

Annual
Financial Report

of the

**Union County
Improvement Authority**

For the Years Ended December 31, 2021 and 2020

Prepared By

Union County Improvement Authority

Finance Department

UNION COUNTY IMPROVEMENT AUTHORITY

I N D E X

	<u>PAGE NUMBER</u>
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1-3
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	4-5
Management Discussion and Analysis	6-9
<u>EXHIBITS</u>	
"A" - Statements of Net Position - December 31, 2021 and 2020	10-11
"B" - Statements of Revenues, Expenses and Changes in Net Position for the Years Ended December 31, 2021 and 2020	12
"C" - Statements of Cash Flows for the Years Ended December 31, 2021 and 2020	13
Notes to Financial Statements - December 31, 2021 and 2020	14-44
<u>SCHEDULES</u>	
"1" - Schedule of Revenue, Expenses and Changes in Net Position - Restricted and Unrestricted for the Year Ended December 31, 2021	45
"2" - Schedule of Operating Revenues and Costs Funded by Operating Revenues Compared to Budget for the Year Ended December 31, 2021 with Comparative Actual Amounts for 2020	46
"3" - Bonds Payable December 31, 2021	47-69
"R-1" Schedule of Authority's Proportionate Share of the Net Pension Liability - Public Employees Retirement System - Last Ten Years	70
"R-2" Schedule of Authority's Contributions - Public Employees Retirement System - Last Ten Years	71
"R-3" Schedule Related to Accounting and Reporting for Pension (GASB 68) - Note to RSI III	72
General Comments and Recommendations	73

FINANCIAL SECTION



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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
Union County Improvement Authority
Elizabeth, New Jersey 07207

Report on the Financial Statements

We have audited the accompanying financial statements of the Union County Improvement Authority, which comprise the statements of net position as of and for the years ended December 31, 2021 and 2020, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of the Union County Improvement Authority, as of December 31, 2021 and 2020, and the changes in its net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Union County Improvement Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Union County Improvement Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Union County Improvement Authority's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion analysis and the schedules related to accounting, reporting for pensions in Schedule R-1 through R-3 are 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2022 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.

July 29, 2022





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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
Elizabeth, New Jersey 07207

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, 2021, and the related notes to the financial statements, which collectively comprise the Union County Improvement Authority's basic financial statements, and have issued our report thereon dated July 29, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Union County Improvement Authority's internal control over financial reporting (internal control) as a basis for designing 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 Union County Improvement Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Union County Improvement Authority's internal control.

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

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

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Compliance and Other Matters

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

Purpose of This Report

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

July 29, 2022

A handwritten signature in black ink that reads "Suplee, Clooney & Company". The signature is written in a cursive, flowing style.

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, 2021 and 2020. 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, 2021 and 2020. 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 and deferred outflows at year-end totaled \$270.1 million and total liabilities and deferred inflows totaled \$283.1 million.

Operating revenues totaled \$5.8 million which is an increase of \$62 thousand or 1.1% from the prior years \$5.7 million. Operating expenditures totaled \$6.4 million, an increase of \$482 thousand or 8.2%, over the prior year's \$5.9 million.

In 2021, rents received from the Park Madison Project were \$3.8 million, a decrease of \$207 thousand over the prior year's \$4.0 million. Rents received from the Renewable Energy Projects were \$1.3 million which is a decrease of \$44 thousand over the prior year's \$1.3 million.

Cash and Investments of \$17.1 million increased \$10.6 million from prior year's total of \$6.5 million. The balance includes unrestricted cash of \$3.9 million and \$13.1 million of funds held in escrow for ongoing development projects.

Bonds Payable of \$232.7 million decreased \$13.1 million or 5.3% over prior year's total of \$245.8 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 required state and local governmental entities to disclose their unfunded pension liabilities. 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 \$519,596 and \$710,149 at December 31, 2021 and 2020, respectively.

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 County Commissioners 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 Project Manager of the Union County Improvement Authority at 10 Elizabethtown Plaza, 5th Floor, Elizabeth, New Jersey 07207.

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 12/31/2020	\$ 245,809,075
Bonds Issued	74,285,000
Scheduled Bond Retirements	<u>(87,427,075)</u>
Bonds Payable at 12/31/2021	\$ <u>232,670,000</u>

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,		Variance		2019
	2021	2020	Dollars	%	
Assets					
Current Assets	\$ 17,238,482	\$ 8,276,784	\$ 8,961,698	108.3%	\$ 15,366,051
Lease Payments Receivable	143,934,606	168,063,161	(24,128,555)	-14.4%	186,175,497
Loan Receivable	96,945,000	84,680,000	12,265,000	14.5%	85,640,000
Mortgage Receivable		11,569,075	(11,569,075)	-100.0%	11,881,249
Other Assets	11,708,451	15,820,911	(4,112,460)	-26.0%	18,425,736
Deferred Outflows	254,459	470,701	(216,242)	-45.9%	666,067
Total Assets and Deferred Outflows	\$ 270,080,998	\$ 288,880,632	\$ (18,799,634)	-6.5%	\$ 318,154,600
Liabilities:					
Current Liabilities	\$ 15,593,607	\$ 14,791,691	\$ 801,916	5.4%	\$ 21,018,027
Bonds Payable	232,670,000	245,809,075	(13,139,075)	-5.3%	260,971,249
Bond Anticipation Notes Payable	2,000,000		2,000,000	100.0%	
Non-Current Liabilities	32,034,606	46,208,161	(14,173,555)	-30.7%	52,280,497
Net Pension Liability	519,569	710,149	(190,580)	-26.8%	778,605
Deferred Inflows	325,575	299,857	25,718	8.6%	285,982
Total Liabilities and Deferred Inflows	283,143,357	307,818,933	(24,675,576)	-8.0%	335,334,360
Net Assets					
Net Investment in Capital Assets	(17,808,462)	(18,136,488)	328,026	-1.8%	(18,383,203)
Unrestricted	86,643	99,277	(12,634)	-12.7%	687,095
Restricted	4,659,460	(901,090)	5,560,550	-617.1%	516,348
Total Net Assets	(13,062,359)	(18,938,301)	5,875,942	-31.0%	(17,179,760)
Total Liabilities, Deferred Inflows and Net Assets	\$ 270,080,998	\$ 288,880,632	\$ (18,799,634)	-6.5%	\$ 318,154,600

