 | $ 28,554 | $ 86,966 | $ 18,155 | $ 7,510 | $ 422 | 40,016 |
| Restricted bonds receivable | 1,270,000 | | | | | | |
| Restricted net investment in direct financing leases | | | | | | | 2,155,000 |
| (Costs to be incurred)/Earnings Utilized | | | | | | | |
| Net restricted net investments in direct financing leases | | | | | | | 2,155,000 |
| | $ 17,344,028 | $ 28,554 | $ 86,966 | $ 18,155 | $ 7,510 | $ 422 | $ 2,197,906 |
| LIABILITIES | | | | | | | |
| Current liabilities: | | | | | | | |
| Current portion of bonds payable | | | | | | | $ 265,000 |
| Due to participants | $ 43,918 | $ 28,554 | $ 86,966 | $ 18,155 | $ 7,510 | $ 422 | 40,016 |
| Accrued expenses and other current liabilities | 100,110 | | | | | | 2,890 |
| Capital, debt and maintenance reserve | | | | | | | |
| Total current liabilities | 144,028 | 28,554 | 86,966 | 18,155 | 7,510 | 422 | 307,906 |
| Bonds payable, net of current portion | 17,200,000 | | | | | | 1,890,000 |
| Total liabilities | $ 17,344,028 | $ 28,554 | $ 86,966 | $ 18,155 | $ 7,510 | $ 422 | $ 2,197,906 |

See notes to supplementary information

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**
**DECEMBER 31, 2022**
**RESTRICTED FUND BY PROGRAM**

| | 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 2002 A & B (County Correctional Facility Project) | County of Essex General Obligation Guaranteed Lease Revenue Bonds - Series 2003 A & B (County Correctional Facility Project) | Project Consolidation Revenue Bonds Series 2004 (Refunding Project) | Multifamily Housing Revenue Bonds - Series 2005 A & B (Marina Bay Project) |
|---|---|---|---|---|---|---|
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Restricted bonds receivable | | | | | $ 12,065,000 | $ 1,218,835 |
| Other current assets | | | | | 86,175 | 7,677 |
| Total current assets | | | | | 12,151,175 | 1,226,512 |
| Restricted cash, cash equivalents and investments | $ 14,847 | $ 335 | $ 1,363 | $ 586 | 21,520 | 3,829 |
| Restricted bonds receivable | | | | | 81,175,000 | 5,459,678 |
| Restricted net investment in direct financing leases | | | | | | |
| (Costs to be incurred)/Earnings Utilized | | | | | | |
| Net restricted net investments in direct financing leases | | | | | | |
| | $ 14,847 | $ 335 | $ 1,363 | $ 586 | $ 93,347,695 | $ 6,690,018 |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Current portion of bonds payable | | | | | $ 12,065,000 | $ 1,218,835 |
| Due to participants | $ 14,847 | $ 335 | $ 1,363 | $ 586 | 21,520 | 3,729 |
| Accrued expenses and other current liabilities | | | | | 86,175 | 7,777 |
| Capital, debt and maintenance reserve | | | | | | |
| Total current liabilities | 14,847 | 335 | 1,363 | 586 | 12,172,695 | 1,230,340 |
| Bonds payable, net of current portion | | | | | 81,175,000 | 5,459,678 |
| Total liabilities | $ 14,847 | $ 335 | $ 1,363 | $ 586 | $ 93,347,695 | $ 6,690,018 |

See notes to supplementary information

# THE ESSEX COUNTY IMPROVEMENT AUTHORITY
## COMBINING STATEMENT OF ASSETS AND LIABILITIES
## DECEMBER 31, 2022
## RESTRICTED FUND BY PROGRAM

| | Project Consolidation Revenue Bonds Series 2005 (Refunding Project) | Guaranteed Lease Revenue Bonds - Series 2005 A & B (Sportsplex (Refunding Project) | Project Consolidation Revenue Bonds Series 2006 (Refunding Project) | Guaranteed Lease Revenue Bonds - Series 2006 A & B (Sportsplex Refunding Project) | Project Consolidation Revenue Bonds Series 2007 (Refunding Project) | Fern Senior Housing Project Revenue Bonds Series 2010 | Refunded County of Essex General Obligation Guaranteed Lease Revenue Bonds - Series 2011 (Riverbank Park) |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| Current assets: | | | | | | | |
| Restricted bonds receivable | $ 190,000 | $ 325,000 | $ 3,635,000 | | | | |
| Other current assets | 5,840 | 2,445 | 8,820 | $ 2,070 | | $ 12,300 | |
| Total current assets | 195,840 | 327,445 | 3,643,820 | 2,070 | | 12,300 | |
| Restricted cash, cash equivalents and investments | 1,173 | 843 | 453 | 376 | $ 1 | 1,296,568 | $ 42 |
| Restricted bonds receivable | 840,000 | 1,445,000 | 3,820,000 | 1,070,000 | | 11,300,000 | |
| Restricted net investment in direct financing leases (Costs to be incurred)/Earnings Utilized | | | | | | | |
| Net restricted net investments in direct financing leases | | | | | | | |
| | $ 1,037,013 | $ 1,773,288 | $ 7,464,273 | $ 1,072,446 | $ 1 | $ 12,608,868 | $ 42 |
| **LIABILITIES** | | | | | | | |
| Current liabilities: | | | | | | | |
| Current portion of bonds payable | $ 190,000 | $ 325,000 | $ 3,635,000 | | | | |
| Due to participants | 1,173 | 843 | 453 | $ 376 | $ 1 | $ 46,187 | $ 42 |
| Accrued expenses and other current liabilities | 5,840 | 2,445 | 8,820 | 2,070 | | 1,262,682 | |
| Capital, debt and maintenance reserve | | | | | | | |
| Total current liabilities | 197,013 | 328,288 | 3,644,273 | 2,446 | | 1,308,868 | 42 |
| Bonds payable, net of current portion | 840,000 | 1,445,000 | 3,820,000 | 1,070,000 | | 11,300,000 | |
| Total liabilities | $ 1,037,013 | $ 1,773,288 | $ 7,464,273 | $ 1,072,446 | $ 1 | $ 12,608,868 | $ 42 |

See notes to supplementary information

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**
**DECEMBER 31, 2022**
**RESTRICTED FUND BY PROGRAM**

