Annual
Financial Report

of the

Union County
Improvement Authority

For the Years Ended December 31, 2017 and 2016

Prepared By

Union County Improvement Authority

Finance Department

UNION COUNTY IMPROVEMENT AUTHORITY

I N D E X

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
Union County Improvement Authority
Rahway, New Jersey 07065

Report on the Financial Statements

We have audited the accompanying financial statements of the Union County Improvement Authority, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Union County Improvement Authority at December 31, 2017 and 2016, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules related to accounting and reporting for pensions in Schedules R-1 through R-3 identified in the table of contents be 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 basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Union County Improvement Authority's basic financial statements. The supplementary data schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary data schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 supplementary data schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 23, 2018 on our consideration of the Union County Improvement Authority's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Union County Improvement Authority's internal control over financial reporting and compliance.

May 23, 2018

Suplee, Clooney & Company

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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

Members of the Board
Union County Improvement Authority
Rahway, New Jersey 07065

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 of the financial statements of Union County Improvement Authority as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Union County Improvement Authority's financial statements, and have issued our report thereon dated May 23, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's 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 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 Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Suplee, Clooney & Company

May 23, 2018

MANAGEMENT’S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis
Unaudited

In this section of the annual report, management of the Union County Improvement Authority (the "Authority") presents a narrative discussion and analysis of the Authority's financial activities for the years ended December 31, 2017 and 2016. This section of the report should be read in conjunction with the Authority's audited financial statements and supplementary information for the years ended December 31, 2017 and 2016. The Authority's audited financial statements are presented in conformity with U.S. generally accepted accounting principles.

Audit Assurance

The unmodified opinion of our independent auditors, Suplee Clooney & Company is included in this report.

Financial Highlights

Total assets at year-end totaled $308.7 million and liabilities totaled $323.0 million.

Operating revenues totaled $5.7 million which is a decrease of $571 thousand or 9.2% from the prior years $6.2 million. Primarily from a decrease in rents received from the Renewable Energy Projects. Operating expenditures totaled $5.9 million, a decrease of $47 thousand or 0.8%, over the prior year's $5.9 million.

In 2017, rents received from the Park Madison Project were $3.9 million, an increase of $124 thousand over the prior year's $3.8 million. Rents received from the Cherry Street building were $96 thousand, a decrease of $53 thousand over the prior year's $149 thousand. Rents received from the Renewable Energy Projects were $1.2 million which is a decrease of $556 thousand over the prior year's $1.7 million.

Cash and Investments of $17.5 million increased $9.5 million from prior year's total of $7.9 million. The balance includes $17.2 million of funds held in escrow for ongoing development projects.

Bonds Payable of $232.5 million decreased $13.9 million or 5.6% over prior year's total of $246.3 million. This net decrease is the result of refunding's, new financing and scheduled retirements.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the Authority's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Authority's budget, and bond resolutions and other management tools were used for this analysis.

The financial statements report information about the Authority using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include a Statement of Net Position; a Statement of Revenues, Expenses and Changes to Net Position; a Statement of Cash Flows; and notes to the financial statements.

The Statement of Net Position presents the financial position of the Authority on a full accrual historical cost basis. This statement presents information on all of the Authority's assets and liabilities, with the difference reported as net position. Over time, increases and decreases in net assets is one indicator of whether the financial position of the Authority is improving or deteriorating.

While the Statement of Net Position provides information about the nature and amount of resources and obligations at year-end, the Statement of Revenues, Expenses and Changes to Net Position presents the results of the business activities over the course of the fiscal year and information as to how the net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The Statement of Cash Flows presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

In 2015, the Government Accounting Standards Board (GASB) Statement 68 requires state and local governmental entities to disclose their unfunded pension liabilities. The Authority was not accepted and begin participating in the pension plan sponsored by the State of New Jersey, which has a publicized, large unfunded liability, until 2016. Although the Authority is not responsible for making pension payments to employees when they retire, GASB 68 dictates that the pro-rata share represented by Authority employees participating in PERS (Public Employee Retirement System) be reported in the audited financial statements to promote better financial clarity. The net pension liability, shown within non-current liabilities, is $-0- and $-0- at December 31, 2017 and 2016, respectively. Notes to the Financial Statements No. 2, 5 and 6 explain pension plan accounting in greater detail.

The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Summary of Organization and Business

The Union County Improvement Authority is a public body corporate and politic, organized and existing under the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State of New Jersey, as amended and supplemented, and was created by virtue of an ordinance of the Board of Chosen Freeholders of the County of Union, New Jersey, duly adopted June 5, 1986.

The Authority, through its bonding authority, finances major projects and improvements throughout the County of Union, New Jersey. In addition, it provides financing for the lease/purchase of capital assets. The Authority also serves as a Redevelopment Agency for the City of Plainfield in the design and construction of a County and State office building located in downtown Plainfield. This redevelopment area is referred to as Park-Madison.

Contacting the Authority's Management

Any questions about the Authority's report or if additional information is needed, please contact the Executive Director of the Union County Improvement Authority at 1499 Routes 1 and 9 North, Rahway, New Jersey 07065.

Bonds Payable

The Authority issues bonds to finance the major projects and improvements throughout the County of Union, New Jersey. A summary of the Bonds Payable activity for the year is as follows:

Bonds Payable at 12/31/2016	$ 246,341,038
Bonds Issued	7,860,000
Scheduled Bond Retirements	(21,730,112)
Bonds Payable at 12/31/2017	$ 232,470,926

Financial Analysis

The following comparative condensed financial statements and other selected information serve as key financial data and indicators for management, monitoring and planning:

Condensed Financial Statements

Condensed Statement of Net Assets

	December 31, 2017	December 31, 2016	Variance Dollars	Variance %	2015
Assets					
Current Assets	$ 17,510,601	$ 7,979,534	$ 9,531,067	119.4%	$ 11,107,169
Lease Payments Receivable	222,362,697	227,782,469	(5,419,772)	-2.4%	249,817,867
Loan Receivable	29,919,948	39,300,359	(9,380,411)	-23.9%	33,345,551
Mortgage Receivable	12,450,978	12,710,679	(259,701)	-2.0%	12,954,928
Other Assets	26,426,077	29,824,789	(3,398,712)	-11.4%	27,707,946
Total Assets	$ 308,670,301	$ 317,597,830	$ (8,927,529)	-2.8%	$ 334,933,461
Liabilities:					
Current Liabilities	$ 25,142,659	$ 15,572,152	$ 9,570,507	61.5%	$ 13,445,871
Bonds Payable	232,470,926	246,341,038	(13,870,112)	-5.6%	255,285,479
Non-Current Liabilities	65,407,697	68,482,469	(3,074,772)	-4.5%	77,862,880
Total Liabilities	323,021,282	330,395,659	(7,374,377)	-2.2%	346,594,230
Net Assets					
Net Investment in Capital Assets	(15,833,586)	(12,774,964)	(3,058,622)	23.9%	(11,130,716)
Unrestricted	837,507	915,995	(78,488)	-8.6%	665,106
Restricted	645,098	(938,860)	1,583,958	-168.7%	(1,195,159)
Total Net Assets	(14,350,981)	(12,797,829)	(1,553,152)	12.1%	(11,660,769)
Total Liabilities and Net Assets	$ 308,670,301	$ 317,597,830	$ (8,927,529)	-2.8%	$ 334,933,461

Condensed Statement of Revenue, Expenses, and Changes in Net Assets

	December 31, 2017	December 31, 2016	Variance Dollars	Variance %	2015
Operating Revenues	$ 5,669,108	$ 6,240,506	$ (571,398)	-9.2%	$ 6,060,654
Operating Expenses	5,930,286	5,883,232	47,054	0.8%	9,885,523
Operating Income/(Loss)	(261,178)	357,274	(618,452)	173.1%	(3,824,869)
Non Operating (Revenues) Expenses	(1,291,974)	(1,494,334)	202,360	-13.5%	(1,403,063)
Change in Net Assets	(1,553,152)	(1,137,060)	(416,092)	-36.6%	(5,227,932)
Net Assets, Beginning of Year	(12,797,829)	(11,660,769)	(1,137,060)	9.8%	(6,432,837)
Net Assets, End of Year	$ (14,350,981)	$ (12,797,829)	$ (1,553,152)	12.1%	$ (11,660,769)

BASIC FINANCIAL STATEMENTS

EXHIBIT "A"
SHEET #1

UNION COUNTY IMPROVEMENT AUTHORITY

STATEMENTS OF NET POSITION
DECEMBER 31, 2017 AND 2016

	2017	2016
A S S E T S		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	$ 311,489	$ 540,534
Accounts Receivable	233,125	355,168
Total Unrestricted Current Assets	544,614	895,702
Restricted Assets:		
Cash and Cash Equivalents	17,199,112	7,439,000
Accrued Interest Receivable	2,337,152	2,427,018
Minimum Lease Payments Receivable	18,080,173	17,156,634
Loan Receivable	2,048,486	1,850,892
Mortgage Receivable	276,130	259,701
Total Restricted Current Assets	39,941,053	29,133,245
Total Current Assets	40,485,667	30,028,947
Noncurrent Assets:		
Minimum Lease Payments Receivable	204,282,524	210,625,835
Loan Receivable	27,871,462	37,449,467
Mortgage Receivable	12,174,848	12,450,978
Development Costs	3,765,701	3,485,667
Fixed Assets - Net	20,090,099	23,556,936
Total Noncurrent Assets	268,184,634	287,568,883
Deferred Outflows:		
Pension Related	395,352	
TOTAL ASSETS	$ 309,065,653	$ 317,597,830

The accompanying Notes are an integral part of these financial statements.

EXHIBIT "A"
SHEET #2

UNION COUNTY IMPROVEMENT AUTHORITY

STATEMENTS OF NET POSITION
DECEMBER 31, 2017 AND 2016

	2017	2016
LIABILITIES AND NET POSITION		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable and Accrued Liabilities	$ 2,036,660	$ 2,449,299
Total Current Liabilities	2,036,660	2,449,299
Current Liabilities Payable from Restricted Assets:		
Interest Payable - Serial Bonds	2,337,152	2,427,017
Bonds Payable - Current Portion	15,374,616	14,290,592
Unearned Income	6,805,173	6,951,634
Development Liability	16,554,015	6,465,836
Net Pension Liability	381,141	
Loan Payable	4,230,000	4,230,000
Total Restricted Current Liabilities	45,682,097	34,365,079
Total Current Liabilities	47,718,757	36,814,378
Long-Term Bonds Payable	217,096,310	232,050,446
Unearned Income	58,602,524	61,530,835
Total Liabilities	323,417,591	330,395,659
Deferred Inflows:		
Pension Related	76,505	
Net Position:		
Net Investment in Capital Assets	(15,833,586)	(12,774,964)
Restricted	645,098	915,995
Unrestricted	760,045	(938,860)
Net Position	(14,428,443)	(12,797,829)
TOTAL LIABILITIES AND NET POSITION	$ 309,065,653	$ 317,597,830

The accompanying Notes are an integral part of these financial statements.

