

UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
COUNTY OF UNION, NEW JERSEY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH INDEPENDENT AUDITOR'S REPORT

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(A COMPONENT UNIT OF THE COUNTY OF UNION)
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INDEPENDENT AUDITOR'S REPORT

Honorable Chairperson and Commissioners
Union County Improvement Authority
10 Elizabethtown Plaza, 5th Floor
Elizabeth, NJ 07207

Report on the Financial Statements

Opinion

We have audited the accompanying statement of net position of the Union County Improvement Authority as of December 31, 2023, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Union County Improvement Authority as of December 31, 2023, and the respective changes in financial position and cash flows for the year 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 (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (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.



Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, including omissions, 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 GAAS 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 the 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 the 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.

Emphasis of Matter

Prior Period Financial Statements

The financial statements of the Authority for the year ended December 31, 2022 were audited by other auditors whose report dated August 11, 2023 expressed an unmodified opinion.

Prior Period Adjustments and Restated Financial Statements

As discussed in Note 11 to the financial statements, the beginning net position on the statement of revenues, expenses and changes in net position has been restated for the fiscal year ending December 31, 2022 to account for the adoption of new accounting guidance GASB Statement No. 91, *Conduit Debt Obligations*. Our opinion is not modified with respect to this matter.

In our opinion, the adjustment is appropriate and has been properly applied. We were not engaged to audit, review, or apply any procedures to the 2022 financial statements of the Authority other than with respect to these adjustments and accordingly, we do not express an opinion or any other form of assurance on the 2022 financial statements as a whole.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, schedule of the Authority's proportionate share of the net pension liability-PERS and schedule of the Authority's contributions-PERS, as identified in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management

about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

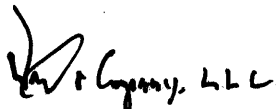
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Union County Improvement Authority's basic financial statements. The supplemental schedules are presented for purposes of additional analysis, as required by the Division of Local Government Services and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2024 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Union County Improvement Authority's internal control over financial reporting and compliance.



WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

August 9, 2024



Required Supplementary Information - Part I

Management Discussion and Analysis

**UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

As management of the Union County Improvement Authority, we offer the Authority's financial statements this narrative overview and analysis of the Authority's financial performance during the fiscal year ended December 31, 2023. Please read this analysis in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- The Authority's liabilities exceeded its assets by \$(11,563,668) (net position) for the fiscal year reported. This compares to the previous year when liabilities exceeded assets by \$(13,943,730), as restated.
- Total net position is comprised of the following:
 - (1) Unrestricted net position of \$6,222,837 represent the portion available to maintain the Authority's continuing obligations to citizens and creditors.
- Total assets of the Authority increased by \$27,653,563 to \$55,382,102 during the fiscal year largely due to cash received from the new debt issuances.

Overview of the Financial Statements

This annual report includes this management discussion, the independent auditor's report and the basic financial statements of the Authority. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The financial statements of the Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The *Statement of Net Position* includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

**UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)**

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses and Changes in Net Position*. This statement measures the results of the Authority's operations over the past year and can be used to determine whether the Authority has recovered all its costs through user fees and other charges, operational stability and credit worthiness.

The final required financial statement is the *Statement of Cash Flows*. This statement reports cash receipts and cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as what operational sources provided cash, what was the cash used for, and what was the change in cash balance during the reporting period.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information. This supplementary information follows the notes to the financial statements.

Financial Analysis of the Authority

One of the most important questions asked about the Authority's finances is "Is the Authority as a whole better able to fulfill its mission as a result of this year's activities?" The *Statement of Net Position* and the *Statement of Revenues, Expenses and Changes in Net Position* report information about the Authority's activities in a way that will help answer this question. These two statements report net position of the Authority and the changes in those assets. The reader can think of the Authority's net position – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider the non-financial factors such as changes in economic conditions, population growth, development, and new or changed government regulation.

**UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)**

Net Position

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the Authority as a whole.

The Authority's net position at fiscal year-end is \$(11,563,668). This is a \$2,380,062 increase over last year's restated net position of \$(13,943,730). A summary of the Authority's statement of net position is presented in the following table:

Condensed Statement of Net Position

	<u>FY 2023</u>	<u>Restated FY 2022</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Assets:				
Current and Other Assets	\$40,182,997	\$13,211,802	\$26,971,195	204.14%
Noncurrent Assets	<u>15,199,105</u>	<u>14,516,737</u>	<u>682,368</u>	4.70%
Total Assets	<u>55,382,102</u>	<u>27,728,539</u>	<u>27,653,563</u>	99.73%
Deferred Outflows:				
Deferred Outflows of Resources Related to PERS	-	<u>121,394</u>	<u>(121,394)</u>	(100.00)%
Total Deferred Outflows	-	<u>121,394</u>	<u>(121,394)</u>	(100.00)%
Liabilities:				
Current Liabilities	2,179,559	1,689,208	490,351	29.03%
Noncurrent Liabilities	<u>52,718,880</u>	<u>26,298,688</u>	<u>26,420,192</u>	100.46%
Total Liabilities	<u>54,898,439</u>	<u>27,987,896</u>	<u>26,910,543</u>	96.15%
Deferred Inflows:				
Deferred Inflows of Resources Related to PERS	-	255,394	(255,394)	(100.00)%
Other Deferred Inflows	<u>12,047,331</u>	<u>13,550,373</u>	<u>(1,503,042)</u>	(11.09)%
Total Deferred Inflows	<u>12,047,331</u>	<u>13,805,767</u>	<u>(1,758,436)</u>	(12.74)%
Net Position:				
Net Investment in Capital Assets	(19,501,377)	(20,625,593)	1,124,216	5.45%
Restricted	1,714,872	1,199,594	515,278	42.95%
Unrestricted	<u>6,222,837</u>	<u>5,482,269</u>	<u>740,568</u>	13.51%
Total Net Position	<u>\$(11,563,668)</u>	<u>\$(13,943,730)</u>	<u>\$2,380,062</u>	(17.07)%

**UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)**

Net Position (Continued)

While the *Statement of Net Position* shows the change in financial position of net position, the *Statement of Revenues, Expenses and Changes in Net Position* provides answers as to the nature and source of these changes. As can be seen in the following table, net position increased by \$2,380,062.