| | Refunded County of Essex Guaranteed Lease Revenue Bonds Series 2011 (Social Services) | Park Terrace/ Grove House Apartments Project Revenue Bonds Series 2015 A-C | Project Consolidation Revenue Bonds Series 2017 (Refunding Project) | Capital Equipment Pooled Lease Rev. Bonds Series 2019 | Governmental Loan Revenue Bonds - Series 2019 (City of Newark Project) | North Star Academy Charter School Revenue Bonds Series 2020 |
|---|---|---|---|---|---|---|
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Restricted bonds receivable | | $ 515,000 | $ 34,020,000 | | $ 1,335,000 | $ 340,000 |
| Other current assets | $ 1,710 | | 6,835 | $ 5,090 | 70,610 | 59,020 |
| Total current assets | 1,710 | 515,000 | 34,026,835 | 5,090 | 1,405,610 | 399,020 |
| Restricted cash, cash equivalents and investments | 4,395 | 125,586 | 79,311 | 629,225 | 33,823 | 1,146,173 |
| Restricted bonds receivable | | 8,330,000 | 1,835,000 | | 66,860,000 | 28,930,000 |
| Restricted net investment in direct financing leases | 1,480,000 | | | 4,990,000 | | |
| (Costs to be incurred)/Earnings Utilized | | | | (600,701) | | |
| Net restricted net investments in direct financing leases | 1,480,000 | | | 4,389,299 | | |
| | $ 1,486,105 | $ 8,970,586 | $ 35,941,146 | $ 5,023,614 | $ 68,299,433 | $ 30,475,193 |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Current portion of bonds payable | $ 270,000 | $ 515,000 | $ 34,020,000 | $ 1,400,000 | $ 1,335,000 | $ 340,000 |
| Due to participants | 4,213 | 6,250 | 49,838 | 27,810 | 18,213 | 389,573 |
| Accrued expenses and other current liabilities | 1,892 | | 36,308 | 5,804 | 86,220 | 59,020 |
| Capital, debt and maintenance reserve | | 119,335 | | | | 756,600 |
| Total current liabilities | 276,105 | 640,585 | 34,106,146 | 1,433,614 | 1,439,433 | 1,545,193 |
| Bonds payable, net of current portion | 1,210,000 | 8,330,000 | 1,835,000 | 3,590,000 | 66,860,000 | 28,930,000 |
| Total liabilities | $ 1,486,105 | $ 8,970,586 | $ 35,941,146 | $ 5,023,614 | $ 68,299,433 | $ 30,475,193 |

See notes to supplementary information

Schedule 4
Sheet 5 of 5

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2022
RESTRICTED FUND BY PROGRAM

| | North Star Academy (Broad/Hazelwood) Charter School Revenue Bonds Series 2020 A & B | NJIT Student Housing General Obligation Lease Revenue Bonds Series 2021 A & B | Friends of Team Charter School Revenue Bonds Series 2021 | Total Restricted Funds |
|---|---|---|---|---|
| ASSETS | | | | |
| Current assets: | | | | |
| Restricted bonds receivable | $ 1,335,000 | | 170,000 | $ 56,653,835 |
| Other current assets | 62,730 | $ 92,005 | $ 50,150 | 524,547 |
| Total current assets | 1,397,730 | 92,005 | 220,150 | 57,178,382 |
| Restricted cash, cash equivalents and investments | 2,418,530 | 5,932,718 | 9,393,590 | 35,807,756 |
| Restricted bonds receivable | 28,645,000 | 91,005,000 | 49,400,000 | 381,384,678 |
| Restricted net investment in direct financing leases | | | | 8,625,000 |
| (Costs to be incurred)/Earnings Utilized | | | | (600,701) |
| Net restricted net investments in direct financing leases | | | | 8,024,299 |
| | $ 32,461,260 | $ 97,029,723 | $ 59,013,740 | $ 482,395,115 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Current portion of bonds payable | $ 1,335,000 | | $ 170,000 | $ 57,083,835 |
| Due to participants | 26,281 | $ 172,432 | | 1,011,605 |
| Accrued expenses and other current liabilities | 776,672 | 92,005 | 50,150 | 2,586,878 |
| Capital, debt and maintenance reserve | 1,682,307 | 5,760,286 | 9,393,590 | 17,712,118 |
| Total current liabilities | 3,820,260 | 6,024,723 | 9,613,740 | 78,394,436 |
| Bonds payable, net of current portion | 28,645,000 | 91,005,000 | 49,400,000 | 404,004,678 |
| Total liabilities | $ 32,465,260 | $ 97,029,723 | $ 59,013,740 | $ 482,399,115 |

See notes to supplementary information

Schedule 5
Sheet 1 of 5

# THE ESSEX COUNTY IMPROVEMENT AUTHORITY
## COMBINING STATEMENT OF REVENUES AND EXPENSES
## FOR THE YEAR ENDED DECEMBER 31, 2022
## RESTRICTED FUND BY PROGRAM

| | Pooled Government Loan Program 1986 | Property & Equipment Lease Program 1992 | Property Improvement Lease Program 1996/1994/ 1993/1990 | County of Essex General Obligation 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) | City of Newark General Obligation Guaranteed Lease Revenue Bonds Series 1999 (Public Safety Communications Center Project) |
|---|---|---|---|---|---|---|---|
| Revenues: | | | | | | | |
| Development and financial assistance revenues | $ 201,822 | | | | | | $ 126,146 |
| Interest | 205,165 | $ 344 | $ 1,048 | $ 6,082 | $ 6,614 | $ 6 | 604 |
| Total revenues | $ 406,987 | $ 344 | $ 1,048 | $ 6,082 | $ 6,614 | $ 6 | $ 126,750 |
| Expenses: | | | | | | | |
| Services by contract: | | | | | | | |
| Remarketing fees | $ 17,452 | | | | | | |
| Administrative fees | | | | | | | $ 1,890 |
| Credit fees | 132,753 | | | | | | |
| Tender agent fees | 6,000 | | | | | | |
| Other | 24,000 | | | | | | |
| Professional fees | 5,000 | | | | | | |
| Auditing fees | 7,500 | | | | | | 1,000 |
| Trustee fees | 10,667 | | | | | | |
| Services by contract | 203,372 | | | | | | 2,890 |
| Interest | 203,615 | | | | | | 123,256 |
| Interest rebate expense (income) | | $ 344 | $ 1,048 | $ 6,082 | $ 6,614 | $ 6 | 604 |
| Total expenses | $ 406,987 | $ 344 | $ 1,048 | $ 6,082 | $ 6,614 | $ 6 | $ 126,750 |

See notes to supplementary information

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
RESTRICTED FUND BY PROGRAM



| | 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 2002 A & B (County Correctional Facility Project) | County of Essex General Obligation Guaranteed Lease Revenue Bonds - Series 2003 A & B (County Correctional Facility Project) | Project Consolidation Revenue Bonds Series 2004 (Refunding Project) | Multifamily Housing Revenue Bonds - Series 2005 A & B (Marina Bay Project) |
|---|---|---|---|---|---|---|
| Revenues: | | | | | | |
| Development and financial assistance revenues | | | | | $ 86,175 | $ 7,777 |
| Interest | $ 11,436 | $ 25 | $ 81 | $ 1,208 | 1,166 | 2,084 |
| Total revenues | $ 11,436 | $ 25 | $ 81 | $ 1,208 | $ 87,341 | $ 9,861 |
| Expenses: | | | | | | |
| Services by contract: | | | | | | |
| Remarketing fees | | | | | | |
| Administrative fees | | | | | $ 81,175 | $ 6,777 |
| Credit fees | | | | | | |
| Tender agent fees | | | | | | |
| Other | | | | | | |
| Professional fees | | | | | | |
| Auditing fees | | | | | 5,000 | 1,000 |
| Trustee fees | | | | | | |
| Services by contract | | | | | 86,175 | 7,777 |
| Interest | | | | | | |
| Interest rebate expense (income) | $ 11,436 | $ 25 | $ 81 | $ 1,208 | $ 1,166 | $ 2,084 |
| Total expenses | $ 11,436 | $ 25 | $ 81 | $ 1,208 | $ 87,341 | $ 9,861 |