EXHIBIT "B"

UNION COUNTY IMPROVEMENT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Operating Revenues (Expenses):		
Project Fees	$ 412,258	$ 499,352
Park Madison Rents	3,970,875	3,846,560
Cherry Street Rents	95,830	148,800
Renewable Energy Projects Rents	1,190,145	1,745,794
Operating Expenses	(2,537,660)	(2,460,913)
Depreciation Expense	(3,470,088)	(3,422,319)
Operating Income (Loss)	(338,640)	357,274
Nonoperating Revenues (Expenses):		
Interest Income - Restricted	9,789,699	10,205,030
Interest Income - Unrestricted	6,084	2,582
County of Union	379,882	253,187
Interest Expense - Restricted	(9,789,699)	(10,205,030)
Interest Expense - Unrestricted	(1,677,940)	(1,750,103)
Nonoperating Revenues (Expenses), Net	(1,291,974)	(1,494,334)
Net Income (Loss)	(1,630,614)	(1,137,060)
Net Position - Beginning of Year	(12,797,829)	(11,660,769)
Net Position, End of Year	$ (14,428,443)	$ (12,797,829)

The accompanying Notes are an integral part of these financial statements.

EXHIBIT "C"

UNION COUNTY IMPROVEMENT AUTHORITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash Flows from Operating Activities:		
Receipts from Customers and Users	$ 5,720,860	$ 6,856,417
Miscellaneous Receipts	70,291	90,000
Payments to Suppliers	(2,430,414)	(1,948,690)
Payments to Employees	(457,591)	(457,591)
Net Cash Provided (Used) by Operating Activities	2,903,146	4,540,136
Cash Flows From Capital and Related Financing Activities:		
Proceeds from Issuing Bonds	7,860,000	23,965,000
Payment of Bond Principal	(21,730,112)	(32,909,441)
Interest Paid on Bonds	(11,557,504)	(12,362,920)
County of Union	379,882	253,187
Net Financing Activity	21,793,257	7,698,687
Net Cash Provided (Used) by Investment Activities	(3,254,477)	(13,355,487)
Cash Flows From Investing Activities:		
Interest Received	9,885,649	10,615,398
Investment in Fixed Assets	(3,251)	(1,080,598)
Net Cash Provided (Used) by Investing Activities	9,882,398	9,534,800
Increase (Decrease) in Cash and Cash Equivalents	9,531,067	719,449
Cash and Cash Equivalents, Beginning of Year	7,979,534	7,260,085
Cash and Cash Equivalents, End of Year	$ 17,510,601	$ 7,979,534
Reconciliation of Operating Income/(Loss) to Net Cash Provided by (Used) Operating Activities:		
Operating Income/(Loss)	$ (338,640)	$ 357,274
Depreciation	3,470,088	3,422,319
Changes in Operating Assets and Liabilities:		
Accounts Receivable	122,043	657,112
Prepaid Insurance		48,937
Accounts Payable and Accrued Liability	(412,639)	54,494
Net Cash Provided (Used) by Operating Activities	$ 2,840,852	$ 4,540,136

The accompanying Notes are an integral part of these financial statements.

(1) GENERAL

The Union County Improvement Authority is a public body corporate and politic, organized and existing under the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State of New Jersey, as amended and supplemented, and was created by virtue of an ordinance of the Board of Chosen Freeholders of the County of Union, New Jersey, duly adopted June 5, 1986.

The Authority was created for the purpose of financing capital projects for the County of Union and other local governmental units within the County of Union for which the Board of Commissioners of the Authority exercises financial accountability. The Board members are appointed to five-year terms by The Board of Chosen Freeholders. There are no additional entities required to be included in the reporting entity and the Authority is not included in any other reporting entity.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the GASB's accounting policies are described below.

Basis of Accounting

The financial statements of the Authority have been prepared on the accrual basis and in accordance with U.S. generally accepted accounting principles applicable to enterprise funds of state and local governments. An Enterprise Fund is used to account for operations: (i) that are financed primarily through user charges, or (ii) where the governing body has decided that determination of net income is appropriate. Revenues are recognized when earned and expenses are recognized when incurred.

The accounting and financial reporting applied by the Authority is determined by its measurement focus. The financial statements are reported using the economic measurement focus and the accrual basis of accounting. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Position. Net Position (totals assets and deferred outflows net of total liabilities and deferred inflows) are segregated into investment in capital assets, restricted and unrestricted components.

Non-operating revenues and expenses are those revenues and expenses generated that are not directly associated with the normal business of the Authority. Non-operating revenues mainly consist of investment income and miscellaneous income. Non-operating expenses mainly consist of debt service interest and debt-related fees.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions

The Authority implemented GASB 68 in the Year 2015. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

The Authority has also implemented GASB Statement 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 non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or non-employer 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 non-employer 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 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 non-employer contributing entity that arise from other types of events.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions (continued)

At transition to Statement 68, if it is not practical for an employer or non-employer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 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 pensions, contributions made after the measurement date of the beginning net pension 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 non-employer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Under GAAP, Authorities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Liabilities area of the balance sheet.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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. Currently, the Authority has only one item that qualifies for reporting in this category, deferred amounts related to pensions.

In addition to liabilities, the statement of financial 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one item that qualifies in this category, deferred amounts related to pension.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue

Revenue is derived from administrative and financing fees. In addition, the Authority receives revenue from rental activity.

Restricted Assets

In accordance with the bond resolutions securing the Authority's various bond issues, the Authority has established various cash and investment accounts with a trustee. These bond resolutions provide and mandate various restrictions on the Authority's revenue and the use of funds in these trustee accounts.

Cash and Cash Equivalents

Cash equivalents are stated at cost which approximates market. The Authority considers all monies in banks and highly liquid investments with maturity dates of less than three months to be cash equivalents

Investments

The Authority's investment policy principally permits the investing of funds in the following types of investments:

> Bonds, debentures, notes or other evidences of indebtedness issued by any agency or instrumentality of the United States or by any corporation chartered by the United States to the extent that such obligations are guaranteed by the United States or by another such agency and Defeasance Securities.
>
> Negotiable or nonnegotiable certificates of deposit issued by any bank, trust company, or national banking associations which certificates of deposits shall be continuously secured by obligations described in the first paragraph above.
>
> Deposits in the NJ Cash Management Fund and other deposits defined in the Authority's Bond Resolution.

Accounts Receivable

The Authority considers all accounts receivable to be fully collectible: no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets

Fixed Assets are stated at cost which includes direct construction costs, other expenditures related to construction and net interest expense on tax-exempt borrowings obtained to finance construction projects.

Depreciation is determined on a straight-line basis for all property and equipment. Depreciation is provided over the following estimated useful lives:

Building and improvements	10-15 years
Bond Costs	10 years
Other Equipment	3-5 years
Vehicles	3 years

Details of property, plant and equipment as of December 31, are as follows:

	2016	2016
Land	$ 1,568,779	$ 1,568,779
Buildings and Improvements	48,633,618	48,633,618
	$50,202,397	$50,202,397
Less: Accumulated Depreciation	26,645,481	26,645,481
Net Property, Plant and Equipment	$23,556,936	$23,556,936

Depreciation is determined on a straight-line basis over various economic lives, which are fixed by management.

Minimum Lease Payments Receivable

Minimum lease payments receivable are to be received in an amount equal to annual debt service of the Authority until the interest on and the principal of the bonds is fully paid. The lease is accounted for as a direct financing lease.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Unearned Income

The leases are accounted for as direct financing leases. Accordingly, the future interest payments on the bonds issued to cover the cost of the lease property is recorded as unearned income. The revenue is amortized over the lease term at a rate equal to interest expense.

Net Position

Equity is classified as net position and displayed in four components:

1) Invested in Capital Assets - consists of capital asset investments reduced by the outstanding balances of any debt that is attributable to the acquisition, construction, or improvement of those assets.

2) Restricted - when constraints placed on net position are either a) externally imposed by creditors (such as the bond resolution), grantors, or laws or regulations of other governments or b) imposed by law.

3) Unrestricted - any other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Vacation and Sick Leave

The Authority accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Authority employees are granted varying amounts of vacation and sick leave in accordance with the Authority's personnel policies. Upon termination, employees are paid for accrued vacation. The Authority's policy permits employees to accumulate unused sick leave and carry forward the full amount of subsequent years. Upon retirement employees shall be paid by the Authority for the unused sick leave in accordance with the Authority's personnel policies.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave and vacation days that are expected to become eligible for payment upon termination. The Authority estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the financial statement date by those employees who are currently eligible to receive termination payments.

Based upon the Authority's policies regarding vacation and sick leave, there was an accrued liability of $35,581 and $35,581 at December 31, 2017 and 2016, respectively.

Income Taxes

No provision for income taxes has been made as the Authority is exempt from Federal and State income taxes.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

In accordance with the Bond Resolution related to certain debt obligations of the Authority, the Authority established a Construction Fund in which may be deposited the proceeds of Bonds or Notes issued to finance the costs of capital projects. The Authority shall apply the amounts on deposit in the Construction Fund for the payment of costs related to capital facilities. The Authority may also apply the balance on deposit in the Construction Fund for the payment of the principal or redemption price of or interest on its Bonds, as defined. Interest earned on Bond proceeds held by the Authority to fund construction projects in progress is applied as an offset to interest expense capitalized during the construction period.

In addition to the Construction Fund, the Authority established the following Special funds:

FUND	AMOUNT	USE FOR WHICH RESTRICTED
Vacancy Fund	Amount needed to equal the Series Vacancy Required Reserve on the initial Bond from the proceeds of the Bonds (as defined in the bond resolution).	Deficiencies in the Debt Service Fund.
Debt Service	Amount needed to equal the Debt Service Requirement (as defined in the bond resolution).	Debt obligations.
Debt Service Reserve	Amount needed to increase the balance to equal the Debt Reserve Requirement (as defined in the bond resolution).	Compliance with a Supplemental Resolution or Series Certificate, if any.
Project Fund	Proceeds received from issuance of Bonds and any Series of Additional Bonds issued for a Completion Project.	Trustee shall make payments from the Project Fund for costs of the Renewable Energy Projects and Capital Improvement Projects for the Local Units.