**Condensed Statement of Revenues, Expenses
And Changes in Net Position**

	<u>FY 2023</u>	<u>Restated FY 2022</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues:				
Operating Revenues	\$4,586,420	\$4,714,406	\$(127,986)	(2.71)%
Total Operating Revenues	<u>4,586,420</u>	<u>4,714,406</u>	<u>(127,986)</u>	<u>(2.71)%</u>
Expenses:				
Operating Expense	1,606,641	2,371,102	(764,461)	(32.24)%
Total Operating Expenses	<u>1,606,641</u>	<u>2,371,102</u>	<u>(764,461)</u>	<u>(32.24)%</u>
Operating Income (Loss)	<u>2,979,779</u>	<u>2,343,304</u>	<u>636,475</u>	<u>27.16%</u>
Non-Operating Revenues (Expenses):				
Non-Operating Income	353,033	236,984	116,049	48.97%
Non-Operating Expense	<u>(952,750)</u>	<u>(1,315,625)</u>	<u>362,875</u>	<u>(27.58)%</u>
Total Non-Operating Revenues (Expenses)	<u>(599,717)</u>	<u>(1,078,641)</u>	<u>478,924</u>	<u>(44.40)%</u>
Change in Net Position	<u>2,380,062</u>	<u>1,264,663</u>	<u>1,115,399</u>	<u>88.20%</u>
Net Position, January 1	<u>(13,943,730)</u>	<u>(13,602,359)</u>	<u>(881,371)</u>	<u>6.75%</u>
Prior Period Adjustments	-	<u>(2,146,034)</u>	<u>2,146,034</u>	<u>(100.00)%</u>
Net Position, January 1, as Restated	<u>(13,943,730)</u>	<u>(15,208,393)</u>	<u>1,264,663</u>	<u>(8.32)%</u>
Net Position, December 31,	<u>\$(11,563,668)</u>	<u>\$(13,943,730)</u>	<u>\$2,380,062</u>	<u>(17.07)%</u>

**UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)**

Budgetary Highlights (Continued)

The following tables provides a FY 2023:

	Budget vs. Actual FY 2023		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues:			
Annual Administration Fees	257,587	241,118	(16,469)
Other Operating Income	<u>27,917,818</u>	<u>27,353,171</u>	<u>(564,647)</u>
Total Operating Revenues	<u>28,175,405</u>	<u>27,594,289</u>	<u>(581,116)</u>
Non-Operating Revenues:			
Interest on Investments, Other	<u>10,000</u>	<u>423,426</u>	<u>413,426</u>
Total Non-Operating Revenues	<u>10,000</u>	<u>423,426</u>	<u>413,426</u>
Total Revenues and Net Position Utilized	<u>28,185,405</u>	<u>28,017,715</u>	<u>(167,690)</u>
Operating Appropriations:			
Administration and COPS:			
Salaries and Wages	75,000	-	75,000
Fringe Benefits	79,935	55,447	24,488
Other Expenses	<u>2,799,209</u>	<u>2,109,060</u>	<u>690,149</u>
Total Operating Appropriations	<u>2,954,144</u>	<u>2,164,507</u>	<u>789,637</u>
Non-Operating Appropriations:			
Bond and Loan Principal	14,812,928	14,812,928	-
Interest on Bonds and Notes	<u>10,418,333</u>	<u>10,402,333</u>	<u>16,000</u>
Total Non-Operating Appropriations	<u>25,231,261</u>	<u>25,215,261</u>	<u>16,000</u>
Total Appropriations	<u>28,185,405</u>	<u>27,379,768</u>	<u>805,637</u>
Total Budgetary Income/(Loss)	<u>\$</u>	<u>\$637,947</u>	<u>\$637,947</u>

**UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)**

Economic Factors, Future Years' Budgets and Rates

The Commissioners and management of the Authority consider many factors when preparing each year's budget. The main factors are growth in the Authority's customer base.

Contacting the Authority

This financial report is designed to provide our customers and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the fees it receives. If you have any questions about this report or need additional information, contact the Union County Improvement Authority, 10 Elizabethtown Plaza 5th Floor, Elizabeth, NJ 07207.

Financial Statements

**UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
COMPARATIVE STATEMENTS OF NET POSITION
DECEMBER 31, 2023**

<u>ASSETS</u>	<u>2023</u>	<u>Memorandum Only Restated 2022</u>
Current Assets:		
Unrestricted:		
Cash and Cash Equivalents	3,434,081	5,097,096
Accounts Receivable	521,525	245,019
Lease Receivable - Current	1,403,511	1,361,308
Total Unrestricted Current Assets	<u>5,359,117</u>	<u>6,703,423</u>
Restricted		
Cash and Cash Equivalents	34,823,880	6,508,379
Total Current Assets	<u>40,182,997</u>	<u>13,211,802</u>
Noncurrent Assets:		
Unrestricted:		
Lease Receivable	8,177,078	9,498,074
Fixed Assets, Net	1,860,365	1,920,398
Due from Capital	3,297,006	1,233,609
Total Noncurrent Assets (Payable from Unrestricted Assets)	<u>13,334,449</u>	<u>12,652,081</u>
Restricted:		
Development Costs	1,864,656	1,864,656
Total Noncurrent Assets	<u>15,199,105</u>	<u>14,516,737</u>
TOTAL ASSETS	<u>55,382,102</u>	<u>27,728,539</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u> 		
Deferred Debits:		
Deferred Outflows Related to Pension	-	121,394
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>121,394</u>

The accompanying "Notes to the Financial Statements" are an integral part of this report.

**UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
COMPARATIVE STATEMENTS OF NET POSITION
DECEMBER 31, 2023**

<u>LIABILITIES</u>	<u>2023</u>	<u>Memorandum Only Restated 2022</u>
Current Liabilities:		
Payable from Unrestricted Assets:		
Accounts Payable	603,035	144,639
Prepaid Rent	111,823	
Accrued Interest Payable	314,917	330,917
Bonds Payable - Current	1,000,000	960,000
Total Current Liabilities (Payable from Unrestricted Assets)	<u>2,029,775</u>	<u>1,435,556</u>
Payable from Restricted Assets:		
Accounts Payable	149,784	253,652
Total Current Liabilities	<u>2,179,559</u>	<u>1,689,208</u>
Long-Term Liabilities:		
Payable from Unrestricted Assets:		
Bonds Payables	17,895,000	18,895,000
Net Pension Obligation	-	483,899
Total Long Liabilities (Payable from Unrestricted Assets)	<u>17,895,000</u>	<u>19,378,899</u>
Payable from Restricted Assets:		
Development Liability	34,823,880	6,919,789
Total Long-Term Liabilities	<u>52,718,880</u>	<u>26,298,688</u>
TOTAL LIABILITIES	<u>54,898,439</u>	<u>27,987,896</u>

The accompanying "Notes to the Financial Statements" are an integral part of this report.

**UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
COMPARATIVE STATEMENTS OF NET POSITION
DECEMBER 31, 2023**

	<u>2023</u>	Memorandum Only Restated 2022
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Credits:		
Deferred Inflows Related to Pension	-	255,394
Deferred Inflows Related to Leases	9,580,589	10,859,382
Unamortized Premiums on Bonds	<u>2,466,742</u>	<u>2,690,991</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>12,047,331</u>	<u>13,805,767</u>
 <u>NET POSITION</u>		
Net Investment in Capital Assets	(19,501,377)	(20,625,593)
Restricted	1,714,872	1,199,594
Unrestricted: Undesignated	<u>6,222,837</u>	<u>5,482,269</u>
TOTAL NET POSITION	<u><u>(11,563,668)</u></u>	<u><u>(13,943,730)</u></u>

The accompanying "Notes to the Financial Statements" are an integral part of this report.

**UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>	<u>Memorandum Only Restated 2022</u>
Operating Revenues:		
Project Fees	603,729	528,441
Park Madison Rents	1,823,141	2,255,340
Insurance Claims	230,800	-
Lease Reimbursements	1,928,750	1,930,625
Total Operating Revenues	<u>4,586,420</u>	<u>4,714,406</u>
Operating Expenses:		
Administration:		
Personnel - Salary & Benefits	(562,452)	82,631
Other Expenses	216,555	473,833
Cost of Providing Services:		
Other Expenses	1,892,505	1,754,605
Depreciation Expense	60,033	60,033
	<u>1,606,641</u>	<u>2,371,102</u>
Operating Income (Loss)	<u>2,979,779</u>	<u>2,343,304</u>
Non-Operating Revenues (Expenses)		
Interest Income	128,784	12,735
Loan Forgiveness	-	(300,000)
Interest Expense	(952,750)	(1,015,625)
Amortization Expense	224,249	224,249
	<u>(599,717)</u>	<u>(1,078,641)</u>
Change in Net Position	2,380,062	1,264,663
Net Position, January 1	<u>(13,943,730)</u>	<u>(13,062,359)</u>
Prior Period Adjustments:		
Accrued Interest Payable		(330,917)
Conduit Debt Adjustment		7,011,450
Fixed Asset Adjustment		(6,036,107)
Unamortized Premium on Bonds		(2,915,240)
Due from Construction Fund		1,233,609
Restricted Cash		(171,136)
Development Liability Adjustment		(937,693)
		<u>(2,146,034)</u>
Net Position, January 1, as Restated	<u>(13,943,730)</u>	<u>(15,208,393)</u>
Net Position, December 31	<u>(11,563,668)</u>	<u>(13,943,730)</u>

The accompanying and "Notes to the Financial Statements" are an integral part of this report.

UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	Memorandum Only Restated <u>2022</u>
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 4,421,737	5,593,511
Cash Paid to Employees	(55,447)	(82,631)
Cash Paid to Suppliers and Others	<u>(1,754,532)</u>	<u>(3,301,080)</u>
Net Cash Provided by Operating Activities	<u>2,611,758</u>	<u>2,209,800</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal Payments on Bonds	(960,000)	(915,000)
Interest Paid on Bonds	(968,750)	(1,015,625)
(Increase)/Decrease in Due from Capital	(2,063,397)	(1,438,703)
Increase/(Decrease) in Development Liability	<u>27,904,091</u>	<u>(4,377,715)</u>
Net Cash Used for Capital and Related Financing Activities	<u>23,911,944</u>	<u>(7,747,043)</u>
Cash Flows from Investing Activities:		
Interest Received	<u>128,784</u>	<u>12,735</u>
Net Cash Provided by Investing Activities	<u>128,784</u>	<u>12,735</u>
Net Increase (Decrease) in Cash and Cash Equivalents	26,652,486	(5,524,508)
Cash and Cash Equivalents, January 1,	<u>11,605,475</u>	<u>17,129,983</u>
Cash and Cash Equivalents, December 31,	<u>\$ 38,257,961</u>	<u>11,605,475</u>
Analysis of Balance at December 31,		
Restricted - Cash and Cash Equivalents	34,823,880	6,508,379
Unrestricted - Cash and Cash Equivalents	<u>3,434,081</u>	<u>5,097,096</u>
	<u>\$ 38,257,961</u>	<u>11,605,475</u>

The accompanying "Notes to the Financial Statements" are an integral part of this report.

**UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>	Memorandum Only Restated <u>2022</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ <u>2,979,779</u>	<u>2,343,304</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation Expense	60,033	60,033
Adjustment to Pension Obligation	(617,899)	-
(Increase)/Decrease in Accounts Receivable	(276,506)	(136,520)
Increase/(Decrease) in Accounts Payable and Accrued Expenses	354,528	(57,017)
Increase/(Decrease) in Prepaid Rent	<u>111,823</u>	<u>-</u>
Total Adjustments	<u>(368,021)</u>	<u>(133,504)</u>
Net Cash Provided by Operating Activities	\$ <u><u>2,611,758</u></u>	<u><u>2,209,800</u></u>

The accompanying "Notes to the Financial Statements" are an integral part of this report.

Notes to Financial Statements

UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Union County Improvement Authority (the "Authority") is a public body politic, corporate, organized and existing under the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 160, as Amended and Supplemented (the "Act"), N.J.S.A. 40:37A-1, et. seq. The Authority has broad powers under the Act including, among others, the following: to retain, operate and administer its property; to provide for bonds and to secure their payment and rights of holders thereof; to charge and collect service charges for the use of its facilities and to revise such service charges to ensure that the revenues of the Authority will at all times be adequate to pay all operating and maintenance and expenses, including reserves, insurance, extensions and replacements, and to pay the principal of and the interest on any bonds or loans, and to maintain such reserves or sinking funds therefore as may be required by the terms of any contract of the Authority; and to make and enforce rules and regulations for the management of its business and affairs.

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.

Component Unit

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit would be or is reported in a separate column in the financial statements to emphasize that it is legally separate from the government.

UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Component Unit, (continued)

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Authority has no component units and is a component unit of the County of Union.

B. Basis of Presentation

The financial statements of the Union County Improvement Authority have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to enterprise funds of state and local governmental units. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and or net income is appropriate for capital maintenance, public policy, accountability or other purposes. The Governmental Accounting Standards Board GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant of the Authority's accounting policies are described below.

UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Basis of Presentation, (continued)

On January 1, 2012, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which amends the net position reporting requirement of Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows from resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The classifications of net position are defined as follows:

- *Net investment in capital assets* - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are any significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather that portion of the debt is included in the same net position component as the unspent proceeds.
- *Restricted* - This component of net position consists of constraints placed on net position used through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* - This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

C. Basis of Accounting

The Union County Improvement Authority prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Under the accrual basis of accounting, revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D. Reporting Entity

The Authority's financial statements include the accounts of all Authority operations. The primary criterion for including activities within the Authority's reporting entity, is set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards. Based on this criteria, the Authority is a legally separate organization and has no component units.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Authority 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. Estimates are used to determine useful lives of leasehold improvements and certain claims and judgment liabilities, among other accounts. Accordingly, actual results could differ from those estimates.

F. Assets, Deferred Inflows and Outflows, Liabilities and Net Position

Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, cash in banks, certificates of deposit, deposits with the New Jersey Cash Management Fund and all short-term investments with original maturities of three months or less from the date of purchase. Investments are reported at market value and except for the operating accounts are limited by the 1997 Bond Resolution as amended and supplemented thereto. Operating account investments are limited by NJSA 40A:5-15.1 et seq.

Accounts Receivable

All receivables are reported at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Changes in the allowance for uncollectibles is recorded as an adjustment to revenue or as bad debt expenses depending on its effect on current year or prior year allowance amounts and the results of those changes.

UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

F. **Assets, Deferred Inflows and Outflows, Liabilities and Net Position, (continued)**

Interfunds Receivable and Payable

During the course of its operations, the Authority has numerous transactions between funds (accounts) to finance operations, provide services, construct assets, and retire debt. To the extent that certain transactions between the accounts had not been paid or received as of the balance sheet dates, balances of interfund amounts receivable and payable have not been recorded.

Restricted Assets

Certain assets are classified as restricted on the statement of net position because they are maintained in separate bank accounts and their use is limited by the various Bond Resolutions as amended and supplemented thereto.

Deferred Outflows and Deferred Inflows of Resources

The Statement of Net Position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflow of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Authority is required to report the following as deferred outflows of resources and deferred inflows of resources:

Defined Benefit Pension Plans - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Authority's proportion of expenses and liabilities to the pension as a whole, differences between the Authority's pension contribution and its proportionate share of contributions, and the Authority's pension contributions subsequent to the pension valuation measurement date.

UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

G. Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for services, specifically, service charge fees for managing the conduit debt. Operating expenses include the cost of operations and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. State and federal grants for the operation of the Authority are considered operating revenues. Transactions or other events that are both unusual in nature and infrequent in occurrence are reported as extraordinary items.

H. Recent Accounting Pronouncements

In June 2022, the Government Accounting Standards Board issued GASB Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62. This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Authority is determining what effects, if any, this pronouncement will have on future financial statements.

In June 2022, the Government Accounting Standards Board issued GASB Statement No. 101, Compensated Absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The Authority is determining what effects, if any, this pronouncement will have on future financial statements.

In December 2023, the Government Accounting Standards Board issued GASB Statement No. 102, Certain Risk Disclosures. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a

UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

H. Recent Accounting Pronouncements, (continued)

concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Commission is determining what effects, if any, this pronouncement will have on future financial statements.

In April 2024, the Government Accounting Standards Board issued GASB Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, though, earlier application is encouraged. The Authority is currently reviewing the provisions of this Statement and plans to implement, as needed, before the effective date.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The Authority annually prepares an operating budget for the General Fund. The budget is prepared in accordance with the Budget Manual for Local Public Authorities as promulgated by the Division of Local Government Services, Bureau of Authority Regulation, which differs in certain respects from accounting principles generally accepted in the United States of America. The budgets serve as a plan for expenses and the proposed means for financing them. Budgetary control is exercised within the respective system.

The annual budgets are approved at least sixty days prior to the beginning of the fiscal year. The budgets must be approved by the Board and submitted to the Division of Local Government Services, Bureau of Authority Regulation for approval prior to adoption. Budget adoptions and amendments are recorded in the Authority's minutes.

The Authority also prepares a five year capital budget which includes the budget for individual projects along with their estimated cost, completion date and source of funding.

**UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)**

3. DEPOSITS AND INVESTMENTS

Deposits - The Authority's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Authority is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2023, the book value of the Authority's deposits were \$38,257,961 and bank balances of the Authority's cash and deposits amounted to \$39,442,556.

The Authority's deposits which are displayed on the balance sheet as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	
Insured:	
Restricted	\$34,823,880
Unrestricted	<u>3,434,081</u>
	<u>\$38,257,961</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2023, none of the Authority's bank balances were exposed to custodial credit risk.

**UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)**

4. BONDS PAYABLE

Series 2013A Lease Revenue Refunding Bonds

In January 2013, the UCIA issued bonds in the amount of \$21,645,000 with a final maturity date of March 1, 2034, and an interest rate of 5.00%. The Bonds fully consist of lease revenue refunding bonds. The Series 2013A Bonds were issued to (i) refund all or a portion of the Authority's \$21,645,000 aggregate principal amount of outstanding Lease Revenue Bonds, Series 2003A (Tax-Exempt) (City of Plainfield - Park Madison Redevelopment Project) (the "Refunded Bonds"); and (ii) pay the costs and expenses incurred by the Authority in connection with the issuance and delivery of the Series 2013A Bonds.

The Series 2013A Bonds are subject to mandatory sinking fund redemption prior to their stated maturity. At December 31, 2023, the outstanding principal and interest on these bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$1,000,000	\$944,750	\$1,944,750
2025	1,050,000	894,750	1,944,750
2026	1,530,000	842,250	2,372,250
2027	1,605,000	765,750	2,370,750
2028	1,685,000	685,500	2,370,500
2029	1,770,000	601,250	2,371,250
2030	1,855,000	512,750	2,367,750
2031	1,950,000	420,000	2,370,000
2032	2,045,000	322,500	2,367,500
2033	2,150,000	220,250	2,370,250
2034	<u>2,255,000</u>	<u>112,750</u>	<u>2,367,750</u>
	<u>\$18,895,000</u>	<u>\$6,322,500</u>	<u>\$25,217,500</u>

**UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)**

5. CONDUIT DEBT OBLIGATIONS

The Authority has issued debt on behalf of third-party entities. The Authority has no obligation for the debt beyond the resources provided by the related leases or loans, and, accordingly, the debt is not reflected as a liability in the accompanying financial statements.

The Authority has issued and has outstanding the following conduit debt obligations as of December 31, 2023:

	Balance			Balance
	<u>Dec. 31, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Dec. 31, 2023</u>
Series 1998A Revenue Bonds	\$4,000,000	\$	\$120,000	\$3,880,000
Series 2003A&B Revenue Bonds	245,000			245,000
Series 2004 Revenue Bonds	2,405,000			2,405,000
Series 2004 Revenue Bonds	1,900,000			1,900,000
Series 2007 Revenue Bonds	5,000,000			5,000,000
Series 2010 Revenue Bonds	620,000		200,000	420,000
Series 2010B Refunding Bonds	4,740,000			4,740,000
Series 2013 Refunding Bonds	395,000		395,000	0
Series 2013A Refunding Bonds	19,855,000		960,000	18,895,000
Series 2013A&B Revenue Bonds	7,915,000		945,000	6,970,000
Series 2014A&C Refunding Bonds	2,795,000		650,000	2,145,000
Series 2015 Refunding Bonds	18,560,000		1,115,000	17,445,000
Series 2015A Revenue Bonds	400,000			400,000
Series 2015B Capital Appreciation Bonds	1,779,582			1,779,582
Series 2016 Lease Revenue Bonds	12,900,000		2,330,000	10,570,000
Series 2017 Revenue Bonds	6,800,000		235,000	6,565,000
Series 2018 Revenue Refunding Bonds	19,620,000		2,065,000	17,555,000
Series 2019 Revenue Bonds	50,000,000			50,000,000
Series 2021 Revenue Refunding Bonds	44,920,000		360,000	44,560,000
Series 2021 Revenue Bonds	4,015,000		1,000,000	3,015,000
Series 2021 Subordinate Revenue Bonds	11,500,000			11,500,000
Series 2023 Lease Revenue Bonds		<u>5,975,000</u>		<u>5,975,000</u>
	<u>\$220,364,582</u>	<u>\$5,975,000</u>	<u>\$10,375,000</u>	<u>\$215,964,582</u>

UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

5. CONDUIT DEBT OBLIGATIONS, (continued)

A. Series 1998A&B Lease Revenue Bonds

In September 1998, the UCIA issued bonds in the amount of \$14,145,000 with a final maturity date of March 1, 2028, and an interest rate varying from 5.00% - 6.65%. The Bonds fully consist of lease revenue bonds guaranteed by the City of Linden. The Series 1998A&B Bonds were issued to (i) finance the planning, design, acquisition, construction, installation and renovation of the Linden Municipal Airport (the "Airport"), and the Airport site (the "Project"), (ii) the payment of capitalized interest on the Bonds through September 1, 2000 and (iii) pay certain costs incurred in connection with the issuance of the Bonds.

B. Series 2003 A&B Revenue Bonds

In August 2003, the UCIA issued bonds in the amount of \$1,710,000 with a final maturity date of September 1, 2024, and an interest rate varying from 2.25% - 4.88%. The Bonds fully consist of loan revenue bonds guaranteed by the City of Linden. The Series 2003 A&B Bonds were issued to (i) demolish an existing building and construction and equipping of an approximately 11,000 square foot building thereon which will be and used for recreational purposes; and (ii) pay certain of the costs of issuance of the Series 2003 Bonds.