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

	December 31,		Variance		2019
	2021	2020	Dollars	%	
Operating Revenues	\$ 5,770,909	\$ 5,708,298	\$ 62,611	1.1%	\$ 5,800,342
Operating Expenses	6,380,350	5,898,298	482,052	8.2%	5,954,156
Operating Income/(Loss)	(609,441)	(190,000)	(419,441)	-220.8%	(153,814)
Non Operating (Revenues) Expenses	6,485,383	(1,568,541)	8,053,924	-513.5%	(2,062,398)
Change in Net Position	5,875,942	(1,758,541)	7,634,483	434.1%	(2,216,212)
Net Position, Beginning of Year	(18,938,301)	(17,179,760)	(1,758,541)	10.2%	(14,963,548)
Net Position, End of Year	\$ (13,062,359)	\$ (18,938,301)	\$ 5,875,942	-31.0%	\$ (17,179,760)

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BASIC FINANCIAL STATEMENTS

UNION COUNTY IMPROVEMENT AUTHORITY

STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 3,982,079	
Accounts Receivable	108,499	\$ 1,728,728
	<hr/>	<hr/>
<u>Total Unrestricted Current Assets</u>	4,090,578	1,728,728
	<hr/>	<hr/>
Restricted Assets:		
Cash and Cash Equivalents	13,147,904	6,548,056
Accrued Interest Receivable	1,743,257	1,979,273
Minimum Lease Payments Receivable	13,173,472	17,307,642
Loan Receivable	6,911,416	3,687,156
Mortgage Receivable		331,922
	<hr/>	<hr/>
<u>Total Restricted Current Assets</u>	34,976,049	29,854,049
	<hr/>	<hr/>
<u>Total Current Assets</u>	39,066,627	31,582,777
	<hr/>	<hr/>
Noncurrent Assets:		
Minimum Lease Payments Receivable	130,761,134	150,755,519
Loan Receivable	90,033,584	80,992,844
Mortgage Receivable		11,237,153
Development Costs	1,948,656	4,273,126
Fixed Assets - Net	8,016,538	9,568,512
	<hr/>	<hr/>
<u>Total Noncurrent Assets</u>	230,759,912	256,827,154
	<hr/>	<hr/>
Deferred Outflows:		
Pension Related	254,459	470,701
	<hr/>	<hr/>
<u>TOTAL ASSETS AND DEFERRED OUTFLOWS</u>	<u>\$ 270,080,998</u>	<u>\$ 288,880,632</u>

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

UNION COUNTY IMPROVEMENT AUTHORITY

STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>LIABILITIES AND NET POSITION</u>		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable and Accrued Liabilities	\$ 196,190	\$ 273,011
<u>Total Current Liabilities</u>	<u>196,190</u>	<u>273,011</u>
Current Liabilities Payable from Restricted Assets:		
Accounts Payable and Accrued Liabilities	592,899	1,237,981
Interest Payable - Serial Bonds	1,743,257	1,979,273
Bonds Payable - Current Portion	16,036,416	18,014,078
Bond Anticipation Notes Payable	2,000,000	
Unearned Income	4,003,472	5,217,067
Development Liability	13,061,261	7,071,426
Net Pension Liability	519,569	710,149
Loan Payable		4,230,000
<u>Total Restricted Current Liabilities</u>	<u>37,956,874</u>	<u>38,459,974</u>
<u>Total Current Liabilities</u>	<u>38,153,064</u>	<u>38,732,985</u>
Long-Term Bonds Payable	216,633,584	227,794,997
Unearned Income	28,031,134	40,991,094
<u>Total Liabilities</u>	<u>282,817,782</u>	<u>307,519,076</u>
Deferred Inflows:		
Pension Related	325,575	299,857
Net Position:		
Net Investment in Capital Assets (Deficit)	(17,808,462)	(18,136,488)
Restricted	86,643	99,277
Unrestricted (Deficit)	4,659,460	(901,090)
<u>Net Position</u>	<u>(13,062,359)</u>	<u>(18,938,301)</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>	<u>\$ 270,080,998</u>	<u>\$ 288,880,632</u>

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

UNION COUNTY IMPROVEMENT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues (Expenses):		
Project Fees	\$ 694,158	\$ 380,675
Park Madison Rents	3,771,629	3,978,869
Renewable Energy Projects Rents	1,305,122	1,348,754
Operating Expenses	(4,823,376)	(2,494,018)
Depreciation Expense	<u>(1,556,974)</u>	<u>(3,404,280)</u>
Operating Income (Loss)	<u>(609,441)</u>	<u>(190,000)</u>
Nonoperating Revenues (Expenses):		
Interest Income - Restricted	12,029,990	11,564,593
Interest Income - Unrestricted	2,424	15,601
Pension Related	(53,244)	(142,773)
County of Union	2,250,000	
Loans Forgiven	4,284,854	
Interest Expense - Restricted	(10,673,144)	(11,563,244)
Interest Expense - Unrestricted	<u>(1,355,497)</u>	<u>(1,442,718)</u>
Nonoperating Revenues (Expenses), Net	<u>6,485,383</u>	<u>(1,568,541)</u>
Change in Net Position	5,875,942	(1,758,541)
Net Position - Beginning of Year	<u>(18,938,301)</u>	<u>(17,179,760)</u>
Net Position, End of Year	<u>\$ (13,062,359)</u>	<u>\$ (18,938,301)</u>