The Debt Service Fund, Debt Service Reserve Fund, Vacancy Fund and the Project Fund shall be held by the Trustee.

(3) BUDGETARY PROCEDURES

The Authority follows these procedures in establishing the Operating Fund budget:

The annual budget for each fiscal year of the Authority is introduced by resolution passed by not less than a majority of the governing body. Copies are submitted to the Director of the Division of Local Government Services Director prior to the beginning of the Authority's fiscal year for approval prior to its adoption.

The budget must comply with the terms and provisions of any security agreements, and is to be in such form and detail as to items of revenue, expenses and other contents as required by law or by rules and regulations of the Local Finance Board.

No authority budget can be finally adopted until the Director has approved the budget. Public hearings are conducted to obtain citizen comments on the proposed budget.

Operating expense appropriations lapse at the close of the fiscal year to the extent that they have not been expended. The level at which expenditures cannot exceed the budget is at the total budget level.

The budget may be increased after adoption when an item of revenue has been made available after the adoption date.

(4) CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents, at December 31, are summarized as follows:

	2016	2016
Unrestricted Cash	$ 540,534	$ 540,534
Restricted Cash	$7,439,000	$7,439,000

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund (SAIF), or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes permit the deposit of public funds only in banks which meet the requirements of the Governmental Unit Deposit Protection Act or the State of New Jersey Cash Management Fund. This Act, commonly referred to as "GUDPA", requires that banks which accept public funds to be a public depository. The statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits.

(4) CASH AND CASH EQUIVALENTS (CONTINUED)

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Authority does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2017, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk.

(5) PENSION AND RETIREMENT PLAN

All required full-time employees of the Authority are covered by the Public Employees' Retirement System which has been established by state statute and is administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or online at www.state.nj.ustreasury/pensions.

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

The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials and part-time employees, effective July 1, 2007. Part-time employees that earn an annual salary of at least $5,000 and work less than 35 hours per week are eligible to enroll in the New Jersey Defined Contribution Plan (DCRP). The DCRP is offered through the Prudential Retirement Insurance and Annuity Company. Employees contribute 7.2% of salary and the Authority contributes 3% of salary, for a total contribution of 10.2%. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the PERS system.

(5) PENSION AND RETIREMENT PLAN (CONTINUED)

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS was changed. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30-year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30-year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20-year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Vesting and Benefit Provisions

The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Contribution Requirements

The contribution policy is set by N.J.S.A. 43:15A, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for PERS.

(5) PENSION AND RETIREMENT PLAN (CONTINUED)

Contribution Requirements (Continued)

Employers are required to contribute at an actuarially determined rate for PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution requirements of plan members and the Authority are established and may be amended by the PERS Board of Trustees. For the years ended December 31, 2017 and 2016, the Authority was required to contribute $15,168 and $- 0 - respectively.

Contribution Requirements:

Five Year Trend Information for PERS

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2017	$15,168	100%	$15,168
2016	$ - 0 -	100%	$ - 0 -
2015	$ - 0 -	100%	$ - 0 -
2014	$ - 0 -	100%	$ - 0 -
2013	$ - 0 -	100%	$ - 0 -

(6) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS)

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 “Accounting and Financial Reporting for Public Employees Pensions” and is effective for fiscal years beginning after June 15, 2014. This statement requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) of the participating Authority as of December 31, 2017. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

(6) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

At June 30, 2017, the State reported a net pension liability of $2,868,788 for the Authority's proportionate share of the total net pension liability. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. 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 employers, actuarially determined. At June 30, 2017, the Authority's proportion 0.0016373177 percent, which was an increase of 0.0016373177 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the State recognized an actuarially determined pension expense of $92,632 for the Authority's proportionate share of the total pension expense. The pension expense recognized in the Authority's financial statement based on the April 1, 2017 billing was $-0-.

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Inflow of Resources	Deferred Outflow of Resources
Differences between expected and actual experience	--	$ 8,975
Changes of assumptions	$76,505	76,787
Net difference between projected and actual earnings on pension plan investments	--	2,595
Changes in proportion and differences between Authority contributions and proportionate share of contributions	--	291,827
	$76,505	$380,184

(6) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Other local amounts reported by the State as the Authority's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

Year Ended June 30	Amount
2018	$ 67,855
2019	67,855
2020	67,855
2021	67,855
2022	32,259
	$303,679

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. These actuarial valuations used the following assumptions:

	6/30/2017	6/30/2016
Inflation	2.25 Percent	3.08 Percent
Salary Increases (based on age):		
Though 2026	1.65-4.15 Percent	1.65-4.15 Percent
Thereafter	2.65-5.15 Percent	2.65-5.15 Percent
Investment Rate of Return	7.00 Percent	7.65 Percent

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Postretirement morality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA.

In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

(6) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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, 2017 and 7.65 at June 30, 2016) 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. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

		6/30/2017
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U. S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
US Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts Venture Capital	8.25%	13.08%
	100.00%	

(6) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68 (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2017 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2017		
	1% Decrease 4.00%	At Current Discount Rate 5.00%	1% Increase 6.00%
Authority's proportionate share of the pension liability	$472,832	$381,141	$304,752

(6) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68 (CONTINUED)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

(7) OTHER POST-EMPLOYMENT BENEFITS

The Authority provides post-retirement health benefits to employees who retire with 25 years or more of service in PERS with a minimum of five years with the Authority. Employees who retire on a disability pension may also qualify for benefits under the Plan. There are currently no retirees who meet this requirement and are receiving benefits.

Plan Description. The Authority participates in a cost-sharing, defined benefit post-employment healthcare plan currently administered by Horizon Blue Cross Blue Shield. The Plan provides medical and prescription drugs to retirees and their covered dependents.

Funding Policy. Contributions to pay for the health premiums of participating employees in the Plan are billed to the Authority on a monthly basis. The Authority's contributions to the Plan for the years ended December 31, 2017 and 2016 were $-0- and $-0-, respectively, which equaled the required contributions for each year.

(8) LEASE AGREEMENTS

In 1998, the Authority has entered into an agreement with the City of Linden which:

A. Leases the parcels of land owned by the City to the Authority, upon which the Authority will construct the airport project.

B. Leases the project to the City. The lease requires the City to pay to the Authority a “basic” annual rent which is equal to the debt service on all project bonds outstanding. As additional rent, the City will pay the Authority administrative fees incurred by the Authority.

In 2010, the Authority refunded the 1998B bonds through the exercise of a forward contract. The refunding had no effect on the debt service payments on maturity date.

The term of the lease commenced with the issuance of the bonds and will terminate upon retirement of the bonds. At that time, the Authority will surrender the project to the City. The City is responsible for all operating, maintenance and repair of the project upon completion of construction.

Total Minimum Lease Payments to be Received	$5,883,250
Estimated Residual Value	- 0 -
	$5,883,250
Less: Unearned Income	1,883,250
Net Investment in Direct Financing Leases	$4,000,000

Lease payments to be received over the next five years are as follows:

2018	$200,000
2019	$200,000
2020	$200,000
2021	$200,000
2022	$200,000

(8) LEASE AGREEMENTS (CONTINUED)

In 2002, the Authority entered into an agreement with the City of Elizabeth which:

Lease the acquired Sewer System to the City of Elizabeth. The lease requires the City of Elizabeth to pay to the Authority a "Basic" annual rent equal to the debt service on the bonds outstanding. As additional rent, the City of Elizabeth will pay the Authority administrative fees incurred by the Authority.

The term of the lease commenced with the issuance of the bonds and will terminate upon retirement of the bonds. At that time, the Sewer System will revert back to the City of Elizabeth. The City of Elizabeth is responsible for the operating, maintenance and repair of the equipment during the term of the lease.

Total Minimum Lease Payments to be Received	$9,361,080
Estimated Residual Value	- 0 -
	$9,361,080
Less: Unearned Income	1,391,080
Net Investment in Direct Financing Leases	$7,970,000

Lease payments to be received over the next five years are as follows:

2018	$1,877,894
2019	$1,877,112
2020	$1,870,022
2021	$1,871,126
2022	$1,864,926

(8) LEASE AGREEMENTS (CONTINUED)

In 2003, the Authority has entered into an agreement with the Township of Union which:

A. Leases premises owned by the Township to the Authority.

B. Sub-Lets these premises to the Township. The Sub-Lease requires the Commission to pay an annual rental which is equal to the debt service on all project bonds outstanding.

The term of the lease commenced with the issuance of the bonds and will terminate upon retirement of the bonds. Concurrently, the Authority has issued a one year note for this project in 2003. The Township is responsible for all operating, maintenance and repair of the project upon completion of construction.

Total Minimum Lease Payments to be Received	$2,704,962
Estimated Residual Value	- 0 -
	$2,704,962
Less: Unearned Income	434,962
Net Investment in Direct Financing Leases	$2,270,000

Lease payments to be received over the next five years are as follows:

2018	$449,175
2019	$451,850
2020	$453,475
2021	$449,050
2022	$448,837

(8) LEASE AGREEMENTS (CONTINUED)

In 2004, the Authority entered into an agreement with the City of Plainfield, the Borough of Roselle, the Townships of Union and Hillside ("The Local Units") which:

Lease certain items of equipment to the Local Units. The leases require the Local Units to pay to the Authority a "Basic" annual rent equal to the debt service on the bonds outstanding. As additional rent, the Local Units will pay the Authority administrative fees incurred by the Authority.

The term of the lease commenced with the issuance of the bonds and will terminate upon retirement of the bonds. At that time, the Local Units will surrender the equipment to the Authority. The Local Units are responsible for all operating, maintenance and repair of the equipment during the term of the lease.

Total Minimum Lease Payments to be Received	$217,400
Estimated Residual Value	- 0 -
	$217,400
Less: Unearned Income	12,400
Net Investment in Direct Financing Leases	$205,000

Lease payments to be received over the next two years are as follows:

2018	$108,200
2019	$109,200

(8) LEASE AGREEMENTS (CONTINUED)

In 2004, the Authority has entered into an agreement with the City of Linden which:

Provides funds to pay the cost associated with the acquisition, renovation and construction of the Theater located in the City of Linden, New Jersey. The lease requires the City of Linden to pay to the Authority a "basic" annual rent which is equal to the debt service on all project bonds outstanding. As additional rent, the City of Linden will pay the Authority an annual administrative fee and actual legal and accounting expenses incurred by the Authority.

The term of the lease commenced with the issuance of the bonds and will terminate upon retirement of the bonds. At that time, the Authority will surrender the project to the City of Linden. The City of Linden is responsible for all operating, maintenance and repair of the Facility during the term of the lease.