See notes to supplementary information

## THE ESSEX COUNTY IMPROVEMENT AUTHORITY
## COMBINING STATEMENT OF REVENUES AND EXPENSES
## FOR THE YEAR ENDED DECEMBER 31, 2022
## RESTRICTED FUND BY PROGRAM



| | Project Consolidation Revenue Bonds Series 2005 (Refunding Project) | Guaranteed Lease Revenue Bonds - Series 2005 A & B (Sportsplex (Refunding Project) | Project Consolidation Revenue Bonds Series 2006 (Refunding Project) | Guaranteed Lease Revenue Bonds - Series 2006 A & B (Sportsplex Refunding Project) | Project Consolidation Revenue Bonds Series 2007 (Refunding Project) | Fern Senior Housing Project Revenue Bonds Series 2010 |
|---|---|---|---|---|---|---|
| Revenues: | | | | | | |
| Development and financial assistance revenues | $ 57,815 | $ 90,975 | $ 581,595 | $ 47,737 | $ 2,438,363 | $ 15,278 |
| Interest | 296 | 843 | 109 | 63 | 49,449 | 12,786 |
| Total revenues | $ 58,111 | $ 91,818 | $ 581,704 | $ 47,800 | $ 2,487,811 | $ 28,063 |
| Expenses: | | | | | | |
| Services by contract: | | | | | | |
| Remarketing fees | | | | | | |
| Administrative fees | $ 840 | $ 1,445 | $ 3,820 | $ 1,070 | | $ 14,278 |
| Credit fees | | | | | | |
| Tender agent fees | | | | | | |
| Other | | | | | | |
| Professional fees | | | | | | |
| Auditing fees | 5,000 | 1,000 | 5,000 | 1,000 | | 1,000 |
| Trustee fees | | | | | | |
| Services by contract | 5,840 | 2,445 | 8,820 | 2,070 | | 15,278 |
| Interest | 51,975 | 88,530 | 572,775 | 45,667 | $ 2,438,363 | |
| Interest rebate expense (income) | 296 | 843 | 109 | 63 | 49,449 | 12,786 |
| Total expenses | $ 58,111 | $ 91,818 | $ 581,704 | $ 47,800 | $ 2,487,811 | $ 28,063 |

See notes to supplementary information

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
RESTRICTED FUND BY PROGRAM

Schedule 5
Sheet 4 of 5

| | Refunded County of Essex Guaranteed Lease Revenue Bonds Series 2011 (Social Services) | Project Consolidation Revenue Bonds Series 2014 (Refunding Project) | Park Terrace/ Grove House Apartments Project Revenue Bonds Series 2015 A-C | Project Consolidation Revenue Bonds Series 2017 (Refunding Project) | Capital Equipment Pooled Lease Rev. Bonds Series 2019 | Governmental Loan Revenue Bonds - Series 2019 (City of Newark Project) |
|---|---|---|---|---|---|---|
| Revenues: | | | | | | |
| Development and financial assistance revenues | $ 79,685 | $ 513,500 | | $ 737,329 | $ 354,340 | $ 3,543,860 |
| Interest | 693 | 4,530 | $ 442 | 1,042 | 14,178 | 18,503 |
| Total revenues | $ 80,378 | $ 518,030 | $ 442 | $ 738,371 | $ 368,518 | $ 3,562,363 |
| Expenses: | | | | | | |
| Services by contract: | | | | | | |
| Remarketing fees | | | | | | |
| Administrative fees | $ 1,210 | | | $ 1,835 | $ 3,590 | $ 66,860 |
| Credit fees | | | | | | |
| Tender agent fees | | | | | | |
| Other | | | | | | |
| Professional fees | | | | | | |
| Auditing fees | 500 | | | 5,000 | 1,750 | 3,750 |
| Trustee fees | | | | | | |
| Services by contract | 1,710 | | | 6,835 | 5,340 | 70,610 |
| Interest | 77,975 | $ 513,500 | | 730,494 | 349,000 | 3,473,250 |
| Interest rebate expense (income) | 693 | 4,530 | $ 442 | 1,042 | 14,178 | 18,503 |
| Total expenses | $ 80,378 | $ 518,030 | $ 442 | $ 738,371 | $ 368,518 | $ 3,562,363 |

See notes to supplementary information

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**
**COMBINING STATEMENT OF REVENUES AND EXPENSES**
**FOR THE YEAR ENDED DECEMBER 31, 2022**
**RESTRICTED FUND BY PROGRAM**



| | North Star Academy Charter School Revenue Bonds Series 2020 | North Star Academy (Broad/Hazelwood) Charter School Revenue Bonds Series 2020 A & B | NJIT Student Housing General Obligation Lease Revenue Bonds Series 2021 A & B | Friends of Team Charter School Revenue Bonds Series 2021 | Total |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Development and financial assistance revenues | $ 1,242,820 | $ 1,301,024 | $ 3,119,179 | $ 1,504,203 | $ 16,049,622 |
| Interest | 11,760 | 26,055 | 159,686 | | 536,297 |
| Total revenues | $ 1,254,580 | $ 1,327,079 | $ 3,278,865 | $ 1,504,203 | $ 16,585,919 |
| Expenses: | | | | | |
| Services by contract: | | | | | |
| Remarketing fees | | | | | $ 17,452 |
| Administrative fees | $ 58,270 | $ 61,980 | $ 91,005 | $ 49,400 | 445,445 |
| Credit fees | | | | | 132,753 |
| Tender agent fees | | | | | 6,000 |
| Other | | | | | 24,000 |
| Professional fees | | | | | 5,000 |
| Auditing fees | 750 | 750 | 1,000 | 750 | 41,750 |
| Trustee fees | | | | | 10,667 |
| Services by contract | 59,020 | 62,730 | 92,005 | 50,150 | 683,067 |
| Interest | 1,183,800 | 1,238,294 | 3,027,174 | 1,454,053 | 15,571,720 |
| Interest rebate expense (income) | 11,760 | 26,055 | 159,686 | | 331,133 |
| Total expenses | $ 1,254,580 | $ 1,327,079 | $ 3,278,865 | $ 1,504,203 | $ 16,585,919 |

See notes to supplementary information

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
RESTRICTED FUND BY PROGRAM

| | Pooled Government Loan Program 1986 | Property & Equipment Lease Program 1992 | Property Improvement Lease Program 1996/1994/ 1993/1990 | 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) |
|---|---|---|---|---|---|---|
| Cash Flows from Capital and Related Financing Activities: | | | | | | |
| Received/(Disbursed) | | | | | | |
| Interest Paid | $ (203,615) | | | | | |
| Bonds Paid | | | | | | |
| Other Current Assets | (1,531) | | | | | |
| Accrued Expenses | 87,121 | | | | | |
| Received from Participants | 1,505,503 | | | | | |
| Due to Participants | | | | | | |
| Finance Lease - Receipt | | | | | | |
| Capital, Debt & Maintenance Reserve | | | | | | |
| Net Cash Flows/(Used in) from Capital and Related Financing Activities | 1,387,478 | | | | | |
| Cash Flows from Investing Activities: | | | | | | |
| Interest Received on Investments | 205,165 | $ 344 | $ 1,047 | $ 6,082 | $ 6,613 | $ 5 |
| Net Increase/(Decrease) in Cash and Cash Equivalents | 1,592,643 | 344 | 1,047 | 6,082 | 6,613 | 5 |
| Cash and Cash Equivalents at Beginning of Year | 12,928,205 | 28,210 | 85,919 | 12,073 | 897 | 417 |
| Cash and Cash Equivalents at End of Year | $ 14,520,848 | $ 28,554 | $ 86,966 | $ 18,155 | $ 7,510 | $ 422 |