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

UNION COUNTY IMPROVEMENT AUTHORITYSTATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 7,073,734	\$ 4,179,305
Miscellaneous Receipts	317,404	124,000
Payments to Suppliers	(4,583,358)	(2,042,858)
Payments to Employees	(344,400)	(565,271)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	2,463,380	1,695,176
	<hr/>	<hr/>
Cash Flows From Capital and Related Financing Activities:		
Proceeds from Issuing BANs	2,000,000	
Proceeds from Issuing Bonds	74,285,000	
Payment of Bond Principal	(87,424,075)	(15,162,174)
Interest Paid on Bonds	(12,137,453)	(13,080,793)
County of Union	2,250,000	
Net Financing Activity	16,881,645	6,284,211
	<hr/>	<hr/>
Net Cash Provided (Used) by Investment Activities	(4,144,883)	(21,958,756)
	<hr/>	<hr/>
Cash Flows From Investing Activities:		
Interest Received	12,268,430	11,775,663
Sale (Investment) in Fixed Assets	(5,000)	
	<hr/>	<hr/>
Net Cash Provided (Used) by Investing Activities	12,263,430	11,775,663
	<hr/>	<hr/>
Change in Cash and Cash Equivalents	10,581,927	(8,487,917)
Cash and Cash Equivalents, Beginning of Year	6,548,056	15,035,973
	<hr/>	<hr/>
Cash and Cash Equivalents, End of Year	\$ 17,129,983	\$ 6,548,056
	<hr/>	<hr/>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by (Used) Operating Activities:		
Operating Income/(Loss)	\$ (609,441)	\$ (190,000)
Depreciation	1,556,974	3,404,280
Changes in Operating Assets and Liabilities:		
Accounts Receivable	1,620,229	(1,404,993)
Prepaid Expense		6,343
Accounts Payable and Accrued Liability	(104,382)	(120,454)
Net Cash Provided (Used) by Operating Activities	<hr/> <u>\$ 2,463,380</u>	<hr/> <u>\$ 1,695,176</u>

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

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(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 County Commissioners 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 County Commissioners. 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.

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions

Under GAAP, Authorities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Assets 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 Statement of Net Position.

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.

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.

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.

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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

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.

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.

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 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

Fixed Assets (Continued)

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

	<u>2021</u>	<u>2020</u>
Land	\$ 1,200,000	\$ 1,200,000
Buildings and Improvements	<u>47,850,812</u>	<u>47,850,811</u>
	49,050,812	49,050,811
Less: Accumulated Depreciation	<u>41,039,274</u>	<u>39,482,299</u>
Net Property, Plant and Equipment	<u>\$ 8,016,538</u>	<u>\$ 9,568,512</u>

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

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.

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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.

Income Taxes

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

Net Position

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

- 1) Net Investment 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."

Vacation and Sick Leave

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 \$-0- and \$81,224 at December 31, 2021 and 2020, respectively.

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(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:

<u>FUND</u>	<u>AMOUNT</u>	<u>USE FOR WHICH RESTRICTED</u>
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.

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(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:

	<u>2021</u>	<u>2020</u>
Unrestricted Cash	\$ <u>3,982,079</u>	\$ <u>- 0 -</u>
Restricted Cash	\$ <u>13,147,904</u>	\$ <u>6,548,056</u>

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.

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(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, 2021, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk.

(5) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION PLAN

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrpts.shtml.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS 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 pension fund or local jurisdiction's pension fund.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(5) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION PLAN (CONTINUED)

Vesting and Benefit Provisions (Continued)

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP. Employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 7.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. During 2020, PERS provides for employee contributions of 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

Certain portions of the cost are contributed by the employees. The Authority's share of pension costs, which is based upon the annual billings received from the State, amounted to \$51,366 to the plan for the year ended December 31, 2021 and \$42,289 for the year ended December 31, 2020.

Information as to the comparison of the actuarially computed value of vested benefit with the system's assets is not available from the State Retirement System and, therefore, is not presented.

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

Public Employees Retirement System (PERS)

At June 30, 2021, the State reported a net pension liability of \$519,596 for the Authority's proportionate share of the total net pension liability. The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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.

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2021, the Authority's proportion was 0.0043860719 percent, which was an increase of 0.0000649282 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the State recognized an actuarially determined pension expense/(benefit) of \$104,635 for the Authority's proportionate share of the total pension expense. The pension expense recognized in the Authority's financial statements based on the April 1, 2021 billing was \$47,639.