Total Minimum Lease Payments to be Received	$1,809,736
Estimated Residual Value	- 0 -
	$1,809,736
Less: Unearned Income	324,736
Net Investment in Direct Financing Leases	$1,485,000

Lease payments to be received over the next five years are as follows:

2018	$227,064
2019	$224,000
2020	$225,552
2021	$226,592
2022	$227,120

(8) LEASE AGREEMENTS (CONTINUED)

In 2005, the Authority entered into an agreement with the County of Union which:

Provides funds to pay the cost of the acquisition of approximately one acre of land located in the Township of Union, New Jersey and an approximately 11,000 square foot structure thereon and the renovation of such structure for use as a County Prosecutor's Office. The lease requires the County to pay to the Authority a "basic" annual rent which is equal to the debt service on all project bonds outstanding. As additional rent, the County will pay the Authority an annual administrative fee and actual legal and accounting expenses incurred by the Authority.

The term of the lease commenced with the issuance of the bonds and will terminate upon retirement of the bonds. At that time, the Authority will surrender the project to the County. The County is responsible for all operating, maintenance and repair of the Facility during the term of the lease.

Total Minimum Lease Payments to be Received	$859,400
Estimated Residual Value	- 0 -
	$859,400
Less: Unearned Income	49,400
Net Investment in Direct Financing Leases	$810,000

Lease payments to be received over the next three years are as follows:

2018	$287,200
2019	$286,600
2020	$285,600

(8) LEASE AGREEMENTS (CONTINUED)

In 2005, the Authority entered into an agreement with the City of Linden which:

Provides funds to pay the costs associated with the renovation, construction and/or acquisition of certain capital improvements and the acquisition of certain capital equipment all related to an existing public library located in the City of Linden, New Jersey. The lease requires the City to pay to the Authority a "basic" annual rent which is equal to the debt service on all project bonds outstanding. As additional rent, the City will pay the Authority an annual administrative fee and actual legal and accounting expenses incurred by the Authority.

These bonds were refunded in 2016 through the City of Linden Omnibus Revenue Refunding Project.

In 2005, the Authority entered into an agreement with the City of Linden which:

Provides funds to the City of Linden, New Jersey for renovation and expansion of the City of Linden Board of Education's football and track and field stadium upon property on which the current football and track and field facility are constructed. The lease requires the City of Linden Board of Education to pay to the Authority a "basic" annual rent which is equal to the debt service on all project bonds outstanding. As additional rent, the Board of Education will pay the Authority an annual administrative fee and actual legal and accounting expenses incurred by the Authority.

These bonds were refunded in 2016 through the City of Linden Omnibus Revenue Refunding Project.

(8) LEASE AGREEMENTS (CONTINUED)

In 2006, the Authority entered into an agreement with the City of Linden which:

Provides funds to pay the costs associated with the renovation, construction and/or acquisition of certain capital improvements and the acquisition of certain capital equipment all related to existing firehouses located in the City of Linden, New Jersey. The lease requires the City to pay to the Authority a "basic" annual rent which is equal to the debt service on all project bonds outstanding. As additional rent, the City will pay the Authority an annual administrative fee and actual legal and accounting expenses incurred by the Authority.

These bonds were refunded in 2016 through the City of Linden Omnibus Revenue Refunding Project.

In 2007, the Authority entered into an agreement with the City of Linden which:

Provides funds to pay the costs associated with the renovation, construction and/or acquisition of certain capital improvements and the acquisition of certain capital equipment all related to an existing public library located in the City of Linden, New Jersey. The lease requires the City to pay to the Authority a "basic" annual rent which is equal to the debt service on all project bonds outstanding. As additional rent, the City will pay the Authority an annual administrative fee and actual legal and accounting expenses incurred by the Authority.

These bonds were refunded in 2016 through the City of Linden Omnibus Revenue Refunding Project.

(8) LEASE AGREEMENTS (CONTINUED)

In 2006, the Authority entered into an agreement with the City of Plainfield, the Borough of Fanwood, the Townships of Union and Hillside ("The Local Units") which:

Lease certain items of equipment to the Local Units. The leases require the Local Units to pay to the Authority a "Basic" annual rent equal to the debt service on the bonds outstanding. As additional rent, the Local Units will pay the Authority administrative fees incurred by the Authority.

The term of the lease commenced with the issuance of the bonds and will terminate upon retirement of the bonds. At that time, the Local Units will surrender the equipment to the Authority. The Local Units are responsible for all operating, maintenance and repair of the equipment during the term of the lease.

Total Minimum Lease Payments to be Received	$1,567,800
Estimated Residual Value	- 0 -
	$1,567,800
Less: Unearned Income	142,800
Net Investment in Direct Financing Leases	$1,425,000

Lease payments to be received over the next four years are as follows:

2018	$412,000
2019	$397,800
2020	$383,600
2021	$374,400

(8) LEASE AGREEMENTS (CONTINUED)

In 2006, the Authority entered into an agreement with Union County College (the College) which:

A. Leases premises owned by the College to the Authority.

B. Sub-Lets these premises to the College. The Sub-Lease requires the College to pay an annual rental which is equal to the debt service on all project bonds outstanding.

The term of the lease commenced with the issuance of the bonds, Chapter 12 Supported, and will terminate upon retirement of the bonds. At that time, the Authority will surrender the project to the College. The College is responsible for all operating, maintenance and repair of the project upon completion of construction.

In 2014, the College partially refinanced the existing bonds and extended the lease term as such.

In 2016, the remaining balance of the bonds were paid off.

(8) LEASE AGREEMENTS (CONTINUED)

In 2010, the Authority entered into an agreement with the County of Union:

Provides funds to pay the costs associated with the renovation, construction and/or acquisition of the Child Advocacy Center. The lease requires the County to pay to the Authority a "basic" annual rent which is equal to the debt service on all project bonds outstanding. As additional rent, the County will pay the Authority an annual administrative fee and actual legal and accounting expenses incurred by the Authority.

The term of the lease commenced with the issuance of the bonds and will terminate upon retirement of the bonds. At that time, the Authority will surrender the project to the County. The County is responsible for all operating, maintenance and repair of the Facility during the term of the lease.

Total Minimum Lease Payments to be Received	$1,793,600
Estimated Residual Value	- 0 -
	$1,793,600
Less: Unearned Income	273,600
Net Investment in Direct Financing Leases	$1,520,000

Lease payments to be received over the next five years are as follows:

2018	$1,568,050
2019	$1,342,600
2020	$1,117,400
2021	$ 892,600
2022	$ 670,200

(8) LEASE AGREEMENTS (CONTINUED)

In 2010, the Authority refunded the 1998B Linden Airport Project bonds through the exercise of a forward contract. The refunding had no effect on the debt service payments, maturity date or agreement with the City of Linden which:

A. Leases the parcels of land owned by the City to the Authority, upon which the Authority will construct the airport project.

B. Leases the project to the City. The lease requires the City to pay to the Authority a "basic" annual rent which is equal to the debt service on all project bonds outstanding. As additional rent, the City will pay the Authority administrative fees incurred by the Authority.

The term of the lease commenced with the issuance of the bonds and will terminate upon retirement of the bonds. At that time, the Authority will surrender the project to the City. The City is responsible for all operating, maintenance and repair of the project upon completion of construction.

Total Minimum Lease Payments to be Received	$9,001,190
Estimated Residual Value	- 0 -
	$9,001,190
Less: Unearned Income	1,981,190
Net Investment in Direct Financing Leases	$7,020,000

Lease payments to be received over the next five years are as follows:

2018	$1,153,045
2019	$1,154,345
2020	$1,152,142
2021	$1,151,449
2022	$1,151,931

(8) LEASE AGREEMENTS (CONTINUED)

In 2012, the Authority refunded the 2002 Correctional Facility Project (Juvenile) bonds. The refunding had no effect on the existing agreement with the County of Union which:

Refinances the existing Correctional Facility Project bonds and extends the lease term as such. The lease requires the County to pay to the Authority a "basic" annual rent which is equal to the debt service on all project bonds outstanding. As additional rent, the County will pay the Authority an annual administrative fee and actual legal and accounting expenses incurred by the Authority.

The term of the lease commenced with the issuance of the bonds and will terminate upon retirement of the bonds. At that time, the Authority will surrender the project to the County. The County is responsible for all operating, maintenance and repair of the Facility during the term of the lease.

Total Minimum Lease Payments to be Received	$2,164,200
Estimated Residual Value	- 0 -
	$2,164,200
Less: Unearned Income	154,200
Net Investment in Direct Financing Leases	$2,010,000

Lease payments to be received over the next five years are as follows:

2018	$434,600
2019	$433,050
2020	$431,200
2021	$433,975
2022	$431,375

(8) LEASE AGREEMENTS (CONTINUED)

In 2012, the Authority entered into an agreement with the County of Union which:

Provide funding to pay the costs for the planning, design, undertaking, construction and equipping of a new Family Court building and parking deck in the City of Elizabeth, New Jersey. The lease requires the County to pay to the Authority a "basic" annual rent which is equal to the debt service on all project bonds outstanding. As additional rent, the County will pay the Authority an annual administrative fee and actual legal and accounting expenses incurred by the Authority.

The term of the lease commenced with the issuance of the bonds and will terminate upon retirement of the bonds. At that time, the Authority will surrender the project to the County. The County is responsible for all operating, maintenance and repair of the Facility during the term of the lease.

Total Minimum Lease Payments to be Received	$73,747,250
Estimated Residual Value	- 0 -
	$73,747,250
Less: Unearned Income	30,622,250
Net Investment in Direct Financing Leases	$43,125,000

Lease payments to be received over the next five years are as follows:

2018	$1,742,037
2019	$1,742,038
2020	$1,742,037
2021	$1,742,038
2022	$1,742,037

(8) LEASE AGREEMENTS (CONTINUED)

In 2013, the Authority entered into an agreement with Union County College (the College) which:

A. Leases premises owned by the College to the Authority.

B. Sub-Lets these premises to the College. The Sub-Lease requires the College to pay an annual rental which is equal to the debt service on all project bonds outstanding.

The term of the lease commenced with the issuance of the bonds, Chapter 12 Supported, and will terminate upon retirement of the bonds. At that time, the Authority will surrender the project to the College. The College is responsible for all operating, maintenance and repair of the project upon completion of construction.