See notes to supplementary information

Schedule 6
Sheet 2 of 5

# THE ESSEX COUNTY IMPROVEMENT AUTHORITY
## COMBINING STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED DECEMBER 31, 2022
## RESTRICTED FUND BY PROGRAM

| | 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) | County of Essex General Obligation Guaranteed Lease Revenue Bonds - Series 2002 A & B (County Correctional Facility Project) | County of Essex General Obligation Guaranteed Lease Revenue Bonds - Series 2003 A & B (County Correctional Facility Project) | Project Consolidation Revenue Bonds Series 2004 (Refunding Project) |
|---|---|---|---|---|---|---|
| Cash Flows from Capital and Related Financing Activities: | | | | | | |
| Received/(Disbursed) | | | | | | |
| Interest Paid | $ (123,256) | | | | | $ (5,128,200) |
| Bonds Paid | (250,000) | | | | | |
| Other Current Assets | 3,155 | | | | | 98,240 |
| Accrued Expenses | (3,155) | | | | | (98,240) |
| Received from Participants | 141,362 | | | | | 5,128,200 |
| Due to Participants | | | | | $ (1,069) | (72,910) |
| Finance Lease - Receipt | 250,000 | | | | | |
| Capital, Debt & Maintenance Reserve | | | | | | |
| Net Cash Flows/(Used in) from Capital and Related Financing Activities | 18,106 | | | | (1,069) | (72,910) |
| Cash Flows from Investing Activities: | | | | | | |
| Interest Received on Investments | 604 | $ 11,436 | $ 25 | $ 81 | 1,208 | 1,166 |
| Net Increase/(Decrease) in Cash and Cash Equivalents | 18,710 | 11,436 | 25 | 81 | 140 | (71,744) |
| Cash and Cash Equivalents at Beginning of Year | 21,306 | 3,411 | 310 | 1,282 | 446 | 93,264 |
| Cash and Cash Equivalents at End of Year | $ 40,016 | $ 14,847 | $ 335 | $ 1,363 | $ 586 | $ 21,520 |

See notes to supplementary information

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
RESTRICTED FUND BY PROGRAM



| | Multifamily Housing Revenue Bonds - Series 2005 A & B (Marina Bay Project) | Project Consolidation Revenue Bonds Series 2005 (Refunding Project) | Guaranteed Lease Revenue Bonds - Series 2005 A & B (Sportsplex (Refunding Project) | Project Consolidation Revenue Bonds Series 2006 (Refunding Project) | Guaranteed Lease Revenue Bonds - Series 2006 A & B (Sportsplex Refunding Project) | Project Consolidation Revenue Bonds Series 2007 (Refunding Project) |
|---|---|---|---|---|---|---|
| Cash Flows from Capital and Related Financing Activities: | | | | | | |
| Received/(Disbursed) | | | | | | |
| Interest Paid | | $ (51,975) | $ (88,530) | $ (572,775) | $ (45,668) | $ (2,438,363) |
| Bonds Paid | | (180,000) | (315,000) | (3,455,000) | | (46,445,000) |
| Other Current Assets | $ 7,677 | 6,030 | 2,770 | 12,455 | 2,070 | 5,000 |
| Accrued Expenses | (1,511,323) | (6,030) | (2,770) | (12,455) | (2,070) | (5,000) |
| Received from Participants | | 231,975 | 403,527 | 4,027,775 | 45,660 | 48,883,363 |
| Due to Participants | (81,929) | | | | | (62,015) |
| Finance Lease - Receipt | | | | | | |
| Capital, Debt & Maintenance Reserve | | | | | | |
| Net Cash Flows/(Used in) from Capital and Related Financing Activities | (1,585,575) | | (3) | | (8) | (62,015) |
| Cash Flows from Investing Activities: | | | | | | |
| Interest Received on Investments | 2,084 | 296 | 843 | 109 | 63 | 49,449 |
| Net Increase/(Decrease) in Cash and Cash Equivalents | (1,583,491) | 296 | 840 | 109 | 55 | (12,566) |
| Cash and Cash Equivalents at Beginning of Year | 1,587,319 | 877 | 3 | 344 | 321 | 12,567 |
| Cash and Cash Equivalents at End of Year | $ 3,829 | $ 1,173 | $ 843 | $ 453 | $ 376 | $ 1 |

See notes to supplementary information

THE ESSEX COUNTY IMPROVEMENT AUTHORITY
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
RESTRICTED FUND BY PROGRAM

Schedule 6
Sheet 4 of 5

| | Fern Senior Housing Project Revenue Bonds Series 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 2014 (Refunding Project) | Park Terrace/ Grove House Apartments Project Revenue Bonds Series 2015 A-C | Project Consolidation Revenue Bonds Series 2017 (Refunding Project) |
|---|---|---|---|---|---|---|
| Cash Flows from Capital and Related Financing Activities: | | | | | | |
| Received/(Disbursed) | | | | | | |
| Interest Paid | | | $ (77,975) | $ (513,500) | | $ (730,494) |
| Bonds Paid | | | (260,000) | (10,270,000) | | (555,000) |
| Other Current Assets | $ 12,300 | | 1,980 | 2,000 | | 40,855 |
| Accrued Expenses | (12,300) | | (1,980) | (7,173) | | (40,855) |
| Received from Participants | 138,638 | | 77,975 | 10,783,500 | $ 85,085 | 1,334,211 |
| Due to Participants | | | | (15,157) | | |
| Finance Lease - Receipt | | | 260,000 | | | |
| Capital, Debt & Maintenance Reserve | | | | | | |
| Net Cash Flows/(Used in) from Capital and Related Financing Activities | 138,638 | | | (20,330) | 85,085 | 48,717.26 |
| Cash Flows from Investing Activities: | | | | | | |
| Interest Received on Investments | 12,786 | | 693 | 4,530 | 442 | 1,042 |
| Net Increase/(Decrease) in Cash and Cash Equivalents | 151,424 | | 693 | (15,801) | 85,527 | 49,759 |
| Cash and Cash Equivalents at Beginning of Year | 1,145,144 | $ 42 | 3,702 | 15,801 | 40,059 | 29,552 |
| Cash and Cash Equivalents at End of Year | $ 1,296,568 | $ 42 | $ 4,395 | | $ 125,586 | $ 79,311 |