At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 8,195	\$ 3,720
Changes of assumptions	2,706	184,980
Net difference between projected and actual earnings on pension plan investments		136,875
Changes in proportion and differences between Authority contributions and proportionate share of contributions	217,875	
Authority contributions subsequent to the measurement date	<u>25,683</u>	<u> </u>
	<u>\$254,459</u>	<u>\$325,575</u>

The \$25,683 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date (i.e. for the year ending June 30, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(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	
<u>June 30</u>	<u>Amount</u>
2022	(\$79,027)
2023	(43,963)
2024	(16,111)
2025	(1,291)
2026	<u>43,593</u>
	<u>(\$96,799)</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following assumptions:

	<u>June 30, 2021</u>
Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	
Through 2026	2.00-6.00%
	based on years of service
Thereafter	3.00-7.00%
	based on years of service
Based on Years of Service	
Investment Rate of Return	7.00%

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) 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 (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 weighing the expected future real rates of return by the target 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, 2021 are summarized in the following table:

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

Assets Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasury's	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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

Public Employees Retirement System (PERS) (Continued)

Sensitivity of the Authority's proportionate share of net pension liability to changes in the discount rate

The following presents the Authority's proportionate share of the net pension liability of the participating employers as of June 30, 2021 respectively, calculated using the discount rate as disclosed above as well as what the Authority's proportionate share of the 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:

	<u>June 30, 2021</u>		
	<u>1%</u> <u>Decrease</u> <u>6.00%</u>	<u>At Current</u> <u>Discount Rate</u> <u>7.00%</u>	<u>1%</u> <u>Increase</u> <u>8.00%</u>
Authority's proportionate share of the pension liability	\$709,588	\$519,596	\$358,360

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). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

(7) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS
OTHER THAN PENSIONS (OPEB) – GASB 75

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. Net OPEB liability obligations are non-pension benefits that the Authority has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the Authority is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the Authority is not required to recognize any long-term obligations resulting from the net OPEB liability on their financial statements.

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(7) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS
OTHER THAN PENSIONS (OPEB) – GASB 75

Plan Description and Benefits Provided

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 drug coverage to retirees and their covered dependents of the employers. The plan is administered through the County of Union who is liable for the Authorities liability related to these benefits. No amounts have been recorded for the liability for these benefits.

Contributions

The Authority's contributions to the plan for the years ended December 31, 2021, 2020 and 2019 were \$-0-, \$-0- and \$-0-, respectively, which equaled the required contributions for each year.

(8) LEASE AGREEMENTS

In 1998, the Authority 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	\$5,083,250
Estimated Residual Value	<u>- 0 -</u>
	5,083,250
Less: Unearned Income	<u>1,083,250</u>
Net Investment in Direct Financing Leases	<u>\$4,000,000</u>

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(8) LEASE AGREEMENTS (CONTINUED)

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

2022	\$ 200,000
2023	\$ 200,000
2024	\$ 200,000
2025	\$ 424,250
2026	\$1,353,625

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	\$1,864,926
Estimated Residual Value	<u>- 0 -</u>
	1,864,926
Less: Unearned Income	<u>59,926</u>
Net Investment in Direct Financing Leases	<u>\$1,805,000</u>

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

2022	\$1,864,926
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In 2003, the Authority 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.

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(8) LEASE AGREEMENTS (CONTINUED)

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	\$901,412
Estimated Residual Value	<u>- 0 -</u>
	901,412
Less: Unearned Income	<u>66,412</u>
Net Investment in Direct Financing Leases	<u>\$835,000</u>

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

2022	\$448,837
2023	\$452,575

In 2004, the Authority 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	\$906,528
Estimated Residual Value	<u>- 0 -</u>
	906,528
Less: Unearned Income	<u>86,528</u>
Net Investment in Direct Financing Leases	<u>\$820,000</u>

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(8) LEASE AGREEMENTS (CONTINUED)

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

2022	\$227,120
2023	\$227,136
2024	\$226,640
2025	\$225,632

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	\$892,600
Estimated Residual Value	<u>- 0 -</u>
	892,600
Less: Unearned Income	<u>82,000</u>
Net Investment in Direct Financing Leases	<u>\$810,000</u>

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

2022	\$670,200
2023	\$445,400
2024	\$223,600

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(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	\$4,390,209
Estimated Residual Value	<u>- 0 -</u>
	4,390,209
Less: Unearned Income	<u>512,209</u>
Net Investment in Direct Financing Leases	<u>\$3,875,000</u>

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

2022	\$1,151,931
2023	\$1,153,257
2024	\$1,155,095
2025	\$ 929,925

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.

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(8) LEASE AGREEMENTS (CONTINUED)

Total Minimum Lease Payments to be Received	\$431,375
Estimated Residual Value	<u>- 0 -</u>
	431,375
Less: Unearned Income	<u>6,375</u>
Net Investment in Direct Financing Leases	<u>\$425,000</u>

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

2022	\$431,375
------	-----------

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	\$10,480,669
Estimated Residual Value	<u>- 0 -</u>
	10,480,669
Less: Unearned Income	<u>2,015,669</u>
Net Investment in Direct Financing Leases	<u>\$ 8,465,000</u>

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

2022	\$1,048,431
2023	\$1,051,144
2024	\$1,047,269
2025	\$1,045,944
2026	\$1,047,769

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(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	\$801,200
Estimated Residual Value	<u>- 0 -</u>
	801,200
Less: Unearned Income	<u>31,200</u>
Net Investment in Direct Financing Leases	<u>\$770,000</u>

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

2022	\$398,300
2023	\$402,900

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.