C. Series 2004 Revenue Bonds

In April 2004, the UCIA issued bonds in the amount of \$3,500,000 with a final maturity date of March 1, 2034, and an interest rate varying from 5.01% - 6.03%. The Bonds fully consist of revenue bonds guaranteed by the City of Linden. The Series 2004 Bonds were issued for (i) the acquisition of 26 properties, including commercial, residential and vacant land located on South Wood Avenue near the Linden Train Station; (ii) the relocation of businesses and residents located within the properties; (iii) the clearing of said properties and remediation of any environmental contamination associated with the subject properties; (iv) the conveyance of the properties to a "redeveloper" for development of approximately 135 residential union and 25,000 square feet of commercial space; (v) the payment of approximately 5 month of capitalized interest on the Series 2004 Bonds; and (vi) the payment of certain of the costs of issuance of the Series 2004 Bonds.

**UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)**

5. CONDUIT DEBT OBLIGATIONS, (continued)

D. Series 2004 Revenue Bonds

In March 2004, the UCIA issued bonds in the amount of \$2,900,000 with a final maturity date of March 1, 2025, and an interest rate varying from 3.79% - 5.12%. The Bonds fully consist of loan revenue bonds guaranteed by the County of Union. The Series 2004 Bonds were issued for (i) the acquisition of certain real property (the "Redevelopment Property") and the relocation of five businesses on and about the Redevelopment Property; (ii) the contribution by the City of the former "Linden Theater" property and a portion of a public parking lot; (iii) the clearing (demolition) of existing buildings located on the Redevelopment Property and the remediation of the same; (iv) the conveyance of the subject properties to a "redeveloper" for development of two buildings, one with approximately 15,000 square feet of commercial space in a three story structure and the other of approximately 3,000 square feet for a restaurant; (v) the construction of a public plaza/amphitheater for the City; (vi) the payment of approximately 18 months of capitalized interest on the Series 2004 Bonds; and (vii) the payment of certain of the costs of issuance of the Series 20004 Bonds.

E. Series 2007 Revenue Bonds

In May 2007, the UCIA issued bonds in the amount of \$5,000,000 with a final maturity date of October 1, 2026, and an interest rate of 5.65%. The Bonds fully consist of loan revenue bonds guaranteed by the City of Linden. The Series 2007 Bonds were issued to (i) finance a portion of and to implement the Morning Star Redevelopment Project (the "Morning Star Redevelopment Project"), consisting of, in part, (a) the acquisition of 19 properties, including commercial, residential and vacant land located on St. Georges Avenue in the City; (b) the relocation of businesses and residents located within the properties; (c) the clearing of said properties and remediation of any environmental contamination associated with the subject properties; and (d) the conveyance of the properties to a "redeveloper" for development of approximately 40,000 square feet of commercial space; (ii) pay interest on the Series 2007 Bonds from their dated date through and including April 1, 2008; and (iii) pay certain of the costs of issuance incurred in connection with the issuance of the Series 2007 Bonds.

The Series 2007 Bonds are subject to mandatory sinking fund redemption prior to their stated maturity.

UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

5. CONDUIT DEBT OBLIGATIONS, (continued)

F. Series 2010 Revenue Bonds

In September 2010, the UCIA issued bonds in the amount of \$2,575,000 with a final maturity date of September 1, 2025, and an interest rate varying from 1.50% - 4.00%. The Bonds fully consist of revenue bonds guaranteed by the County of Union. The Series 2010 Bonds were issued for (i) demolition, construction, and reconstruction, as applicable, of the Union County Child Advocacy Center Project (the "Project"), the cost of the acquisition of equipment and fixtures for the Project, and (ii) the payment of costs of issuing the Series 2010 Bonds, including all related costs of the County and the Authority.

G. Series 2010B Lease Revenue Refunding Bonds

In August 2010, the UCIA issued bonds in the amount of \$10,880,000 with a final maturity date of March 1, 2025, and an interest rate varying from 6.38% - 6.65%. The Bonds fully consist of revenue bonds guaranteed by the County of Union. The Series 2010 Bonds were issued for (i) the current refunding of the Authority's outstanding General Obligation Lease Revenue Bond, Series 1998B (Linden Airport Project) and (ii) payment of certain of the costs of issuance of the Series 2010B Bonds.

The Series 2010B Bonds are subject to Mandatory Sinking Fund Redemption.

H. Series 2013 Revenue Refunding Bonds

In March 2013, the UCIA issued bonds in the amount of \$3,460,000 with a final maturity date of June 15, 2023, and an interest rate varying from 1.50% - 4.00%. The Bonds fully consist of revenue refunding bonds. The Series 2013 Bonds were issued to (i) refunding the Authority's \$3,535,000 aggregate principal amount of outstanding Revenue Refunding Bonds (Correctional Facility Project, Series 2003) (the "Series 2003 Bonds") which mature on and after June 15, 2014, which were issued to refinance the 2003 maturity of the Authority's Revenue Bonds (Correctional Facility Project, Series 1992) (the "Series 1992 Bonds"), which Series 1992 Bonds were issued to refund a portion of the Authority's 1987 Bonds issued to finance the construction of a new correctional facility in the City of Elizabeth, County of Union, New Jersey (the "Project") and (ii) paying a portion of the costs and expenses incurred by the Authority in connection with the issuance and delivery of the Series 2013 Bonds.

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5. CONDUIT DEBT OBLIGATIONS, (continued)

I. Series 2013 A&B Revenue Bonds

In December 2013, the UCIA issued bonds in the amount of \$13,230,000 with a final maturity date of December 1, 2033, and an interest rate varying from 1.50% - 4.25%. The Bonds fully consist of lease revenue bonds. The Series 2013A&B Bonds were issued for (i) the design and construction of a two-story building addition and renovation of existing space, on the Union County College campus located in Cranford, New Jersey, on lands currently owned by the College; and (ii) the payment of certain costs of issuance incurred in connection with the issuance of the Series 2013 Bonds.

J. Series 2014A, B&C Lease Revenue Refunding Bonds

In September 2014, the UCIA issued bonds in the amount of \$21,555,000 with a final maturity date of February 1, 2026, and an interest rate varying from 1.50% - 5.00%. The Bonds fully consist of lease revenue refunding bonds. The Series 2014A, B&C Bonds were issued for (i) refunding all of the \$22,545,000 outstanding principal amount of the Authority's callable General Obligation Lease Revenue Bonds, Series 2006 (county College Facility Project) (consisting of all of the Authority's \$1,340,000 outstanding Series 2006A; \$16,045,000 outstanding Series 2006B and \$5,160,000 Series 2006C), originally issued in the aggregate principal amount of \$48,626,000 dated March 22, 2006, which mature on February 1 in each of the years 2017 through 2026, inclusive (the "Refunded Bonds") and (ii) paying costs of issuance for the Refunding Bonds.