Total Minimum Lease Payments to be Received	$14,683,529
Estimated Residual Value	- 0 -
	$14,638,529
Less: Unearned Income	3,453,529
Net Investment in Direct Financing Leases	$11,230,000

Lease payments to be received over the next five years are as follows:

2018	$1,053,107
2019	$1,053,558
2020	$1,048,432
2021	$1,047,762
2022	$1,048,431

(8) LEASE AGREEMENTS (CONTINUED)

In 2013, the Authority refunded the 2003 Correctional Facility Project bonds. The refunding had no effect on the existing agreement with the County of Union which:

Refinances the existing Correctional Facility Project bonds and extends the lease term as such. The lease requires the County to pay to the Authority a "basic" annual rent which is equal to the debt service on all project bonds outstanding. As additional rent, the County will pay the Authority an annual administrative fee and actual legal and accounting expenses incurred by the Authority.

The term of the lease commenced with the issuance of the bonds and will terminate upon retirement of the bonds. At that time, the Authority will surrender the project to the County. The County is responsible for all operating, maintenance and repair of the Facility during the term of the lease.

Total Minimum Lease Payments to be Received	$2,425,875
Estimated Residual Value	- 0 -
	$2,425,875
Less: Unearned Income	240,875
Net Investment in Direct Financing Leases	$2,185,000

Lease payments to be received over the next five years are as follows:

2018	$408,150
2019	$402,875
2020	$407,300
2021	$406,350
2022	$398,300

(8) LEASE AGREEMENTS (CONTINUED)

In 2014, the Authority entered into an agreement with Union County College (the College) which:

A. Leases premises owned by the College to the Authority.

B. Sub-Lets these premises to the College. The Sub-Lease requires the College to pay an annual rental which is equal to the debt service on all project bonds outstanding.

The term of the lease commenced with the issuance of the bonds, Chapter 12 Supported, and will terminate upon retirement of the bonds. At that time, the Authority will surrender the project to the College. The College is responsible for all operating, maintenance and repair of the project upon completion of construction.

Total Minimum Lease Payments to be Received	$20,835,150
Estimated Residual Value	- 0 -
	$20,835,150
Less: Unearned Income	2,680,150
Net Investment in Direct Financing Leases	$18,155,000

Lease payments to be received over the next five years are as follows:

2018	$4,210,000
2019	$4,198,400
2020	$1,746,300
2021	$3,484,675
2022	$4,160,200

(8) LEASE AGREEMENTS (CONTINUED)

In 2015, the Authority refunded the 2005 Correctional Facility Project (Juvenile) bonds. The refunding had no effect on the existing agreement with the County of Union which:

Provide funding to pay the costs for the completion of the Juvenile Detention Center Project in the City of Linden, New Jersey. The lease requires the County to pay to the Authority a "basic" annual rent which is equal to the debt service on all project bonds outstanding. As additional rent, the County will pay the Authority an annual administrative fee and actual legal and accounting expenses incurred by the Authority.

The term of the lease commenced with the issuance of the bonds and will terminate upon retirement of the bonds. At that time, the Authority will surrender the project to the County. The County is responsible for all operating, maintenance and repair of the Facility during the term of the lease.

Total Minimum Lease Payments to be Received	$35,594,925
Estimated Residual Value	- 0 -
	$35,594,925
Less: Unearned Income	12,494,925
Net Investment in Direct Financing Leases	$23,100,000

Lease payments to be received over the next five years are as follows:

2018	$2,040,300
2019	$2,036,100
2020	$2,035,600
2021	$2,038,600
2022	$2,027,750

(8) LEASE AGREEMENTS (CONTINUED)

In 2016, the Authority refunded the City of Linden 2005 Library Project, City of Linden 2005 Football and Track Stadium Project, City of Linden 2006 Firehouse Project and the City of Linden 2007 Library Project bonds. The refunding, collectively the City of Linden Omnibus Refunding Project, had no effect on the existing agreements with the City of Linden which:

Provides funds to pay the costs associated with the renovation, construction and/or acquisition of certain capital improvements and the acquisition of certain capital equipment all related to an existing public library located in the City of Linden, New Jersey. Provides funds to the City of Linden, New Jersey for renovation and expansion of the City of Linden Board of Education's football and track and field stadium upon property on which the current football and track and field facility are constructed. Provides funds to pay the costs associated with the renovation, construction and/or acquisition of certain capital improvements and the acquisition of certain capital equipment all related to existing firehouses located in the City of Linden, New Jersey. Provides funds to pay the costs associated with the renovation, construction and/or acquisition of certain capital improvements and the acquisition of certain capital equipment all related to an existing public library located in the City of Linden, New Jersey. The lease requires the City to pay to the Authority a "basic" annual rent which is equal to the debt service on all project bonds outstanding. As additional rent, the City will pay the Authority an annual administrative fee and actual legal and accounting expenses incurred by the Authority.

The term of the lease commenced with the issuance of the bonds and will terminate upon retirement of the bonds. At that time, the Authority will surrender the project to the County. The County is responsible for all operating, maintenance and repair of the Facility during the term of the lease.

Total Minimum Lease Payments to be Received	$27,915,362
Estimated Residual Value	- 0 -
	$27,915,362
Less: Unearned Income	5,330,362
Net Investment in Direct Financing Leases	$22,585,000

Lease payments to be received over the next five years are as follows:

2018	$2,765,200
2019	$2,828,200
2020	$2,692,400
2021	$2,518,800
2022	$2,504,000

(8) LEASE AGREEMENTS (CONTINUED)

In 2017, the Authority entered into an agreement with the County of Union which:

Provide additional funding to pay the costs for the planning, design, undertaking, construction and equipping of a new Family Court building and parking deck in the City of Elizabeth, New Jersey. The lease requires the County to pay to the Authority a "basic" annual rent which is equal to the debt service on all project bonds outstanding. As additional rent, the County will pay the Authority an annual administrative fee and actual legal and accounting expenses incurred by the Authority.

The term of the lease commenced with the issuance of the bonds and will terminate upon retirement of the bonds. At that time, the Authority will surrender the project to the County. The County is responsible for all operating, maintenance and repair of the Facility during the term of the lease.

Total Minimum Lease Payments to be Received	$11,736,863
Estimated Residual Value	- 0 -
	$11,736,863
Less: Unearned Income	3,876,863
Net Investment in Direct Financing Leases	$ 7,860,000

Lease payments to be received over the next five years are as follows:

2018	$466,275
2019	$466,075
2020	$464,850
2021	$468,400
2022	$466,725

(9) MORTGAGE RECEIVABLE

A. In 2005, the Authority loaned $14,620,000 to the Borough of Roselle for the acquisition of certain rental property.

This mortgage is guaranteed by the County of Union. The County of Union holds an interest in the property as consideration for the loan. The balance of this receivable at December 31, 2017 and 2016 is $12,450,978 and $12,710,679, respectively.

(10) LOAN RECEIVABLE

A. In 2003, the Authority loaned $17,730,000 to several Entities to retire the present value of the unfunded accrued liabilities for early retirement incentive (ERI) benefits. The balance of this loan at December 31, 2017 and 2016 is $2,260,000 and $3,655,000, respectively.

In exchange for the loan, the Authority purchased each Entity's General Obligation Refunding Bond. Principal and interest payments on each Entity's Refunding Bond will satisfy the repayment of the loan by the Authority.

B. In 2003, the Authority loaned $1,710,000 to the Police Athletic League, Inc. of Linden, New Jersey, a not-for-profit corporation, for the razing of an existing building and the construction of a new building to be used for recreational purposes. The balance of this loan at December 31, 2017 and 2016 is $770,000 and $860,000, respectively.

This loan is payable at a fixed rate of interest as required per the loan amortization schedule. This loan is guaranteed by the City of Linden. The City of Linden holds an interest in the property.

C. In 2004, the Authority loaned $3,500,000 to the City of Linden, New Jersey, for the razing of an existing building and the construction of new buildings on South Wood Avenue. The balance of this loan at December 31, 2017 and 2016 is $2,600,000 and $2,690,000, respectively.

This loan is payable at a fixed rate of interest as required per the loan amortization schedule. This loan is guaranteed by the City of Linden. The City of Linden holds an interest in the property.

(10) LOAN RECEIVABLE (CONTINUED)

D. In 2007, the Authority loaned $5,000,000 to the City of Linden, New Jersey, for the razing of an existing building and the construction of new buildings on St. Georges Avenue, Morningstar Redevelopment Project. The balance of this loan at December 31, 2017 and 2016 is $3,105,000 and $3,365,000, respectively.

This loan is payable at a fixed rate of interest as required per the loan amortization schedule. This loan is guaranteed by the City of Linden. The City of Linden holds an interest in the property.

E. In 2010, the Authority loaned $18,695,000 to CIS Oakwood, LLC of the City of Elizabeth, New Jersey, to refinance the Series 2009 loan used for the acquisition and renovation existing facilities and the construction of new senior and family rental housing on Irvington Avenue, Oakwood Plaza-Elizabeth Project. The balance of this loan at December 31, 2017 and 2016 is $18,695,000 and $18,695,000, respectively.

This loan is payable at a fixed rate of interest as required per the loan amortization schedule. This loan is guaranteed by the County of Union.

F. In 2015, the Authority loaned $400,000 to CIS Oakwood, LLC of the City of Elizabeth, New Jersey, for the acquisition and renovation existing facilities and the construction of new senior and family rental housing on Irvington Avenue, Oakwood Plaza-Elizabeth Project. The balance of this loan at December 31, 2017 and 2016 is $400,000 and $400,000, respectively.

This loan is payable at a fixed rate of interest as required per the loan amortization schedule. This loan is guaranteed by the County of Union.

G. In 2015, the Authority loaned $1,779,582 to CIS Oakwood, LLC of the City of Elizabeth, New Jersey, for the acquisition and renovation existing facilities and the construction of new senior and family rental housing on Irvington Avenue, Oakwood Plaza-Elizabeth Project. The accreted balance due of this loan at December 31, 2017 and 2016 is $1,981,462 and $1,878,660, respectively. The balance due at maturity of this loan is $9,800,000.

This loan is payable at a fixed rate of interest based on a Capital Appreciation Schedule as required per the loan amortization schedule. This loan is guaranteed by the County of Union.

(11) RENTAL PROPERTIES

The Authority has developed certain real estate (Park Madison) in the City of Plainfield, New Jersey. The project is complete and the Authority is leasing the office space to both retail and corporate entities. Leases range from one to ten years. In 2013, the Authority refunded the 2003A bonds through the exercise of a forward contract. The refunding had no effect on the debt service payments or maturity date. The balance of the outstanding bonds at December 31, 2017 and 2016 is $24,045,000 and $24,765,000, respectively. Rental revenue at December 31, 2017 and 2016 is $3,636,287 and $3,846,560, respectively.

The Authority has developed certain real estate (10 Cherry Street) in the City of Elizabeth, New Jersey. In 2012, the Authority entered into an Inter-Local Services Agreement amending the lease agreement whereas the County will demolish the building and develop the Union County Family Court Building. The balance of the outstanding bonds at December 31, 2017 and 2016 is $-0- and $150,000, respectively. Rental revenue at December 31, 2017 and 2016 is $95,830 and $148,800, respectively.