See notes to supplementary information

# THE ESSEX COUNTY IMPROVEMENT AUTHORITY
## COMBINING STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED DECEMBER 31, 2022
## RESTRICTED FUND BY PROGRAM

| | Capital Equipment Pooled Lease Rev. Bonds Series 2019 | Governmental Loan Revenue Bonds - Series 2019 (City of Newark Project) | North Star Academy Charter School Revenue Bonds Series 2020 | North Star Academy (Broad/Hazelwood) Charter School Revenue Bonds Series 2020 A & B | NJIT Student Housing General Obligation Lease Revenue Bonds Series 2021 A & B | Friends of Team Charter School Revenue Bonds Series 2021 | Total Cash Flows |
|---|---|---|---|---|---|---|---|
| Cash Flows from Capital and Related Financing Activities: | | | | | | | |
| Received/(Disbursed) | | | | | | | |
| Interest Paid | $ (349,000) | $ (3,473,250) | $ (1,183,800) | $ (1,238,294) | $ (3,027,174) | $ (1,454,053) | $ (20,699,922) |
| Bonds Paid | (1,990,000) | (1,270,000) | (325,000) | (1,310,000) | | | (66,625,000) |
| Other Current Assets | 6,490 | 71,945 | 55,750 | 62,750 | 76,000 | 48,750 | 514,686 |
| Accrued Expenses | (6,490) | (71,945) | (55,750) | (62,750) | (170,452) | (48,750) | (2,032,367) |
| Received from Participants | 2,339,000 | 4,743,250 | 1,509,300 | 2,548,125 | 3,027,174 | 1,454,053 | 88,407,676 |
| Due to Participants | (7,131) | | 377,200 | | | | 136,989 |
| Finance Lease - Receipt | | | | | | | 510,000 |
| Capital, Debt & Maintenance Reserve | (1,468,615) | (1,250) | (377,200) | | (58,748,015) | (22,996,115) | (83,591,195) |
| Net Cash Flows/(Used in) from Capital and Related Financing Activities | (1,475,746) | (1,250) | 500 | (169) | (58,842,467) | (22,996,115) | (83,379,132) |
| Cash Flows from Investing Activities: | | | | | | | |
| Interest Received on Investments | 14,178 | 18,503 | 11,760 | 26,055 | 159,686 | | 536,294 |
| Net Increase/(Decrease) in Cash and Cash Equivalents | (1,461,568) | 17,253 | 12,260 | 25,886 | (58,682,781) | (22,996,115) | (82,842,838) |
| Cash and Cash Equivalents at Beginning of Year | 2,090,794 | 16,570 | 1,133,913 | 2,392,644 | 64,615,499 | 32,389,705 | 118,650,593 |
| Cash and Cash Equivalents at End of Year | $ 629,225 | $ 33,823 | $ 1,146,173 | $ 2,418,530 | $ 5,932,718 | $ 9,393,590 | $ 35,807,756 |

See notes to supplementary information

**<u>NOTES TO SUPPLEMENTARY INFORMATION ["NSI"] –</u>**

**<u>RESTRICTED FUND</u>**

**THE ESSEX COUNTY IMPROVEMENT AUTHORITY**
**NOTES TO SUPPLEMENTARY INFORMATION ("NSI") - RESTRICTED FUND**
**DECEMBER 31, 2022**

Note 1. RESTRICTED BONDS RECEIVABLE

The bonds receivable at December 31 consist of following:

| | 2022 |
|---|---|
| 1986 Series Bonds (PGLP) receivable in annual installments ranging from $285,000 to $965,000 through 2025, with interest varying and due monthly an average rate charged of 2.1119% per annum in 2022. (a) | $ 2,775,000 |
| 2004 Series Bonds receivable (2004 Project Consolidation Revenue Refunding Bonds) ranging in annual installment from $10,680,000 to $12,725,000 in 2023 through 2030 with interest rate of 5.5%. (b) | 93,240,000 |
| 2005 Series A & B Bonds receivable (Marina Bay Multifamily Housing Revenue Bonds) ranging in annual installments from $150,092 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 $190,000 to $225,000 through 2027 with interest rates ranging from 4.125% to 4.375%. (d) | 1,030,000 |
| 2005 Series A Bonds receivable (Sportsplex Refunding Project) ranging in annual installments from $325,000 to $380,000 through 2027. The Series A Bonds carry interest rates ranging from 3.75% to 4.35%. (e) | 1,770,000 |
| 2006 Series Bonds receivable (2006 Project Consolidation Revenue Refunding Bonds) ranging in annual installments from $3,635,000 to $3,820,000 through 2024 with interest rate of 5.25%. (f) | 7,455,000 |
| 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 |
| 2010 Series Bonds receivable (Fern Senior Housing Project) payable in one installment of $11,300,000 in 2040 with varying interest rates. (h) | 11,300,000 |
| 2015 Series A, B and C receivable (2015 Park Terrace/Grove House Apartments Project Revenue Bonds) ranging in annual installments from $110,000 to $535,000 in 2053 with interest rates ranging from 5.0% to 7.0%. (i) | 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%. (j) | 35,855,000 |

Note 1. RESTRICTED BONDS RECEIVABLE (CONTINUED)

Bonds receivable at December 31: (Continued)

| | 2022 |
|---|---|
| 2019 Governmental Loan Revenue Bonds Series 2019 City of Newark, Water Project, ranging in installments from $1,335,000 to $4,065,000 through 2049 with interest rates ranging from 4.0% to 5.0%. (k) | $ 68,195,000 |
| 2020 Charter School Revenue Bonds Newark Charter School North Star Academy, installments ranging from $340,000 to $1,455,000 at interest rate of 4.00% through 2060. (l) | 29,270,000 |
| 2020 Charter School Revenue Bonds Series 2020 A & B Newark Charter School 559 Broad/Hazelwood, installments ranging from $240,000 to $1,905,000 at interest rates ranging from 1.96% to 4.96% through 2060. (m) | 29,980,000 |
| 2021 Charter School Revenue Bonds Series 2021 Newark Charter School TEAM, installments ranging from $30,000 to $9,265,000 at an interest rate of 4.00% through 2056. (n) | 49,570,000 |
| 2021A New Jersey Institute of Technology General Obligation Lease Revenue Bonds - NJIT Student Housing Project. (o) | 80,035,000 |
| 2021B Federally Taxable New Jersey Institute of Technology General Obligation Lease Revenue Bonds - NJIT Student Housing Project. (p) | 10,970,000 |
| | $ 438,038,513 |

| | |
|---|---|
| Current Portion | $ 56,653,835 |
| Noncurrent Portion | 381,384,678 |
| | $ 438,038,513 |

Note 1. 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 NSI 3(a))

(b) In connection with the 2004 Project Consolidation Revenue Bonds (Refunding Project). (See NSI 3(c))

(c) In connection with the 2005 Marina Bay Series A & B Revenue Bonds. (See NSI 3(d))

(d) In connection with the 2005 Project Consolidation Revenue Bonds (Refunding Project). (See NSI 3(e))

(e) In connection with the 2005 Sportsplex Refunding Bonds, Series A. (See NSI 3(f))

(f) In connection with the 2006 Project Consolidation Revenue Bonds (Refunding Project). (See NSI 3(g))

(g) In connection with the 2006 Sportsplex Refunding Bonds Series A & B. (See NSI 3(h))

(h) In connection with the 2010 Fern Senior Housing Project Revenue Bonds. (See NSI 3(i))

(i) In connection with the 2015 Project Revenue Bonds (Park Terrace/Grove House Apartments Projects), Series 2015 A-C. (See NSI 3(k))

(j) In connection with the 2017 Project Consolidation Revenue Refunding Bonds. (See NSI 3(l))

(k) In connection with the 2019 Series Governmental Loan Revenue Bonds City of Newark Water Project (See NSI 3(m))

(l) In connection with Charter Schools of Newark Revenue Bonds Series 2020 North Star Academy (See NSI 3(p))

(m) In connection with Charter Schools of Newark Revenue Bonds Series 2020 A & B 559 Broad/ Hazelwood (See NSI 3(o))

(n) In connection with Charter Schools of Newark Revenue Bonds Series 2021 – TEAM Charter School (See NSI 3(q))

(o) In connection with New Jersey Institute of Technology Bonds Series 2021 A & B (Federally Taxable) – Student Housing (See NSI 3(qi))

(p) In connection with New Jersey Institute of Technology General Obligation Lease Revenue Bonds NJIT – Student Housing (See NSI 3(qii).