K. Series 2015 Lease Revenue Refunding Bonds

In April 2015, the UCIA issued bonds in the amount of \$24,960,000 with a final maturity date of May 1, 2034, and an interest rate varying from 3.60% - 5.50%. The Bonds fully consist of lease revenue refunding bonds. The Series 2015 Bonds were issued to (i) refund all of the Authority's \$24,690,000 aggregate principal amount of outstanding County of Union General Obligation Lease Revenue Bonds, Series 2005 (Juvenile Detention Center Facility Project) maturing on and after May 1, 2016 (the "Refunded Series 2005 Bonds"); and (ii) pay the costs and expenses incurred by the Authority in connection with the issuance and delivery of the Series 2015A Bonds.

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5. CONDUIT DEBT OBLIGATIONS, (continued)

L. Series 2015A&B Lease Revenue Bonds

In November 2015, the UCIA issued bonds in the amount of \$2,179,582 with a final maturity date of December 1, 2047, and an interest rate varying from 5.25% - 5.40%. The Bonds consist of \$400,000 Series 2015 A current interest bonds and \$1,779,582 capital appreciation bonds guaranteed by the County of Union. The Series 2015A&B Bonds were issued for (i) the acquisition and renovation of, including certain predevelopment costs related to, an affordable residential development located at 300-331 Willow Court and 445-552 Willow Court, City of Elizabeth, Union County, New Jersey and which will consist of the demolition of two 60 union apartment buildings and new construction of 96 new townhouse rental unions and all work related thereto, and (ii) the payment of costs of issuing the Series 2015 Bonds, including all related costs of the Authority and Parkers Walk Urban Renewal, LLC (the "Developer").

M. Series 2016 Omnibus Lease Revenue Bonds

In August 2016, the UCIA issued bonds in the amount of \$23,965,000 with a final maturity date of November 1, 2035, and an interest rate varying from 2.00% - 4.00%. The Bonds fully consist of lease revenue bonds guaranteed by the City of Linden. The Series 2016 Bonds were issued to (i) refund all of the Authority's outstanding callable \$1,950,000 Lease Revenue Bonds, City of Linden Guaranteed (Linden Library Project) Series 2005; (ii) refund all of the Authority's outstanding and callable \$3,095,000 Lease Revenue Bonds, City of Linden Guaranteed (Linden Football and Track Stadium Project), Series 2005; (iii) refund all of the Authority's outstanding and callable \$16,595,000 City of Linden General Obligation Lease Revenue Bonds (City of Linden Firehouse Project), Series 2006; (iv) refund all of the Authority's outstanding and callable \$4,160,000 City of Linden Guaranteed Lease Revenue Bonds (City of Linden Public Library Project), Series 2007; and (v) pay certain costs associated with the issuance, sale and delivery of the Series 2016 Bonds.

The Series 2016 Bonds are subject to mandatory sinking fund redemption prior to their stated maturity.

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5. CONDUIT DEBT OBLIGATIONS, (continued)

N. Series 2017 Lease Revenue Refunding Bonds

In April 2017, the UCIA issued bonds in the amount of \$7,860,000 with a final maturity date of May 1, 2042, and an interest rate varying from 2.13% - 4.00%. The Bonds fully consist of lease revenue refunding bonds guaranteed by the County of Union. The Series 2017 Bonds were issued to finance (i) the costs required for the completion of the planning, design, construction and equipping of a new Family Court Building located at 10 Cherry Street, Elizabeth, New Jersey, and all work and materials related thereto (the "Project") and (ii) costs of issuance of the Series 2017 Bonds.

The Series 2017 Bonds are subject to mandatory sinking fund redemption prior to their stated maturity.

O. Series 2018 Revenue Refunding Bonds

In December 2018, the UCIA issued bonds in the amount of \$19,620,000 with a final maturity date of December 1, 2040, and an interest rate varying from 3.22% - 5.75%. The Bonds fully consist of revenue refunding bonds guaranteed by the County of Union. The Series 2018 Bonds were issued to provide funds for (i) the advance refunding and defeasance of all of the Authority's \$18,695,000 County Guaranteed Revenue Refunding Bonds, Series 2010 (Oakwood Plaza-Elizabeth Project) (Federally Taxable) dated December 28, 2010, and (ii) the payment of costs of issuing the Series 2018 Bonds, including all related costs of the County of Union, the City of Elizabeth, the Authority and CIS Oakwood, LLC (the "Developer").

The Series 2018 Bonds are subject to mandatory sinking fund redemption prior to their stated maturity.

P. Series 2019 Revenue Bonds

In October 2019, the UCIA issued bonds in the amount of \$50,000,000 with a final maturity date of December 1, 2041, and an interest rate varying from 6.00% - 6.75%. The Bonds fully consist of solid waste disposal revenue bonds. The Series 2019 Bonds were issued to (i) finance the acquisition, construction, rehabilitation, renovation, installation, improvement and equipping of a sludge and solid waste disposal and processing system facility, as further described herein; (ii) fund 18 months of capitalized interest; (iii) fund a debt service reserve fund for the Bonds; and (iv) pay a portion of the costs of issuance of the Bonds.

The Series 2019 Bonds are subject to mandatory sinking fund redemption prior to their stated maturity.

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5. CONDUIT DEBT OBLIGATIONS, (continued)

Q. Series 2021 Lease Revenue Refunding Bonds

In March 2021, the UCIA issued bonds in the amount of \$46,205,000 with a final maturity date of May 1, 2042, and an interest rate varying from 0.16% - 3.15%. The Bonds fully consist of lease revenue refunding bonds guaranteed by the County. The Series 2021 Bonds were issued to (i) advance refund the Authority's outstanding County Guaranteed Lease Revenue Bonds, Series 2012 (Union County Family Court Building Project – Elizabeth) (the "Refunded Bonds") originally issued to finance the construction and equipping of a Family Court Building and a parking deck located at 10 Cherry Street, Elizabeth, New Jersey for the County (the "Courthouse Project") and (ii) pay certain costs of issuance of the Bonds.

R. Series 2021 Revenue Bonds

In December 2021, the UCIA issued bonds in the amount of \$5,055,000 with a final maturity date of October 15, 2026, and an interest rate of 5.00%. The Bonds fully consist of revenue bonds guaranteed by the County. The Series 2021 Bonds were issued (i) as part of a plan of finance to terminate the lease rights of Tioga Solar Union County 1, LLC (the "Company") to the Renewable Energy Projects (as defined herein), which upon termination of such lease rights, shall be owned by the Authority free and clear of any encumbrances, (ii) to fund the defeasance of all of the outstanding Refunded Bonds (as defined herein), (iii) to fund certain capital improvements for the Renewable Energy Projects, and (iv) to pay certain costs incurred in connection with the issuance of the Bonds.

S. Series 2021 Solid Waste Disposal Subordinate Revenue Bonds

In April 2021, the UCIA issued bonds in the amount of \$11,500,000 with a final maturity date of June 1, 2041, and an interest rate of 8.5%. The Bonds fully consist of solid waste disposal subordinate revenue bonds. The Series 2021 Bonds were issued to (i) finance the completion of the acquisition, construction, rehabilitation, renovation, installation, improvement and equipping of a sludge and solid waste disposal and processing system facility, as further described herein; (ii) fund capitalized interest through August 1, 2021 on the Bonds; (iii) fund capitalized interest through August 1, 2021 on the Series 2019 Bonds; and (iv) pay a portion of the costs of issuance of the Bonds.

The Series 2021 Bonds are subject to mandatory cash sweep redemption prior to their stated maturity.