The Authority has developed certain renewable energy projects in the County of Union, New Jersey. The projects are complete and the Authority is leasing the projects back to the participants. In 2013, Tioga Energy Inc., the developer that installed and maintained the Projects ran out of money. In 2016 Talon Energy Supply was appointed as the new developer. The County of Union guarantees the bonds and is responsible for any debt service not covered by the solar renewable energy certificate revenue. The balance of the outstanding bonds at December 31, 2017 and 2016 is $9,100,000 and $10,115,000, respectively. Rental revenue at December 31, 2017 and 2016 is $1,190,145 and $1,745,794 respectively.

(12) DEVELOPMENT COSTS

The Authority has incurred costs for the development of several projects. At December 31, 2017 and 2016 $3,485,667 and $3,485,667 of the costs has been capitalized, respectively.

(13) DEVELOPMENT LIABILITY

The Authority has received advanced funding for cost to be incurred for the development of several projects. At December 31, 2017 and 2016 $6,465,836 and $6,465,836 of cash was available for these development costs, respectively.

(14) SUPPLEMENTARY CASH FLOW INFORMATION

Interest paid in the years ended December 31, 2017 and 2016, amounted to $10,641,124 and $12,354,119, respectively.

(15) BONDS PAYABLE

The Authority has issued various bonds for capital purposes. Principal payments due on the bonds are as follows:

2018	$ 15,374,616
2019	14,827,965
2020	12,687,811
2021	14,779,126
2022	15,627,181
Thereafter	159,174,227
	$232,470,926

(16) LOAN PAYABLE

The Authority has obtained an interest free loan from the County of Union to provide funding for the development of several projects. As these projects are completed and the Authority begins generating revenues from these projects, the loan will be repaid. At December 31, 2017 and 2016, this loan balance was $4,230,000.00 and $4,230,000.00 respectively.

(17) CONDUIT (NO-COMMITMENT DEBT)

In December 2011, the Authority issued $44,499,000 in Recovery Zone Facility Bonds to provide financial assistance to the Elberon/Wakefern Warehouse Project for the demolition and construction of a new warehouse in the City of Elizabeth, County of Union, New Jersey. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loan. Upon repayment of the bonds, ownership of the acquired warehouse transfers to Elberon Elizabeth Urban Renewal, LLC. Neither the Authority, the State, the County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

(18) GROUND LEASE

The Authority entered into a ground lease agreement with AST Development Corporation on a parcel of land attached to other property owned by the Authority, known as “Park-Madison”, in which the Corporation is obligated to pay the Authority $1,000 per month for fifty years. At the end of the fifty years, the Corporation has the option to extend the ground lease an additional twenty-five years, at which time, the ground lease payments would increase to $2,000 per month. The Corporation is responsible for all construction and financing of the property, as well as, for the payment of property taxes, insurance, utilities, repairs, improvements and maintenance costs.

(19) ADVANCE REFUNDING

In 1992, the Authority issued $35,891,556.90 of Revenue Refunding Bonds (Correctional Facility Project, Series 1992), for the purpose of advance refunding a portion of the 1987 bonds. The proceeds of this issue were used to establish an Irrevocable Escrow Account to pay the principal and interest on the 1987 bonds as they become due.

The portions of the 1987 bonds that are to be paid from this escrow are not reflected in these statements due to the creation of this Irrevocable Escrow Account.

In 1999, the Plainfield Board of Education advance refunded $28,185,000 of its 1997 Bond issue. The proceeds of this issue were used to establish an Irrevocable Escrow Account to pay the principal and interest on the 1997 Bonds as they become due.

The portions of the 1997 Bonds that are to be paid from this escrow are not reflected in these statements due to the creation of this Irrevocable Escrow Account.

(20) SHARED SERVICES AGREEMENT

In August 2013, the Authority entered into a six month Shared Services Agreement with the Union County Utilities Authority. The terms of the Agreement require the Union County Improvement Authority to pay the Union County Utilities Authority a sum of $15,000 per month for Executive Director Services, Office Space and Staff Services. The Agreement was renewed for an addition six-month term through July 2014.

In August 2014, the Authority extended the term of the Shared Services Agreement with the Union County Utilities Authority for a term of five years. The terms of the Agreement require the Union County Improvement Authority to pay the Union County Utilities Authority a sum of $6,340 per month for Office Space and Staff Services.

The amount expensed under this Agreement, at December 31, 2017 and 2016 were $-0- and $38,042, respectively.

(21) SUBSEQUENT EVENTS

The Authority has evaluated subsequent events occurring after the financial statement date through May 23, 2018, which is the date the financial statements were available to be issued. Based on this evaluation, the Authority has determined that no subsequent events have occurred which require disclosure in the financial statements.

(22) LITIGATION, CLAIMS, COMMITMENTS AND CONTINGENCIES

In the ordinary conduct of its business, the Authority may be a party to litigation. At December 31, 2017, in the opinion of management based upon consultation with legal counsel, there were no matters pending or threatened which would have a material adverse effect on the financial position of the Authority.

SUPPLEMENTARY INFORMATION

SCHEDULE "1"

UNION COUNTY IMPROVEMENT AUTHORITY

SCHEDULE OF REVENUE, EXPENSES AND CHANGES
IN NET POSITION - RESTRICTED AND UNRESTRICTED
FOR THE YEAR ENDED DECEMBER 31, 2017

	TOTAL	UNRESTRICTED	RESTRICTED
Balance, January 1, 2017	$ (12,797,829)	$ (938,860)	$ (11,858,969)
Revenue:			
Administrative Fees	279,965	279,965	
Issuance Fees	50,000	50,000	
Ground Lease Income	12,000	12,000	
Park Madison Rent	3,970,875	2,025,933	1,944,942
Cherry Street Rent	95,830	95,830	
Renewable Energy Projects Rent	1,190,145		1,190,145
County of Union	379,882	379,882	
Miscellaneous Income	70,291	70,291	
Interest Income	9,795,784	2,128	9,793,655
Total Revenue	15,844,772	2,916,029	12,928,742
Expenses:			
Salary and Related Fringe	555,225	555,225	
Provision for Compensated Absences	40,200	40,200	
Park Madison Expenses	2,740,514	1,515,572	1,224,942
Cherry Street Expenses	3,000	3,000	
Renewable Energy Expenses	449,998		449,998
Professional Services	198,324	198,324	
Other Operating Expenses	228,339	228,339	
Interest Expense	9,789,699		9,789,699
Depreciation Expense	3,470,087	65,807	3,404,280
Total Expenses	17,475,386	2,606,467	14,868,919
Balance, December 31, 2017	$ (14,428,443)	$ (629,298)	$ (13,799,146)

SCHEDULE "2"

UNION COUNTY IMPROVEMENT AUTHORITY

SCHEDULE OF OPERATING REVENUES AND COSTS FUNDED BY OPERATING REVENUES COMPARED TO BUDGET FOR THE YEAR ENDED DECEMBER 31, 2017 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2016

	2017 BUDGET	2017 ACTUAL	2016 ACTUAL
Revenues:			
Administrative Fees	$ 350,000	$ 279,965	$ 347,352
Issuance Fees	100,000	50,000	50,000
Lease and Principal and Interest Payments	21,469,632	30,056,699	41,431,506
Park Madison Rents	3,944,942	3,970,875	3,846,560
Renewable Energy	1,464,998	1,190,145	1,745,794
Cherry Street Rents	153,000	95,830	148,800
Management Fees	40,000	40,000	40,000
Ground Lease Income	12,000	12,000	12,000
County of Union	425,000	379,882	253,187
Interest Income	2,500	2,128	2,582
Other Income		30,291	50,138
TOTAL REVENUES	$ 27,962,072	$ 36,107,815	$ 47,927,919
Costs:			
Operating Expenses:			
Salary and Related Fringe	$ 523,415	$ 555,226	$ 457,591
Legal Counsel	100,000	154,956	100,284
Audit and Accounting	37,000	38,500	41,250
Consulting	65,000	4,868	14,684
Office Expense	6,000	6,054	7,544
Legal Advertising, Dues, Seminars, Public Relations	10,000	7,379	9,018
Telephone		444	984
Insurance	100,000	98,386	155,388
Shared Services Agreement Union County Utilities Authority	76,085		38,042
Park Madison Expense	3,956,942	2,740,514	2,926,187
Renewable Energy Expense	1,464,998	449,998	480,042
Cherry Street	153,000	3,000	8,800
Miscellaneous		2,835	2,064
TOTAL OPERATING EXPENSES	6,492,440	4,062,160	4,241,878
Debt Service:			
Principal on Bonds	12,694,701	21,730,112	32,909,441
Interest on Bonds	8,774,931	9,789,699	10,205,030
TOTAL DEBT SERVICE	21,469,632	31,519,811	43,114,471
TOTAL COSTS	$ 27,962,072	$ 35,581,971	$ 47,356,349

SCHEDULE "3"
SHEET #1

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

CITY OF LINDEN GENERAL OBLIGATION
GUARANTEED LEASE REVENUE BONDS LINDEN AIRPORT PROJECT,
SERIES 1998A

CURRENT INTEREST SERIAL BONDS

YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE MARCH 1
2025	5.00%	$ 230,000
2026	5.00%	1,195,000
2027	5.00%	1,255,000
2028	5.00%	1,320,000
		$ 4,000,000

The bonds pay interest March 1 and September 1.

SCHEDULE "3"
SHEET #2

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

SEWER SYSTEM (CITY OF ELIZABETH)
GENERAL OBLIGATION LEASE REVENUE BONDS
SERIES 2002

CURRENT INTEREST SERIAL BONDS

YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE APRIL 15
2018	6.64%	$ 1,395,000
2019	6.64%	1,490,000
2020	6.64%	1,585,000
2021	6.64%	1,695,000
2022	6.64%	1,805,000
		$ 7,970,000

The bonds pay interest April 1 and October 1

SCHEDULE "3"
SHEET #3

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

CITY OF PLAINFIELD - PARK MADISON REDEVELOPMENT PROJECT
LEASE REVENUE BONDS,
SERIES 2003B

CURRENT INTEREST SERIAL BONDS

	TAX EXEMPT BONDS		
YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE MARCH 1	
2020	5.17%	$ 2,400,000	*
2025			
2034			
		$ 2,400,000	

The bonds pay interest March 1 and September 1.