Note 1. 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: | |
| 2023 | $ 55,148,835 |
| 2024 | 21,796,513 |
| 2025 | 17,628,214 |
| 2026 | 17,155,208 |
| 2027 | 17,842,509 |
| | 129,571,278 |
| Every five (5) years thereafter: | |
| 2028 | 15,755,129 |
| 2029 | 16,688,083 |
| 2030 | 17,886,386 |
| 2031 | 6,370,054 |
| 2032 | 6,269,103 |
| | 62,968,756 |
| 2033 | 6,623,551 |
| 2034 | 5,523,414 |
| 2035 | 5,198,713 |
| 2036 | 5,624,465 |
| 2037 | 7,815,693 |
| | 30,785,836 |
| 2038 | 7,827,417 |
| 2039 | 7,099,660 |
| 2040 | 17,947,444 |
| 2041 | 6,925,796 |
| 2042 | 7,244,740 |
| | 47,045,056 |
| 2043 | 7,559,303 |
| 2044 | 7,934,513 |
| 2045 | 8,363,771 |
| 2046 | 8,390,000 |
| 2047 | 8,735,000 |
| | 40,982,587 |

Note 1. 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)

| | |
|---|---|
| 2048 | $ 9,655,000 |
| 2049 | 11,000,000 |
| 2050 | 7,175,000 |
| 2051 | 9,290,000 |
| 2052 | 10,240,000 |
| | 47,360,000 |
| 2053 | 10,615,000 |
| 2054 | 10,415,000 |
| 2055 | 10,755,000 |
| 2056 | 14,950,000 |
| 2057 | 5,915,000 |
| | 52,650,000 |
| 2058 | 6,160,000 |
| 2059 | 6,405,000 |
| 2060 | 6,670,000 |
| 2061 | 4,665,000 |
| | 23,900,000 |
| | $ 435,263,513 |

| | |
|---|---|
| Reconciliation to Statement of Net Position: | |
| Current Portion | $ 56,653,834 |
| Noncurrent Portion | 381,384,678 |
| | $ 438,038,512 |
| Less: PGLP Bonds Receivable | 2,775,000 |
| | $ 435,263,512 |

Note 2. 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, 2022.

A. Future Minimum Lease Payments

Future minimum lease payments to be received for the next five (5) years and two (2) years thereafter under direct financing leases are as follows:

| | Restricted |
|---|---|
| Next five (5) years: | |
| 2023 | $ 1,935,000 |
| 2024 | 2,025,000 |
| 2025 | 970,000 |
| 2026 | 1,020,000 |
| 2027 | 1,070,000 |
| | 7,020,000 |
| Two (2) years thereafter: | |
| 2028 | 785,000 |
| 2029 | 820,000 |
| | 1,605,000 |
| Total Minimum Obligation | $ 8,625,000 |

Note: All principal and interest for direct financing leases for 2022 have been received.

## Note 2. RESTRICTED NET INVESTMENT IN DIRECT FINANCING LEASES (CONTINUED)

### A. Future Minimum Lease Payments (Continued)

Lease Debt

| | | |
|---|---|---|
| Restricted: | | |
| 1. City of Newark General Obligation Lease Revenue Bond, Series 1999, $5,500,000, Interest rate of 5.125%. (See NSI 3(b)) | $ | 2,155,000 |
| 2. County of Essex General Obligation Lease Revenue Refunding Bonds, Series 2011, $3,825,000, Interest rate ranging 4% to 5%. (See NSI 3(j)) | | 1,480,000 |
| 3. General Obligation Lease Revenue Bonds $10,750,000, County of Essex Capital Equipment Lease Bond Series 2019, interest rate of 5%. (See NSI 3(n)) | | 4,990,000 |
| | $ | 8,625,000 |

Note 2. RESTRICTED NET INVESTMENT IN DIRECT FINANCING LEASES (CONTINUED)

B. Leased Properties

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

County of Essex – Participant

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

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

Note 3. BONDS PAYABLE – RESTRICTED FUND

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

| | 2022 |
|---|---|
| $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) | 2,155,000 |
| $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) | 1,030,000 |
| $14,420,000 Essex County Improvement Authority General Obligation Lease Revenue Refunding Bonds, Series 2005 A & B (Sportsplex Refunding Project) (f) | 1,770,000 |
| $41,865,000 Essex County Improvement Authority Project Consolidation Revenue Bonds Series 2006 (g) | 7,455,000 |
| $13,215,000 Essex County Improvement Authority General Obligation Lease Revenue Refunding Bonds, Series 2006 A & B (Sportsplex Refunding Project) (h) | 1,070,000 |
| $11,300,000 Essex County Improvement Authority Variable Rate Demand Multi-Family Housing Revenue Bonds, Series 2010 (Fern Senior Housing Project) (i) | 11,300,000 |
| $3,825,000 County of Essex General Obligation Guaranteed Lease Revenue Refunding Bonds (Social Services) Series 2011 (j) | 1,480,000 |
| $8,855,000 Essex County Improvement Authority Project Revenue Bonds (Park Terrace/Grove House Apartments Project), Series 2015 A-C (k) | 8,845,000 |

Note 3. BONDS PAYABLE – RESTRICTED FUND (CONTINUED)

| | 2022 |
|---|---|
| $38,460,000 County of Essex Project Consolidation Revenue Bonds, Series 2017 (2017 Refunding Project) (l) | $ 35,855,000 |
| $70,685,000 Governmental Loan Revenue Bond Series 2019 City of Newark Water Project (m) | 68,195,000 |
| $10,750,000 Essex County Improvement Authority Capital Equipment Pooled Lease Revenue Bonds, Series 2019 (n) | 4,990,000 |
| $32,070,000 Essex County Improvement Authority Charter School Revenue Bonds, Series 2020 A & B - Newark Charter School 559 Broad/Hazelwood Project (o) | 29,980,000 |
| $29,595,000 Essex County Improvement Authority Charter School Revenue Bonds, Series 2020 - Newark Charter School North Star Academy Project (p) | 29,270,000 |
| $49,570,000 Essex County Improvement Authority Charter School Revenue Bonds Newark TEAM Charter School Series 2021 Project (r) | 49,570,000 |
| $80,035,000 New Jersey Institute of Technology General Obligation Lease Revenue Bonds, Series 2021A - NJIT Student Housing Project (q(i)) | 80,035,000 |
| $10,970,000 Federally Taxable New Jersey Institute of Technology General Obligation Lease Revenue Bonds, Series 2021B - NJIT Student Housing Project (q(ii)) | 10,970,000 |
| Total | $ 461,088,513 |

| | | |
|---|---|---|
| Current Portion | | $ 57,083,835 |
| Noncurrent Portion | | 404,004,678 |
| | | $ 461,088,513 |
| Reconciliation to Offsetting Receivable: | | |
| Restricted Bonds Receivable (Note 1) | $ 435,263,513 | |
| Add: Investment in Direct Financing Leases | 8,625,000 | |
| Add: PGLP Bonds Payable | 17,200,000 | |
| | | $ 461,088,513 |