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(8) LEASE AGREEMENTS (CONTINUED)

Total Minimum Lease Payments to be Received	\$3,797,900
Estimated Residual Value	<u>- 0 -</u>
	3,797,900
Less: Unearned Income	<u>377,900</u>
Net Investment in Direct Financing Leases	<u>\$3,420,000</u>

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

2022	\$ 762,025
2023	\$ 761,175
2024	\$ 758,900
2025	\$ 758,000

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	\$27,444,325
Estimated Residual Value	<u>- 0 -</u>
	27,444,325
Less: Unearned Income	<u>7,904,325</u>
Net Investment in Direct Financing Leases	<u>\$19,540,000</u>

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(8) LEASE AGREEMENTS (CONTINUED)

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

2022	\$2,027,750
2023	\$2,105,137
2024	\$2,097,300
2025	\$2,091,300
2026	\$2,082,000

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	\$17,110,762
Estimated Residual Value	- 0 -
	<u>17,110,762</u>
Less: Unearned Income	<u>2,280,762</u>
Net Investment in Direct Financing Leases	<u>\$14,830,000</u>

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(8) LEASE AGREEMENTS (CONTINUED)

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

2022	\$2,504,000
2023	\$2,826,800
2024	\$2,828,600
2025	\$2,731,600
2026	\$2,224,600

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	\$9,404,538
Estimated Residual Value	- 0 -
	<u>9,404,538</u>
Less: Unearned Income	<u>2,604,538</u>
Net Investment in Direct Financing Leases	<u>\$6,800,000</u>

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

2022	\$466,725
2023	\$468,650
2024	\$469,050
2025	\$464,150
2026	\$463,950

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(8) LEASE AGREEMENTS (CONTINUED)

In 2021, the Authority refunded the Series 2012 bonds which had no change on the agreement entered into 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	\$58,538,836
Estimated Residual Value	<u>- 0 -</u>
	\$58,536,836
Less: Unearned Income	<u>13,618,836</u>
Net Investment in Direct Financing Leases	<u>\$44,920,000</u>

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

2022	\$1,419,351
2023	\$1,417,936
2024	\$1,416,062
2025	\$3,109,165
2026	\$3,105,647

(9) MORTGAGE RECEIVABLE

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

The balance of this receivable at December 31, 2021 and 2020 is \$-0- and \$11,569,076, respectively.

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(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, 2021 and 2020 is \$-0- and \$105,000, 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, 2021 and 2020 is \$360,000 and \$470,000, 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, 2021 and 2020 is \$2,190,000 and \$2,300,000, 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.

- 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, 2021 and 2020 is \$1,910,000 and \$2,235,000, 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 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, 2021 and 2020 is \$400,000 and \$400,000, respectively.

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(10) LOAN RECEIVABLE (CONTINUED)

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 \$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, 2021 and 2020 is \$2,452,156 and \$2,324,952, 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.

- G. In 2018, the Authority loaned \$19,620,000 to CIS Oakwood, LLC of the City of Elizabeth, New Jersey, to advance refund and defease the Series 2010 bonds 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 due of this loan at December 31, 2021 and 2020 is \$18,785,000 and \$19,370,000, 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.

- H. In 2019, the Authority loaned \$50,000,000 to Aries Linden, LLC of the City of Linden, New Jersey, to finance a portion of the costs of the acquisition, construction, rehabilitation, renovation, installation, improvement and equipping of a sludge and solid waste disposal and processing system facility. The balance due on this loan at December 31, 2021 and 2020 is \$50,000,000 and \$50,000,000, respectively.

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

- I. In 2021, the Authority loaned \$11,500,000 to Aries Linden, LLC of the City of Linden, New Jersey, to finance a portion of the costs of the acquisition, construction, rehabilitation, renovation, installation, improvement and equipping of a sludge and solid waste disposal and processing system facility. The balance due on this loan at December 31, 2021 and 2020 is \$11,500,000 and \$-0-, respectively.

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

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(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, 2021 and 2020 is \$20,770,000 and \$21,645,000, respectively. Rental revenue at December 31, 2021 and 2020 is \$3,771,629 and \$3,978,869, 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. 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, 2021 and 2020 is \$5,055,000 and \$6,060,000, respectively. Rental revenue at December 31, 2021 and 2020 is \$1,305,122 and \$1,348,754 respectively.

(12) DEVELOPMENT COSTS

The Authority has incurred costs for the development of several projects. At December 31, 2021 and 2020 \$1,948,656 and \$4,273,126 of the costs has been capitalized, respectively. In 2021, the Authority wrote off \$2,250,000 of development costs.

(13) DEVELOPMENT LIABILITY

The Authority has received advanced funding for costs to be incurred for the development of several projects. At December 31, 2021 and 2020 \$13,061,261 and \$7,071,426 of cash was available for these development costs, respectively.

(14) SUPPLEMENTARY CASH FLOW INFORMATION

Interest paid in the years ended December 31, 2021 and 2020, amounted to \$12,530,443 and \$13,080,793, respectively.

(15) BOND ANTICIPATION NOTES

In 2021, the Authority issued \$2,000,000 in Bond Anticipation Notes to provide a loan to the Borough of Fanwood. The note is payable at a fixed rate of interest as required per the loan amortization schedule. This loan is guaranteed by the Borough of Fanwood.

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(16) BONDS PAYABLE

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

2022	\$16,041,416
2023	12,226,512
2024	11,874,352
2025	13,872,486
2026	14,251,012
Thereafter	<u>151,848,998</u>
	<u>\$232,670,000</u>

(17) 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, 2021 and 2020, this loan balance was \$-0- and \$4,230,000.00 respectively.

(18) 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.

(19) 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.

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(20) 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.

In 2018, CIS Oakwood, LLC of the City of Elizabeth, New Jersey, advance refunded \$18,695,000 of its 2010 Bond issue. The proceeds of this issue were used to establish an Irrevocable Escrow Account to pay the principal and interest on the 2010 Bonds as they become due.