*Paid by Sinking Fund

Sinking Fund Installments

2018	5.17%	$ 760,000
2019	5.17%	800,000
2020	5.17%	840,000
		$ 2,400,000

SCHEDULE "3"
SHEET #4

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

POOLED ERI UNFUNDED LIABILITY PROJECT
LOAN REVENUE BONDS,
SERIES 2003

CURRENT INTEREST SERIAL BONDS

YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE APRIL 1	
2018		$ 1,475,000	*
2021		785,000	*
		$ 2,260,000	

The bonds pay interest April 1 and October 1.

*Paid by Sinking Fund

2018	5.29%	$ 1,475,000	
2019	5.93%	330,000	
2020	5.93%	350,000	
2021	5.93%	105,000	
		$ 2,260,000	

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

UNION TOWNSHIP TRAIN STATION REDEVELOPMENT PROJECT GENERAL OBLIGATION GUARANTEED LEASE REVENUE BONDS, SERIES 2003

CURRENT INTEREST SERIAL BONDS

YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE AUGUST 1	
2023	5.25%	$ 2,270,000	*
		$ 2,270,000	

The bonds pay interest February 1 and August 1.

*Paid by Sinking Fund

Sinking Fund installments

2018	5.25%	$ 330,000
2019	5.25%	350,000
2020	5.25%	370,000
2021	5.25%	385,000
2022	5.25%	405,000
2023	5.25%	430,000
		$ 2,270,000

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

POLICE ATHLETIC LEAGUE, INC. OF LINDEN NEW JERSEY PROJECT
CITY GUARANTEED LOAN REVENUE BONDS (TAXABLE),
SERIES 2003

CURRENT INTEREST SERIAL BONDS

YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE SEPTEMBER 1
2018	4.45%	$ 95,000
2019	4.55%	100,000
2020	4.65%	105,000
2021	4.75%	110,000
2022	4.80%	115,000
2023	4.85%	120,000
2024	4.88%	125,000
		$ 770,000

The bonds pay interest March 1 and September 1.

SCHEDULE "3"
SHEET #7

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

CITY OF LINDEN - SOUTH WOOD AVENUE REDEVELOPMENT PROJECT
CITY GUARANTEED REVENUE BONDS
SERIES 2004

CURRENT INTEREST SERIAL BONDS

YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE MARCH 1
2018	5.01%	$ 95,000
2019	5.01%	100,000
2020	5.87%	105,000
2021	5.87%	110,000
2022	5.87%	115,000
2023	5.87%	125,000
2024	5.87%	130,000
2025	5.87%	140,000
2026	5.87%	145,000
2027	5.87%	155,000
2028	6.03%	165,000
2029	6.03%	175,000
2030	6.03%	185,000
2031	6.03%	195,000
2032	6.03%	205,000
2033	6.03%	220,000
2034	6.03%	235,000
		$ 2,600,000

The bonds pay interest March 1 and September 1.

SCHEDULE "3"
SHEET #8

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

CAPITAL EQUIPMENT AND INFRASTRUCTURE IMPROVEMENT
GENERAL OBLIGATION LEASE REVENUE BONDS
SERIES 2004

CURRENT INTEREST SERIAL BONDS

YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE MARCH 1
2018	4.00%	$ 100,000
2019	4.00%	105,000
		$ 205,000

The bonds pay interest June 1 and December 1.

SCHEDULE "3"
SHEET #9

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

CITY OF LINDEN - LINDEN THEATER REDEVELOPMENT PROJECT
COUNTY GUARANTEED REVENUE BONDS (TAXABLE)
SERIES 2004

CURRENT INTEREST SERIAL BONDS

YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE MARCH 1
2018	5.12%	$ 155,000
2019	5.12%	160,000
2020	5.12%	170,000
2021	5.12%	180,000
2022	5.12%	190,000
2023	5.12%	200,000
2024	5.12%	210,000
2025	5.12%	220,000
		$ 1,485,000

The bonds pay interest March 1 and September 1.

SCHEDULE "3"
SHEET #10

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

COUNTY PROSECUTOR'S OFFICE PROJECT
COUNTY GUARANTEED REVENUE BONDS
SERIES 2005

CURRENT INTEREST SERIAL BONDS

YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE MAY 1
2018	4.00%	$ 260,000
2019	4.00%	270,000
2020	4.00%	280,000
		$ 810,000

The bonds pay interest May 1 and November 1.

SCHEDULE "3"
SHEET #11

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

BOROUGH OF ROSELLE - OAK PARK APARTMENTS HOUSING PROJECT
COUNTY GUARANTEED MORTGAGE REVENUE BONDS
SERIES 2005

CURRENT INTEREST SERIAL BONDS

	2047 MATURITY		2026 MATURITY	
YEAR OF MATURITY	INTEREST RATE	PRINCIPAL	INTEREST RATE	PRINCIPAL
2018	6.15%	$ 136,681	6.15%	$ 139,450
2019	6.15%	145,328	6.15%	148,272
2020	6.15%	154,521	6.15%	157,652
2021	6.15%	164,297	6.15%	167,625
2022	6.15%	174,691	6.15%	178,230
2023	6.15%	185,743	6.15%	189,505
2024	6.15%	197,493	6.15%	201,494
2025	6.15%	209,987	6.15%	214,241
2026	6.15%	223,272	6.15%	18,455
2027	6.15%	237,397		
2028	6.15%	252,416		
2029	6.15%	268,384		
2030	6.15%	285,363		
2031	6.15%	303,416		
2032	6.15%	322,611		
2033	6.15%	343,021		
2034	6.15%	364,722		
2035	6.15%	387,795		
2036	6.15%	412,328		
2037	6.15%	438,414		
2038	6.15%	466,149		
2039	6.15%	495,640		
2040	6.15%	526,995		
2041	6.15%	560,335		
2042	6.15%	595,784		
2043	6.15%	633,475		
2044	6.15%	673,551		
2045	6.15%	716,162		
2046	6.15%	761,469		
2047	6.15%	398,613		
		$ 11,036,054		$ 1,414,924

The bonds pay principal and interest the first of each month

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

CAPITAL EQUIPMENT LEASE PROGRAM
GENERAL OBLIGATION LEASE REVENUE BONDS
SERIES 2006

CURRENT INTEREST SERIAL BONDS

YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE SEPTEMBER 1
2018	4.00%	$ 355,000
2019	4.00%	355,000
2020	4.00%	355,000
2021	4.00%	360,000
		$ 1,425,000

The bonds pay interest March 1 and September 1

SCHEDULE "3"
SHEET #13

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

CITY OF LINDEN - MORNINGSTAR REDEVELOPMENT PROJECT
CITY GUARANTEED REVENUE BONDS
SERIES 2007

CURRENT INTEREST SERIAL BONDS

YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE OCTOBER 1
2018	5.65%	$ 275,000
2019	5.65%	290,000
2020	5.65%	305,000
2021	5.65%	325,000
2022	5.65%	340,000
2023	5.65%	360,000
2024	5.65%	380,000
2025	5.65%	405,000
2026	5.65%	425,000
		$ 3,105,000

The bonds pay interest April 1 and October 1.

SCHEDULE "3"
SHEET #14

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

UNION COUNTY IMPROVEMENT AUTHORITY - OAKWOOD PLAZA, ELIZABETH PROJECT
COUNTY GUARANTEED REVENUE BONDS
SERIES 2010

CURRENT INTEREST SERIAL BONDS

YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE MAY 1	
2025	5.850%	$ 2,755,000	*
2030	5.850%	3,705,000	*
2040	6.920%	12,235,000	*
		$ 18,695,000	

The bonds pay interest May 1 and November 1.

*Paid by Sinking Fund

2021	5.850%	$ 490,000
2022	5.850%	520,000
2023	5.850%	550,000
2024	5.850%	580,000
2025	5.850%	615,000
		$ 2,755,000
2026	6.400%	$ 650,000
2027	6.400%	695,000
2028	6.400%	740,000
2029	6.400%	785,000
2030	6.400%	835,000
		$ 3,705,000
2031	6.920%	$ 890,000
2032	6.920%	950,000
2033	6.920%	1,015,000
2034	6.920%	1,085,000
2035	6.920%	1,160,000
2036	6.920%	1,240,000
3037	6.920%	1,330,000
2038	6.920%	1,420,000
2039	6.920%	1,520,000
2040	6.920%	1,625,000
		$ 12,235,000

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

CHILD ADVOCACY CENTER PROJECT
COUNTY GUARANTEED REVENUE BONDS
SERIES 2010

CURRENT INTEREST SERIAL BONDS

YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE SEPTEMBER 1
2018	3.000%	$ 170,000
2019	3.000%	175,000
2020	3.000%	180,000
2021	3.000%	185,000
2022	4.000%	190,000
2023	4.000%	200,000
2024	4.000%	205,000
2025	4.000%	215,000
	4.000%	
		$ 1,520,000

The bonds pay interest March 1 and September 1.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

CITY OF LINDEN GENERAL OBLIGATION GUARANTEED LEASE REVENUE BONDS LINDEN AIRPORT PROJECT, SERIES 2010B

CURRENT INTEREST SERIAL BONDS

YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE MARCH 1
2018	6.60%	$ 710,000
2019	6.65%	760,000
2020	6.65%	810,000
2021	6.65%	865,000
2022	6.65%	925,000
2023	6.65%	990,000
2024	6.65%	1,060,000
2025	6.65%	900,000
		$ 7,020,000

The bonds pay interest March 1 and September 1.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

RENEWABLE ENERGY PROJECT
COUNTY GUARANTEED LEASE REVENUE BONDS
SERIES 2011

CURRENT INTEREST SERIAL BONDS

YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE OCTOBER 15
2018	3.650%	$ 1,015,000
2019	3.950%	1,015,000
2020	4.320%	1,010,000
2021	4.520%	1,010,000
2022	4.670%	1,010,000
2023	4.820%	1,010,000
2024	4.970%	1,010,000
2025	5.070%	1,010,000
2026	5.170%	1,010,000
		$ 9,100,000

The bonds pay interest April 15 and October 15.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

COUNTY GUARANTEED REVENUE REFUNDING
CORRECTIONAL FACILITY PROJECT (JUVENILE)
GENERAL OBLIGATION LEASE REVENUE BONDS
SERIES 2012

CURRENT INTEREST SERIAL BONDS

YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE JUNE 15
2018	5.00%	$ 380,000
2019	5.00%	390,000
2020	5.00%	400,000
2021	5.00%	415,000
2022	5.00%	425,000
		$ 2,010,000