Note 3. BONDS PAYABLE – RESTRICTED FUND (CONTINUED)

Restricted Debt Issue and Related Charges

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

(a) The 1986 $250,000,000 Pooled Governmental Loan Program Bonds were issued to refinance the $100,000,000 Initial Program Bonds and are payable based on a mandatory sinking fund provision stipulated in the bond resolution. The bonds had an average interest rate of 1.0442% per annum in 2022. The bonds are secured by restricted cash, cash equivalents and investments and restricted bonds receivable (See NSI 1(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 $355,000 in 2029 and bear interest at rate of 5.125%. The bonds are secured unconditionally and irrevocably by the City of Newark. (See NSI 2(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 NSI 1(b))

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

The remaining bonds are payable in annual installments on October 1, ranging from $10,680,000 to $12,725,000 between 2023 and 2030 at an interest rate of 5.5%.

Note 3. BONDS PAYABLE – RESTRICTED FUND (CONTINUED)

Restricted Debt Issue and Related Charges (Continued)

(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 NSI 1(c))

The remaining bonds are payable in monthly installments from January 2023 to September 2045 annually ranging from $150,092 to $364,513. The Series 2019 A Bonds carry an interest rate of 5.00% 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 NSI 1(d))

The remaining bonds are payable in annual installments on December 15, ranging from $190,000 to $225,000 between 2023 and 2027 at rates ranging from 4.125% to 4.375%.

(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 during 2016 funds were provided to refund all the remaining 2005 Series B Bonds in the amount of $6,990,000. (See NSI 1(e))

The $2,485,000 Series A Bonds are tax-exempt bonds maturing in amounts ranging from $325,000 in 2023 to $380,000 in 2027. Interest rates range from 3.75% to 4.35%.

Note 3. BONDS PAYABLE – RESTRICTED FUND (CONTINUED)

(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 (See NSI 1(f))

The remaining bonds are payable in annual installments on December 15, ranging from $3,635,000 in 2023 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. 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 during 2016 funds were provided to refund the remaining Series B bonds in the amount of $6,880,000. (See NSI 1(g))

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%.

(i) 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 NSI 1(h))

(j) 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 $270,000 in 2023 to $325,000 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 NSI 2(A(2))

Note 3. BONDS PAYABLE – RESTRICTED FUND (CONTINUED)

(k) 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 remaining maturity range is $110,000 to $535,000 maturing 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 NSI 1(i))

(l) 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 NSI 3(e)) and $33,455,000 of the 2007 Refunding Bonds. 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 2023 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 NSI 1(j))

(m) The $70,685,000 Governmental Loan Revenue Bonds Series 2019 Essex County Guaranteed City of Newark Project annual maturities through November 1, 2049 of $1,335,000 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. (See NSI 1(k))

(n) 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 annually on October 1 with maturities ranging from $405,000 to $1,470,000 at interest rates ranging from 4.0% to 5.0% through 2029. The Bonds are solely secured by the pledge of the pledged property. (See NSI 2(A(3))

Note 3. BONDS PAYABLE – RESTRICTED FUND (CONTINUED)

(o) The $32,070,000 Charter School Revenue Bonds – Newark Charter School 559 Broad/Hazelwood 2020 project (Series A & B) were issued to provide funds for improvements to the Charter School. (See NSI 1(m))

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

(a) Serial bonds in the amount of $7,640,000 with remaining annual maturities ranging from $1,335,000 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 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 $1,905,000 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 payments ranging from $165,000 to $475,000 from 2036 to 2050 at an interest rate of 4.96%.

(p) 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. (See NSI 1(l))

Series 2020 Bonds consisting of:

(i) Serial bonds in the amount of $3,470,000 with remaining annual maturities ranging from $340,000 to $450,000 at an interest rate of 4.00% through July 15, 2030.
(ii) Term bond of $5,600,000 due July 1, 2040 with annual sinking fund payments 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 payments ranging from $1,020,000 to $1,455,000 from 2051 to 2060 at an interest rate of 4.00%.

Note 3. BONDS PAYABLE – RESTRICTED FUND (CONTINUED)

(q) The $91,005,000 New Jersey Institute of Technology Charter School Revenue Bonds Series A & B were issued to provide funds for improvements to the Charter School. (See NSI 1(o))

(i) Series 2021A bonds of $80,035,000 consisting of:
(a) Serial bonds in the amount of $16,695,000 repayment commencing August 1, 2033 in annual maturities ranging from $1,530,000 to $2,180,000 at interest rates of 4.00% to 5.00% through August 1, 2041.
(b) Term bond of $12,320,000 due August 1, 2046 with annual sinking fund payments ranging from $2,270,000 to $2,665,000 from 2042 to 2046 at interest rate of 4.00%.
(c) Term bond of $15,045,000 due August 1, 2051 with annual sinking fund payments ranging from $2,775,000 to $3,255,000 from 2047 to 2051 at an interest rate of 4.00%.
(d) Term bond of $18,380,000 due August 1, 2056 with annual sinking fund payments ranging from $3,390,000 to $3,975,000 from 2052 to 2056 at an interest rate of 4.00%.
(e) Term bond of $17,595,000 due August 1, 2060 with annual sinking fund payments ranging from $4,140,000 to $4,665,000 from 2057 to 2060 at an interest rate of 4.00%

(ii) Series 2021B serial bonds in the amount of $10,970,000 (*federally taxable*) with repayment commencing August 1, 2023 in annual maturities ranging from $510,000 to $1,595,000 at interest rates ranging from 0.45% to 2.55% through 2032. (See NSI 1(p))

(r) The 2021 $49,570,000 Charter School Revenue Bonds – Newark Charter School TEAM 2021 project were issued to provide funds for improvements to the Charter Schools. (See NSI 1(n))

Series 2021 Bonds consisting of:
(i) Serial bonds in the amount of $1,615,000 repayment commencing June 15, 2023 in annual maturities ranging from $100,000 to $405,000 at an interest rates of 4.00% through June 15, 2031.
(ii) Term bond of $4,330,000 due June 15, 2038 with annual sinking fund payments ranging from $30,000 to $2,135,000 from 2032 to 2038 at interest rate of 4.00%.
(iii) Term bond of $3,595,000 due June 15, 2046 with annual sinking fund payments ranging from $230,000 to $940,000 from 2039 to 2046 at an interest rate of 4.00%.
(iv) Term bond of $10,400,000 due June 15, 2051 with annual sinking fund payments ranging from $620,000 to $4,145,000 from 2047 to 2051 at an interest rate of 4.00%.
(v) Term bond of $29,630,000 due June 15, 2056 with annual sinking fund payments ranging from $4,885,000 to $9,265,000 from 2052 to 2056 at an interest rate of 4.00%.