(21) NET POSITION

The components of net position are as follows:

	<u>2021</u>	<u>2020</u>
Net Position:		
Net Investment in Capital Assets	(\$17,808,462)	(\$18,136,488)
Restricted:		
Bond Reserves	<u>86,643</u>	<u>99,277</u>
Total Restricted	<u>86,643</u>	<u>99,277</u>
Unrestricted:		
Operating	5,275,828	(337,966)
Net Pension Liability	<u>(616,368)</u>	<u>(563,125)</u>
Total Unrestricted	<u>4,659,460</u>	<u>(901,090)</u>
Total Net Position	<u>(\$13,062,359)</u>	<u>(\$18,938,301)</u>

UNION COUNTY IMPROVEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(22) SUBSEQUENT EVENTS

The Authority has evaluated subsequent events occurring after the financial statement date through July 29, 2022, 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.

(23) LITIGATION, CLAIMS, COMMITMENTS AND CONTINGENCIES

In the ordinary conduct of its business, the Authority may be a party to litigation. At December 31, 2021, 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

UNION COUNTY IMPROVEMENT AUTHORITY

SCHEDULE OF REVENUE, EXPENSES AND CHANGES
IN NET POSITION - RESTRICTED AND UNRESTRICTED
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>TOTAL</u>	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>
Net Position, January 1, 2021	\$ (18,938,301)	\$ (60,626)	\$ (18,877,675)
Net Investment in Capital Assets (Deficit)	18,136,488	(840,464)	18,976,952
Balance, January 1, 2021	<u>\$ (801,813)</u>	<u>\$ (901,090)</u>	<u>\$ 99,277</u>
Revenue:			
Administrative Fees	364,754	364,754	
Ground Lease Income	12,000	12,000	
Park Madison Rents	3,771,629	1,836,254	1,935,375
Renewable Energy Projects Rent	1,305,122		1,305,122
County of Union	2,250,000	2,250,000	
Loans Forgiven	4,284,854	4,284,854	
Miscellaneous Income	317,404	317,404	
Interest Income	12,032,414	2,424	12,029,990
<u>Total Revenue</u>	<u>24,338,177</u>	<u>9,067,690</u>	<u>15,270,487</u>
Expenses:			
Salary and Related Fringe	344,400	344,400	
Park Madison Expenses	2,064,089	1,003,714	1,060,375
Renewable Energy Projects Expenses	295,122		295,122
Professional Services	106,329	106,329	
Other Operating Expenses	2,013,436	1,999,453	13,983
Interest Expense	12,028,641		12,028,641
Pension Related	53,244	53,244	
Depreciation Expense	1,556,974	60,033	1,496,941
<u>Total Expenses</u>	<u>18,462,235</u>	<u>3,567,173</u>	<u>14,895,062</u>
Transfer			
Net Investment in Capital Assets (Deficit)	<u>17,808,462</u>	<u>(780,431)</u>	<u>18,588,893</u>
Balance, December 31, 2021	<u>\$ 4,746,103</u>	<u>\$ 4,659,460</u>	<u>\$ 86,643</u>

UNION COUNTY IMPROVEMENT AUTHORITY

SCHEDULE OF OPERATING REVENUES AND COSTS
 FUNDED BY OPERATING REVENUES COMPARED TO
 BUDGET FOR THE YEAR ENDED DECEMBER 31, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR 2020

	2021 <u>BUDGET</u>	2021 <u>ACTUAL</u>	2020 <u>ACTUAL</u>
Revenues:			
Administrative Fees	\$ 324,150	\$ 221,679	\$ 329,675
Issuance Fees	50,000	143,075	
Lease and Principal and Interest Payments	30,095,176	25,705,633	22,329,610
Park Madison Rents	2,299,039	3,771,629	3,978,869
Renewable Energy		1,305,122	1,348,754
Management Fees		40,000	40,000
Ground Lease Income	12,000	12,000	11,000
County of Union	325,000	2,250,000	
Excess Park Madison Operation	500,000		
Interest Income	2,500	3,773	16,950
Other Income	7,500	277,404	
<u>TOTAL REVENUES</u>	<u>\$ 33,615,365</u>	<u>\$ 33,730,315</u>	<u>\$ 28,054,858</u>
Costs:			
Operating Expenses:			
Salary and Related Fringe	\$ 528,905	\$ 344,400	\$ 572,560
Legal	150,000	61,916	54,114
Audit and Accounting	42,000	38,325	38,325
Consultation	27,954	1,050	23,481
Arbitrage	25,000	3,250	
Litigation	225,000	1,788	
Office Expense	7,500	197	11,144
Legal Advertising, Dues, Seminars, Public Relations	7,500	4,085	10,005
Conferences/Dues/Seminars	5,000	855	
Postage	600	274	
Website Services/Hosting	4,500	4,960	
Telephone			2,224
Insurance:			
Dental	2,135	3,258	
Hospitalization	70,236	43,006	
Vision	543	125	
Prescriptions	36,777	9,085	
Liability	86,000	72,793	85,867
Miscellaneous	250	2,358,709	3,046
Payroll Processing Fees	1,250	1,039	
Park Madison - Managing Agent Operating/Utility Expense	2,299,039	1,003,714	2,785,088
Renewable Energy Expense			1,348,754
<u>TOTAL OPERATING EXPENSES</u>	<u>3,520,189</u>	<u>3,952,829</u>	<u>4,934,608</u>
Debt Service:			
Principal on Bonds	18,014,078	85,539,075	13,312,174
Interest on Bonds	12,081,098	10,781,956	11,638,075
<u>TOTAL DEBT SERVICE</u>	<u>30,095,176</u>	<u>96,321,031</u>	<u>24,950,249</u>
<u>TOTAL COSTS</u>	<u>\$ 33,615,365</u>	<u>\$ 100,273,860</u>	<u>\$ 29,884,857</u>

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE MARCH 1</u>
2025	5.00%	\$ 230,000
2026	5.00%	1,195,000
2027	5.00%	1,255,000
2028	5.00%	1,320,000
		<hr/>
		\$ 4,000,000
		<hr/> <hr/>

The bonds pay interest March 1 and September 1.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE APRIL 15</u>
2022	6.64%	<u>\$ 1,805,000</u>
		<u><u>\$ 1,805,000</u></u>

The bonds pay interest April 1 and October 1

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE AUGUST 1</u>
2023	5.25%	\$ 835,000 *
		<u>\$ 835,000</u>

The bonds pay interest February 1 and August 1.