The bonds pay interest June 15 and December 15

SCHEDULE "3"
SHEET #19

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

FAMILY COURT HOUSE AND PARKING DECK PROJECT
GENERAL OBLIGATION LEASE REVENUE BONDS
SERIES 2012

CURRENT INTEREST SERIAL BONDS

YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE MARCH 1
2025	4.000%	$ 1,725,000
2026	4.000%	1,795,000
2027	3.000%	1,865,000
2028	3.375%	1,925,000
2029	3.375%	1,990,000
2030	3.375%	2,055,000
2031	3.375%	2,125,000
2032	3.375%	2,195,000
2033	4.000%	2,270,000
2034	4.000%	2,360,000
2035	4.000%	2,455,000
2036	4.000%	2,555,000
3037	4.000%	2,655,000
2038	5.000%	2,760,000
2039	5.000%	2,890,000
2040	5.000%	3,025,000
2041	5.000%	1,325,000
2041	4.000%	1,840,000
2042	4.000%	3,315,000
		$ 43,125,000

The bonds pay interest March 1 and September 1.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

CITY OF PLAINFIELD - PARK MADISON REDEVELOPMENT PROJECT
LEASE REVENUE REFUNDING BONDS,
SERIES 2013A

CURRENT INTEREST SERIAL BONDS

	TAX EXEMPT BONDS	
YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE MARCH 1
2021	5.00%	$ 875,000
2022	5.00%	915,000
2023	5.00%	960,000
2024	5.00%	1,000,000
2025	5.00%	1,050,000
2026	5.00%	1,530,000
2027	5.00%	1,605,000
2028	5.00%	1,685,000
2029	5.00%	1,770,000
2030	5.00%	1,855,000
2031	5.00%	1,950,000
2032	5.00%	2,045,000
2033	5.00%	2,150,000
2034	5.00%	2,255,000
		$ 21,645,000

The bonds pay interest March 1 and September 1.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

UNION COUNTY COLLEGE CRANFORD FACILITY PROJECT COUNTY GUARANTEED REVENUE BONDS, SERIES 2013

CURRENT INTEREST SERIAL BONDS

	"A" BONDS		"B" BONDS CHAPTER 12 SUPPORTED	
YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE DECEMBER 1	INTEREST RATE	PRINCIPAL DUE DECEMBER 1
2018	3.625%	$ 80,000	3.600%	$ 585,000
2019	3.750%	85,000	3.625%	600,000
2020	3.750%	90,000	3.750%	610,000
2021	3.875%	90,000	3.750%	625,000
2022	3.750%	95,000	4.000%	640,000
2023	4.000%	100,000	4.000%	660,000
2024	4.000%	100,000	4.000%	680,000
2025	4.000%	105,000	4.000%	700,000
2026	4.000%	110,000	4.750%	725,000
2027	4.125%	115,000	4.750%	745,000
2028	4.125%	115,000	4.750%	775,000
2029	4.125%	515,000		
2030	4.250%	540,000		
2031	4.250%	560,000		
2032	4.250%	580,000		
2033	4.375%	605,000		
		$ 3,885,000		$ 7,345,000

The bonds pay interest June 1 and December 1.

SCHEDULE "3"
SHEET #22

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

CORRECTIONAL FACILITY PROJECT
REVENUE REFUNDING BONDS
SERIES 2013

CURRENT INTEREST SERIAL BONDS

YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE JUNE 15
2018	3.00%	$ 340,000
2019	3.00%	345,000
2020	3.00%	360,000
2021	3.00%	370,000
2022	4.00%	375,000
2023	4.00%	395,000
		$ 2,185,000

The bonds pay interest June 15 and December 15.

SCHEDULE "3"
SHEET #23

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

UNION COUNTY COLLEGE FACILITY PROJECT
COUNTY GUARANTEED REVENUE BONDS,
SERIES 2014

CURRENT INTEREST SERIAL BONDS

	"A" BONDS		"B" BONDS CHAPTER 12 SUPPORTED		"C" BONDS	
YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE FEBRUARY 1	INTEREST RATE	PRINCIPAL DUE FEBRUARY 1	INTEREST RATE	PRINCIPAL DUE FEBRUARY 1
2018	4.00%	$ 115,000	4.00%	$ 2,945,000	4.00%	$ 415,000
2019	4.00%	115,000	4.00%	3,055,000	4.00%	435,000
2020	4.00%	120,000	4.00%	685,000	4.00%	445,000
2020			5.00%	2,500,000		
2021	4.00%	125,000	5.00%	3,315,000	5.00%	465,000
2022	4.00%	130,000			5.00%	495,000
2023	4.00%	135,000			5.00%	515,000
2024	4.00%	145,000			5.00%	540,000
2025	4.00%	150,000			4.00%	565,000
2026	4.00%	155,000			4.00%	590,000
		$ 1,190,000		$ 12,500,000		$ 4,465,000

The bonds pay interest February 1 and August 1.

SCHEDULE "3"
SHEET #24

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

CORRECTIONAL FACILITY PROJECT (JUVENILE)
COUNTY GUARANTEED REVENUE BONDS
SERIES 2015

CURRENT INTEREST SERIAL BONDS

YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE MAY 1
2018	4.00%	$ 840,000
2019	4.00%	870,000
2020	4.00%	905,000
2021	4.00%	945,000
2022	5.50%	980,000
2023	5.50%	1,115,000
2024	5.50%	1,170,000
2025	5.50%	1,230,000
2026	5.50%	1,290,000
2027	5.50%	1,355,000
2028	5.50%	1,420,000
2029	5.50%	1,425,000
2030	5.50%	1,745,000
2031	5.50%	1,830,000
2032	5.50%	1,915,000
2033	5.50%	1,990,000
2034	5.50%	2,075,000
		$ 23,100,000

The bonds pay interest May 1 and November 1.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

UNION COUNTY IMPROVEMENT AUTHORITY - OAKWOOD PLAZA, ELIZABETH PROJECT
COUNTY GUARANTEED CAPITAL APPRECIATION REVENUE BONDS
SERIES 2015A

CURRENT INTEREST SERIAL BONDS

	"A" BONDS	
YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE DECEMBER 1
2018	5.25%	
2019	5.25%	
2020	5.25%	
2021	5.25%	
2022	5.25%	
2023	5.25%	
2024	5.25%	
2025	5.25%	
2026	5.25%	
2027	5.25%	
2028	5.25%	
2029	5.25%	
2030	5.25%	
2031	5.25%	
2032	5.25%	
2033	5.25%	
2034	5.25%	
2035	5.25%	
2036	5.25%	
2037	5.25%	
2038	5.25%	
2039	5.25%	
2040	5.25%	
2041	5.25%	
2042	5.25%	
2043	5.25%	
2044	5.25%	
2045	5.25%	
2046	5.25%	
2047	5.25%	$ 400,000
		$ 400,000

The bonds pay interest June 1 and December 1.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

UNION COUNTY IMPROVEMENT AUTHORITY - OAKWOOD PLAZA, ELIZABETH PROJECT
COUNTY GUARANTEED CAPITAL APPRECIATION REVENUE BONDS
SERIES 2015B

CAPITAL APPRECIATION SERIAL BONDS

		"B" BONDS		
YEAR OF MATURITY	YIELD	ISSUED VALUE	PRESENT VALUE	MATURING VALUE
2017	5.39%	$ 1,779,582	$ 2,008,486	$ 9,800,000
		$ 1,779,582	$ 2,008,486	$ 9,800,000

The Capital Appreciation Serial Bonds pay interest at maturity.
Principal is due at maturity.
Accreted Value at December 31, 2017 is $1,981,462.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

CITY OF LINDEN - OMNIBUS REVENUE REFUNDING PROJECT
CITY GUARANTEED REVENUE BONDS
SERIES 2016

CURRENT INTEREST SERIAL BONDS

YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE NOVEMBER 1
2018	3.00%	$ 1,900,000
2019	4.00%	2,020,000
2020	4.00%	1,965,000
2021	4.00%	1,870,000
2022	4.00%	1,930,000
2023	4.00%	2,330,000
2024	4.00%	2,425,000
2025	4.00%	2,425,000
2026	4.00%	2,015,000
2027	4.00%	2,025,000
2028	3.00%	350,000
2029	3.00%	355,000
2030	3.00%	370,000
2031	2.50%	115,000
2032	2.50%	120,000
2033	2.50%	120,000
2034	2.75%	125,000
2035	2.75%	125,000
		$ 22,585,000

The bonds pay interest May 1 and November 1.

SCHEDULE "3"
SHEET #28

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2017

FAMILY COURT HOUSE AND PARKING DECK PROJECT
GENERAL OBLIGATION LEASE REVENUE BONDS
SERIES 2017

CURRENT INTEREST SERIAL BONDS

YEAR OF MATURITY	INTEREST RATE	PRINCIPAL DUE MARCH 1	
2018	2.125%	$ 200,000	
2019	3.000%	205,000	
2020	3.000%	210,000	
2021	3.000%	220,000	
2022	3.000%	225,000	
2023	4.000%	235,000	
2024	4.000%	245,000	
2025	4.000%	250,000	
2026	4.000%	260,000	
2027	4.000%	275,000	
2028	4.000%	285,000	
2029	4.000%	295,000	
2030	3.000%	305,000	
2031	3.000%	315,000	
2032	3.000%	325,000	
2033	3.125%	335,000	
2039	3.375%	2,315,000	*
2042	3.500%	1,360,000	*
		$ 7,860,000	

The bonds pay interest March 1 and September 1.

*Paid by Sinking Fund

2034	3.375%	355,000
2035	3.375%	365,000
2036	3.375%	375,000
3037	3.375%	395,000
2038	3.375%	410,000
2039	3.375%	415,000
		$ 2,315,000
2040	3.500%	435,000
2041	3.500%	455,000
2042	3.500%	470,000
		$ 1,360,000

SCHEDULE "R-1"

UNION COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Fiscal Year Ending June 30,	Authority's Proportion Share of the Net Pension Liability (Asset)	Authority's Proportionate Share of the Net Pension Liability (Asset)	Authority's Covered-Employee Payroll	Authority's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2017	0.0016373177%	$ 381,141	$ 278,352.00	136.93%	36.78%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

SCHEDULE "R-2"

UNION COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Authority's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2017	$ 15,168	$ 15,168	$ -0-	$ 278,352.00	5.45%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

UNION COUNTY IMPROVEMENT AUTHORITY
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)
NOTE TO RSI III
FOR THE YEAR ENDED DECEMBER 31, 2017

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (2.85%) to the current measurement date (3.58%), resulting in a change in the discount rate from 3.98% to 5.00%. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 68.

UNION COUNTY IMPROVEMENT AUTHORITY

DECEMBER 31, 2017

GENERAL COMMENTS AND RECOMMENDATIONS

NONE