Note 3. BONDS PAYABLE – RESTRICTED FUND (CONTINUED)

Debt Service Obligation

The aggregate remaining maturities of bonds payable for the next five (5) years and every five (5) years thereafter as of December 31, 2022 are as follows:

| | Restricted Fund Principal Only |
|---|---|
| Next five (5) years: | |
| 2023 | $ 57,083,835 |
| 2024 | 23,821,513 |
| 2025 | 18,598,214 |
| 2026 | 35,375,208 |
| 2027 | 18,912,509 |
| | 153,791,278 |
| Every five (5) years thereafter: | |
| 2028 | 16,540,129 |
| 2029 | 17,508,083 |
| 2030 | 17,886,386 |
| 2031 | 6,370,054 |
| 2032 | 6,269,103 |
| | 64,573,756 |
| 2033 | 6,623,551 |
| 2034 | 5,523,414 |
| 2035 | 5,198,713 |
| 2036 | 5,624,465 |
| 2037 | 7,815,693 |
| | 30,785,836 |
| 2038 | 7,827,417 |
| 2039 | 7,099,660 |
| 2040 | 17,947,444 |
| 2041 | 6,925,796 |
| 2042 | 7,244,740 |
| | 47,045,056 |
| 2043 | 7,559,303 |
| 2044 | 7,934,513 |
| 2045 | 8,363,771 |
| 2046 | 8,390,000 |
| 2047 | 8,735,000 |
| | 40,982,587 |

Note 3. BONDS PAYABLE – RESTRICTED FUND (CONTINUED)

Debt Service Obligation (Continued)

| | Restricted Fund Principal Only |
|---|---|
| Every five (5) years thereafter (continued): | |
| 2048 | $ 9,655,000 |
| 2049 | 11,000,000 |
| 2050 | 7,175,000 |
| 2051 | 9,290,000 |
| 2052 | 10,240,000 |
| | 47,360,000 |
| 2053 | 10,615,000 |
| 2054 | 10,415,000 |
| 2055 | 10,755,000 |
| 2056 | 14,950,000 |
| 2057 | 5,915,000 |
| | 52,650,000 |
| 2058 | 6,160,000 |
| 2059 | 6,405,000 |
| 2060 | 6,670,000 |
| 2061 | 4,665,000 |
| | 23,900,000 |
| Total | $ 461,088,513 |
| Recapitulation: | |
| Current Portion | $ 57,083,835 |
| Noncurrent Portion | 404,004,678 |
| | $ 461,088,513 |

* Includes maturity of a "bullet" final payment for the 1986 PGLP Loan balance of $17,200,000 in 2026. (NSI 3(a))

** Includes maturity of a "bullet" final payment of $11,300,000 for the 2010 Fern Senior Housing Project (NSI 3(i))

Note 3. BONDS PAYABLE – RESTRICTED FUND (CONTINUED)

Summary of Debt – Restricted As of December 31, 2022

| Note 8 | Original Amount Issued | Balance December 31, 2022 | County Debt Direct & Guaranteed | Other Debt Not County Guaranteed | | Other Debt County Guaranteed | Cumulative Paid Down |
|---|---|---|---|---|---|---|---|
| a | $ 250,000,000 | $ 17,200,000 | $ 4,280,000 | | | $ 12,920,000 | $ 232,800,000 |
| b | 5,500,000 | 2,155,000 | | $ 2,155,000 | (N) | | 3,345,000 |
| 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 | 1,030,000 | 1,030,000 | | | | 10,485,000 |
| f | 14,420,000 | 1,770,000 | 1,770,000 | | | | 12,650,000 |
| g | 41,865,000 | 7,455,000 | 7,455,000 | | | | 34,410,000 |
| h | 13,215,000 | 1,070,000 | | 1,070,000 | (N) | | 12,145,000 |
| i | 11,300,000 | 11,300,000 | | 11,300,000 | (H) | | - |
| j | 3,825,000 | 1,480,000 | 1,480,000 | | | | 2,345,000 |
| k | 8,855,000 | 8,845,000 | | 8,845,000 | (H) | | 10,000 |
| l | 38,460,000 | 35,855,000 | 35,855,000 | | | | 2,605,000 |
| m | 70,685,000 | 68,195,000 | 68,195,000 | | | | 2,490,000 |
| n | 10,750,000 | 4,990,000 | | 4,990,000 | (E) | | 5,760,000 |
| o | 32,070,000 | 29,980,000 | | 29,980,000 | (C) | | 2,090,000 |
| p | 29,595,000 | 29,270,000 | | 29,270,000 | (C) | | 325,000 |
| q(i) | 80,035,000 | 80,035,000 | | 80,035,000 | (C) | | - |
| q(ii) | 10,970,000 | 10,970,000 | | 10,970,000 | (G) | | - |
| r | 49,570,000 | 49,570,000 | | 49,570,000 | (G) | | - |
| | $ 878,595,000 | $ 461,088,513 | $ 213,305,000 | $ 234,863,513 | | $ 12,920,000 | $ 417,506,487 |

Guarantor:
(H) = Housing (C) = Charter School (E) = Equipment Lease (N) = City of Newark
(G) = Higher Education

Note 4. DEBT AUTHORIZATION

(a) 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.

(b) In April of 2023 the Authority applied for and received approval from the LFB to issue $180,000,000 of Lease Revenue Bonds or Notes to finance a new family court building/complex for the County of Essex. To date Notes in the amount of $180,000,000 have been issued. The repayment is guaranteed by the County of Essex.

## GENERAL COMMENTS AND RECOMMENDATIONS

## GENERAL COMMENTS
## DECEMBER 31, 2022

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/$44,000.00, except by contract or agreement during 2022."

The Authority appointed a *Qualified Purchasing Agent* ("QPA") and as such, the threshold for bidding is $44,000.00.

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 item:

Rehabilitation of Apron B
Aviation Fuel Farm System Removal/Replacement
Snow & Ice Removal
Aviation Fuel

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

Airport Vehicles & Equipment
Wheel Loader
Repainting of Taxiway Line
Airport Vehicle Fuel Purchased & Delivery
Tree Removal
Repair Various Curbs & Sidewalk
Airport Vehicles Lift

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of $29,000.00/$44,000.00, "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.

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" per N.J.S. 40A:11-5.

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of $44,000.00, "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.

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, 2022 to determine that salaries were paid in conformity to the amounts authorized.

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

Our examination revealed that as of the date of this report, there are ten (10) 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, 2022. In addition, the annual operating budget for the year ended December 31, 2023 and December 31, 2024 were adopted by the Authority on November 29, 2022 and November 28, 2023, respectively.

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

## GENERAL COMMENTS
## DECEMBER 31, 2022 (CONTINUED)

### Federal and State Grants

The Authority is the recipient of federal and state grants for Airport Improvements. The expenditures in 2022 did not rise to the level of $750,000.00 for federal or state funds that would require a Single Audit.

### 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. In addition, Park Terance Grove debt service was not paid either (refer to Notes to Supplementary Information). It should be noted that the obligation to pay the debt service on the Bonds is not that of the Authority.

### 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 July 25, 2024.

### 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, 2022**

None.

A corrective action plan for 2022 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