*Paid by Sinking Fund

Sinking Fund installments			
2022	5.25%	\$	405,000
2023	5.25%		430,000
			<u>835,000</u>
		\$	<u>835,000</u>

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF</u> <u>MATURITY</u>	<u>INTEREST</u> <u>RATE</u>	<u>PRINCIPAL</u> <u>DUE</u> <u>SEPTEMBER 1</u>
2022	4.80%	\$ 115,000
2023	4.85%	120,000
2024	4.88%	<u>125,000</u>
		<u>\$ 360,000</u>

The bonds pay interest March 1 and September 1.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE MARCH 1</u>
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
		<hr/>
		\$ 2,190,000
		<hr/> <hr/>

The bonds pay interest March 1 and September 1.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE MARCH 1</u>
2022	5.12%	\$ 190,000
2023	5.12%	200,000
2024	5.12%	210,000
2025	5.12%	220,000
		<hr/>
		\$ 820,000
		<hr/> <hr/>

The bonds pay interest March 1 and September 1.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE OCTOBER 1</u>
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
		<hr/>
		\$ 1,910,000
		<hr/> <hr/>

The bonds pay interest April 1 and October 1.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

CHILD ADVOCACY CENTER PROJECT
COUNTY GUARANTEED REVENUE BONDS
SERIES 2010

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE SEPTEMBER 1</u>
2022	4.000%	\$ 190,000
2023	4.000%	200,000
2024	4.000%	205,000
2025	4.000%	215,000
	4.000%	<hr/>
		<u>\$ 810,000</u>

The bonds pay interest March 1 and September 1.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE JUNE 15</u>
2022	5.00%	<u>\$ 425,000</u>
		<u>\$ 425,000</u>

The bonds pay interest June 15 and December 15

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>TAX EXEMPT BONDS</u>	
	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE MARCH 1</u>
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
		<u>\$ 20,770,000</u>

The bonds pay interest March 1 and September 1.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>"A" BONDS</u>		<u>"B" BONDS</u> <u>CHAPTER 12 SUPPORTED</u>	
	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE DECEMBER 1</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE DECEMBER 1</u>
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		
		<u>\$ 3,540,000</u>		<u>\$ 4,925,000</u>

The bonds pay interest June 1 and December 1.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

CORRECTIONAL FACILITY PROJECT
REVENUE REFUNDING BONDS
SERIES 2013

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE JUNE 15</u>
2022	4.00%	\$ 375,000
2023	4.00%	395,000
		<hr/>
		\$ 770,000
		<hr/> <hr/>

The bonds pay interest June 15 and December 15.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>"A" BONDS</u>		<u>"B" BONDS CHAPTER 12 SUPPORTED</u>		<u>"C" BONDS</u>	
	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE FEBRUARY 1</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE FEBRUARY 1</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE FEBRUARY 1</u>
2022	4.00%	\$ 130,000		\$ - 0 -	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
		<u>\$ 715,000</u>		<u>\$ - 0 -</u>		<u>\$ 2,705,000</u>

The bonds pay interest February 1 and August 1.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE MAY 1</u>
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
		<hr/>
		\$ 19,540,000
		<hr/> <hr/>

The bonds pay interest May 1 and November 1.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

OAKWOOD PLAZA, ELIZABETH PROJECT
 COUNTY GUARANTEED CAPITAL APPRECIATION REVENUE BONDS
SERIES 2015A

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>"A" BONDS</u>	
	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE DECEMBER 1</u>
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%	
		<u>\$ 400,000</u>
		<u>\$ 400,000</u>

The bonds pay interest June 1 and December 1.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

OAKWOOD PLAZA, ELIZABETH PROJECT
 COUNTY GUARANTEED CAPITAL APPRECIATION REVENUE BONDS
SERIES 2015B

CAPITAL APPRECIATION SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>YIELD</u>	<u>"B" BONDS</u>		
		<u>ISSUED VALUE</u>	<u>PRESENT VALUE</u>	<u>MATURING VALUE</u>
2021	5.40%	\$ 1,779,582	\$ 2,452,156	\$ 9,800,000
		<u>\$ 1,779,582</u>	<u>\$ 2,452,156</u>	<u>\$ 9,800,000</u>

The Capital Appreciation Serial Bonds pay interest at maturity.
 Principal is due at maturity.
 Accreted Value at December 31, 2021 is \$2,452,156.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE NOVEMBER 1</u>
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
		<u>\$ 14,830,000</u>

The bonds pay interest May 1 and November 1.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

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

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE MARCH 1</u>
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 *
		<hr/>
		\$ 7,025,000
		<hr/> <hr/>

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
		<hr/>
		\$ 2,315,000
		<hr/> <hr/>
2040	3.500%	435,000
2041	3.500%	455,000
2042	3.500%	470,000
		<hr/>
		\$ 1,360,000
		<hr/> <hr/>

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

OAKWOOD PLAZA, ELIZABETH PROJECT
 COUNTY GUARANTEED REVENUE REFUNDING BONDS
SERIES 2018

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE MARCH 1</u>
2022	3.216%	\$ 605,000
2023	3.216%	625,000
2024	5.500%	645,000
2025	5.500%	680,000
2026	5.500%	715,000
2027	5.500%	760,000
2028	5.500%	800,000
2029	5.500%	840,000
2030	5.500%	890,000
2031	5.750%	940,000
2032	5.750%	990,000
2033	5.750%	1,050,000
2034	5.750%	1,110,000
2035	5.750%	1,170,000
2036	5.750%	1,240,000
2037	5.750%	1,315,000
2038	5.750%	1,385,000
2039	5.750%	1,470,000
2040	5.750%	1,555,000
		<hr/>
		\$ 18,785,000
		<hr/> <hr/>

The bonds pay interest June 1 and December 1.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

SOLID WASTE DISPOSAL, ARIES LINDEN PROJECT
REVENUE BONDS
SERIES 2019

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE MARCH 1</u>
2022	6.000%	\$ 1,155,000
2023	6.000%	1,230,000
2024	6.000%	1,300,000
2025	6.000%	1,380,000
2026	6.750%	1,465,000
2027	6.750%	1,565,000
2028	6.750%	1,675,000
2029	6.750%	1,790,000
2030	6.750%	1,915,000
2031	6.750%	2,045,000
2032	6.750%	2,185,000
2033	6.750%	2,335,000
2034	6.750%	2,495,000
2035	6.750%	2,665,000
2036	6.750%	2,850,000
2037	6.750%	3,045,000
2038	6.750%	3,255,000
2039	6.750%	3,480,000
2040	6.750%	3,715,000
2041	6.750%	8,455,000
		<hr/>
		\$ 50,000,000
		<hr/> <hr/>

The bonds pay principal and interest June 1 and December 1.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

FAMILY COURT HOUSE AND PARKING DECK PROJECT
 GENERAL OBLIGATION LEASE REVENUE BONDS
SERIES 2021

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE MAY 1</u>
2022	0.343%	\$ 360,000
2023	0.443%	360,000
2024	0.598%	360,000
2025	1.048%	2,065,000
2026	1.218%	2,085,000
2027	1.530%	2,120,000
2028	1.660%	2,155,000
2029	1.953%	2,195,000
2030	2.043%	2,235,000
2031	2.113%	2,280,000
2032	2.253%	2,330,000
2033	2.393%	2,375,000
2034	2.523%	2,430,000
2035	2.603%	2,495,000
2036	2.673%	2,560,000
2037	2.753%	2,625,000
2038	2.833%	2,690,000
2039	2.933%	2,765,000
2040	2.982%	2,845,000
2041	3.052%	2,930,000
2042	3.152%	3,020,000
		<hr/>
		\$ 45,280,000
		<hr/> <hr/>

The bonds pay interest May 1 and November 1.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

SOLID WASTE DISPOSAL, ARIES LINDEN PROJECT
REVENUE BONDS
SERIES 2021

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE DECEMBER 1</u>
2022	8.500%	
2023	8.500%	
2024	8.500%	
2025	8.500%	
2026	8.500%	\$ 375,000
2027	8.500%	405,000
2028	8.500%	435,000
2029	8.500%	470,000
2030	8.500%	510,000
2031	8.500%	550,000
2032	8.500%	600,000
2033	8.500%	650,000
2034	8.500%	700,000
2035	8.500%	760,000
2036	8.500%	820,000
2037	8.500%	885,000
2038	8.500%	960,000
2039	8.500%	1,040,000
2040	8.500%	1,120,000
2041	8.500%	1,220,000
		<u>\$ 11,500,000</u>

The bonds pay principal and interest June 1 and December 1.

UNION COUNTY IMPROVEMENT AUTHORITY

BONDS PAYABLE DECEMBER 31, 2021

RENEWABLE ENERGY PROJECT
 COUNTY GUARANTEED LEASE REVENUE BONDS
SERIES 2021

CURRENT INTEREST SERIAL BONDS

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE</u>	<u>PRINCIPAL DUE OCTOBER 15</u>
2022	5.000%	\$ 1,040,000
2023	5.000%	1,000,000
2024	5.000%	1,005,000
2025	5.000%	1,005,000
2026	5.000%	1,005,000
		<hr/>
		<u>\$ 5,055,000</u>

The bonds pay interest April 15 and October 15.

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 <u>June 30,</u>	Authority's Proportion Share of the Net Pension <u>Liability (Asset)</u>	Authority's Proportionate Share of the Net Pension <u>Liability (Asset)</u>	Authority's Covered-Employee <u>Payroll</u>	Authority's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered- <u>Employee Payroll</u>	Plan Fiduciary Net Position as a percentage of the total <u>Pension Liability</u>
2017	0.0016373177%	\$ 381,141	\$ 278,352	136.93%	48.10%
2018	0.0042814900%	\$ 843,004	\$ 307,068	274.53%	53.60%
2019	0.0043211437%	\$ 778,605	\$ 315,120	247.08%	56.27%
2020	0.0043547712%	\$ 710,149	\$ 304,578	233.16%	58.32%
2021	0.0043860719%	\$ 519,596	\$ 173,736	299.07%	42.18%

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

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	5.45%
2018	\$ 42,587	\$ 42,587	-0-	307,068	13.87%
2019	\$ 42,032	\$ 42,032	-0-	315,120	13.34%
2020	\$ 42,289	\$ 42,289	-0-	304,578	13.88%
2021	\$ 51,366	\$ 51,366	-0-	173,736	29.57%

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, 2021

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

UNION COUNTY UTILITIES AUTHORITY

DECEMBER 31, 2021

GENERAL COMMENTS AND RECOMMENDATIONS

NONE