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(CONTINUED)**

5. CONDUIT DEBT OBLIGATIONS, (continued)

T. Series 2023 Lease Revenue Bonds

In May 2023, the UCIA issued bonds in the amount of \$5,975,000 with a final maturity date of May 1, 2043, and an interest rate of 5.00%. The Bonds fully consist of lease revenue bonds guaranteed by the Borough of Roselle. The Series 2023 Bonds were issued to (i) finance a portion of the design, construction and equipping of the renovation of the Borough’s existing library (the “Library Project”) and (ii) pay certain costs of issuance of the Bonds.

The Series 2023 Bonds are subject to mandatory cash sweep redemption prior to their stated maturity.

6. LEASES

The Union County Improvement Authority, as a lessor, has entered into the following leases which meet the requirements of GASB 87:

Park Madison Facility Leases

The Union County Improvement Authority has entered into five lease agreements with various tenants for the use of office space located on Park Madison Avenue. The lease agreements range from two to twenty years, with options to extend or terminate the lease. An estimated discount rate of 1.266% was used which is equal to the UCIA's incremental borrowing rate.

As of December 31, 2023, the UCIA reported lease receivable of \$9,580,589 and a corresponding deferred inflow related to leases of \$9,580,589.

The UCIA recognized the following inflows from leases as of December 31, 2023:

Lease Revenue	\$1,361,308
Interest Revenue	<u>181,943</u>
	<u>\$1,543,251</u>

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(CONTINUED)**

6. LEASES, (continued)

The present value of future minimum lease payments to be received under the lease agreements are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$1,403,511	\$113,170	\$1,516,681
2025	1,407,397	95,322	1,502,719
2026	1,364,841	77,783	1,442,624
2027	1,381,184	60,434	1,441,618
2028	1,349,419	42,911	1,392,330
2029-2033	2,565,979	45,587	2,611,566
2034-2035	<u>108,258</u>	<u>1,031</u>	<u>109,289</u>
	<u>\$9,580,589</u>	<u>\$436,238</u>	<u>\$10,016,827</u>

Weighted average remaining lease term (in years):	4.07
Weighted average discount rate:	1.266%

Tenants Accounts Receivable

Tenant fees receivable at December 31, 2023 is as follows:

	<u>2023</u>
Tenant Fees Receivable	\$521,525

7. DEVELOPMENT COSTS

The Authority has incurred costs for the development of several projects. As of December 31, 2023, \$1,864,656 of the costs have been capitalized.

8. DEVELOPMENT LIABILITY

The Authority has received advanced funding for costs to be incurred for the development of several projects. As of December 31, 2023, \$34,823,880 of cash was held by the Authority for future costs to be incurred.

UNION COUNTY IMPROVEMENT AUTHORITY
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(CONTINUED)

9. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Authority has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Authority should they occur.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

The Authority is a member of the County of Union's Self Insurance pool for property, general liability and automobile liability.

The relationship between the Authority and the County of Union is governed by a contract and by-laws that have been adopted by resolution of the unit's governing body. The Authority has agreed to pay an annual installment based on a computation of the Authority's share of the County's premium as provided by the County. In return for this, the County of Union administers the Authority's insurance funds.

10. PENSION PLAN

Description of Plans:

Authority employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

Public Employees' Retirement System (PERS)

Plan Description

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

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(CONTINUED)**

10. PENSION PLAN, (continued)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

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

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

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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(CONTINUED)**

10. PENSION PLAN, (continued)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS. In the PERS, the employer contribution includes funding for post-retirement medical premiums.

The Authority's contribution to PERS, equal to the required contributions for each year, were as follows:

Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>
12/31/23	\$40,435
12/31/22	51,366
12/31/21	47,639

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10. PENSION PLAN, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68

Public Employees Retirement System (PERS)

At December 31, 2023 and 2022, the Authority reported a liability of \$-0- and \$483,899 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 governments, actuarially determined. At June 30, 2023, the Authority's proportion was 0.00 percent, which was a decrease of 0.00320646 percent from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Authority recognized pension expense of \$(617,899). The Authority had no employees enrolled in PERS in 2023, and had no pension liabilities or deferrals. At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>2023</u>	Memo-Only <u>2022</u>
Deferred Outflows of Resources:		
Changes of assumptions	\$0	\$1,499
Net difference between projected and actual earnings on pension plan investments	0	23,521
Changes in proportion and differences between Authority contributions and proportionate share of contributions	0	76,157
Contributions subsequent to the measurement date	<u>0</u>	<u>20,217</u>
Total	<u>\$0</u>	<u>\$121,394</u>

	<u>2023</u>	Memo-Only <u>2022</u>
Deferred Inflows of Resources:		
Changes of assumptions	\$0	\$72,459
Net difference between projected and actual earnings on pension plan investments	0	182,935
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>0</u>	<u>0</u>
Total	<u>\$0</u>	<u>\$255,394</u>

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(CONTINUED)**

10. PENSION PLAN, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (PERS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2023) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended December 31:	
2024	\$0
2025	0
2026	0
2027	0
2028	0

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.08, 5.04, 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2023 and June 30, 2022 are as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Collective deferred outflows of resources	\$1,080,204,730	\$1,660,772,008
Collective deferred inflows of resources	1,780,216,457	3,236,303,935
Collective net pension liability	14,606,489,066	15,219,184,920
Authority's Proportion	0.00%	0.00320646%

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(CONTINUED)**

10. PENSION PLAN, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which rolled forward to June 30, 2023. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

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 based on Scale MP-2021.

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(CONTINUED)**

10. PENSION PLAN, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (PERS), (continued)

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, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

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(CONTINUED)**

10. PENSION PLAN, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members 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. 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 in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2023 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2023		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Authority's proportionate share of the pension liability	\$0	\$0	\$0

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10. PENSION PLAN, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (PERS), (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

11. SUBSEQUENT EVENTS

Series 2024 Lease Revenue Bonds

In April 2024, the UCIA issued bonds in the amount of \$109,645,000 with a final maturity date of April 15, 2024, and an interest rate varying from 4.13% - 5.00%. The Bonds fully consist of lease revenue bonds guaranteed by the County of Union. The Series 2024 Bonds were issued to (i) finance and undertake the planning, design, construction and equipping of a new County Administration complex located at 61-99 West Grand Street, Elizabeth, New Jersey (the "Project"), and (ii) pay certain costs incurred in connection with the issuance of the Bonds. The Series 2024 Bonds will be reported under GASB Statement No. 91, Conduit Debt Obligations.

The Series 2024 Bonds are subject to mandatory sinking fund redemption prior to their stated maturity.

The Authority has evaluated subsequent events through August 9, 2024, the date which the financial statements were available to be issued and no other items were noted for disclosure.

12. PRIOR PERIOD ADJUSTMENTS

In 2023 the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 91, *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuers and established that a conduit debt obligation is not a liability of the user. As a result, the following prior period adjustment has been made on the 2022 financial statements.

UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(CONTINUED)

12. PRIOR PERIOD ADJUSTMENTS, (continued)

	Balance 12/31/2022 as Previously <u>Reported</u>	Retroactive <u>Adjustment</u>	Balance 12/31/2022 as Restated
Assets:			
Cash and Cash Equivalents - Unrestricted	5,623,009	(525,913)	5,097,096
Cash and Cash Equivalents - Restricted	6,153,602	354,777	6,508,379
Accrued Interest Receivable	1,597,713	(1,597,713)	-
Loans Receivable	9,695,000	(9,695,000)	-
Lease Receivable - Current	12,812,578	(11,451,270)	1,361,308
Lease Receivable - Non-Current	-	9,498,074	9,498,074
Loans Receivable	179,852,928	(179,852,928)	-
Fixed Assets - Net	6,459,564	(4,539,166)	1,920,398
Due from Capital	-	1,233,609	1,233,609
Liabilities:			
Interest Payable	1,597,713	(1,266,796)	330,917
Bonds Payable - Current	11,655,000	(10,695,000)	960,000
Bond Anticipation Notes Payable	2,000,000	(2,000,000)	-
Development Liability	5,982,096	937,693	6,919,789
Long Term Bonds Payable	200,057,928	(181,162,928)	18,895,000
Deferred Inflows:			
Leases	12,812,578	(1,953,196)	10,859,382
Unamortized Premiums on Bonds	-	2,690,991	2,690,991
Net Position:			
Net Investment in Capital Assets	(11,530,780)	(9,425,730)	(20,956,510)
Restricted	176,136	1,023,458	1,199,594
Unrestricted	537,208	5,275,978	5,813,186

Required Supplementary Information – Part II

UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)

Schedule of the Authority's Share of the Net Pension Liability-PERS
Last Ten Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017
Authority's Proportion of the Net Pension Liability (Asset)**	0.00%	0.00320646%	0.00438607%	0.00435477%	0.00432114%	0.00428149%	0.00163732%
Authority's Proportionate Share of the Net Pension Liability (Asset)**	-	483,899.00	519,596.00	710,149.00	778,605.00	843,004.00	381,141.00
Authority's Covered Payroll-PERS	-	-	173,736.00	304,578.00	315,120.00	307,068.00	278,352.00
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0.00%	100.00%	299.07%	233.16%	247.08%	274.53%	136.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.00%	46.41%	42.18%	58.32%	56.27%	53.60%	48.10%

** GASB requires that ten years of information be presented. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)

Schedule of Authority's Contributions- PERS
Last Ten Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contribution	-	40,435	51,366	42,289	42,032	42,587	15,168
Contributions in Relation to the Contractually Required Contribution	-	(40,435)	(51,366)	(42,289)	(42,032)	(42,587)	(15,168)
Contribution Deficiency (excess)	-	-	-	-	-	-	-
Authority's Covered Payroll-PERS	-	-	173,736	304,578	315,120	307,068	278,352
Contributions as a Percentage of Covered Payroll	0.00%	100.00%	29.57%	13.88%	13.34%	13.87%	5.45%

** GASB requires that ten years of information be presented. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Changes of Benefit Terms

None

Change in Assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was no change in the discount rate from 7.00% to 7.00% for the years December 31, 2023 and 2022. Any change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

Supplementary Schedules

UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Net Investment in Capital Assets</u>	<u>Restricted</u>	<u>Unrestricted Undesignated</u>	<u>Total</u>
Operating Revenues:				
Project Fees	\$		603,729	603,729
Park Madison Rents			1,823,141	1,823,141
Insurance Claims			230,800	230,800
Lease Reimbursements			1,928,750	1,928,750
Total Operating Revenues			<u>4,586,420</u>	<u>4,586,420</u>
Operating Expenses:				
Administration			(345,897)	(345,897)
Cost of Providing Services			1,892,505	1,892,505
Depreciation Expense	60,033			60,033
Total Operating Expenses	<u>60,033</u>		<u>1,546,608</u>	<u>1,606,641</u>
Operating Income (Loss)	<u>(60,033)</u>		<u>3,039,812</u>	<u>2,979,779</u>
Non-Operating Revenues (Expenses)				
Interest Income			128,784	128,784
Interest Expense			(952,750)	(952,750)
Amortization Expense	224,249			224,249
	<u>224,249</u>		<u>(823,966)</u>	<u>(599,717)</u>
Net Income (Loss) Before Transfers	<u>164,216</u>		<u>2,215,846</u>	<u>2,380,062</u>
Transfers				
Bond Principal Payments	960,000		(960,000)	
Other Transfers		515,278	(515,278)	
	<u>960,000</u>	<u>515,278</u>	<u>(1,475,278)</u>	
Increase (Decrease) in Net Position	<u>1,124,216</u>	<u>515,278</u>	<u>740,568</u>	<u>2,380,062</u>
Net Position, December 31, 2022 as Restated	<u>\$ (20,625,593)</u>	<u>1,199,594</u>	<u>5,482,269</u>	<u>(13,943,730)</u>
Net Position, December 31	<u>\$ (19,501,377)</u>	<u>1,714,872</u>	<u>6,222,837</u>	<u>(11,563,668)</u>

**UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2023**

	FY 2023 Adopted Budget	FY 2023 Budget as Amended	Current Year Actual	Excess / (Deficit)	Prior Year Actual
Revenues:					
Operating Revenues:					
Administration Fees	\$ 257,587	257,587	241,118	(16,469)	247,616
Insurance Fees	50,000	50,000	55,969	5,969	
Lease Payments - Current Principal	14,812,928	14,812,928	13,852,928	(960,000)	18,387,072
Lease Payments - Current Interest	10,418,333	10,418,333	10,418,333	-	9,467,832
Park Madison Lease Rents	2,128,968	2,128,968	1,361,308	(767,660)	1,401,347
Park Madison Lease Interest			181,943	181,943	148,319
Rents - Ground Lease Income	12,000	12,000	12,000	-	12,000
Excess Park Madison Operation	495,589	495,589	279,890	(215,699)	705,674
Lease Reimbursements			960,000	960,000	915,000
Insurance Claims			230,800	230,800	
Non Operating Revenues:					
Interest on Investments and Deposits	2,500	2,500	128,784	126,284	12,735
Other Income	7,500	7,500	294,642	287,142	268,825
Total Revenues and Unrestricted Net Position	28,185,405	28,185,405	28,017,715	(167,690)	31,566,420
Expenses:					
Operating Appropriations:					
Administration					
Personnel:					
Salaries and wages	75,000	75,000		75,000	
Fringe Benefits	79,935	79,935	55,447	24,488	82,631
Other Expenses:					
Professional Fees	467,500	467,500	118,187	349,313	149,423
Office Expenses	33,100	33,100	6,732	26,368	5,990
Shared Services	-	-		-	
Insurance	143,141	143,141	85,017	58,124	78,517
Renewable Energy Project					205,008
Miscellaneous	26,500	26,500	6,619	19,881	34,895
Cost of Producing Services					
Other Expenses:					
Rents & Common Area Costs	2,128,968	2,128,968	1,892,505	236,463	1,754,605
Total Operating Appropriations	2,954,144	2,954,144	2,164,507	789,637	2,311,069
Non-Operating Appropriations:					
Debt Service					
Bond and Loan Principal	14,812,928	14,812,928	14,812,928	-	19,302,072
Interest on Bonds and Notes	10,418,333	10,418,333	10,402,333	16,000	9,467,832
Total Non-Operating Appropriations	25,231,261	25,231,261	25,215,261	16,000	28,769,904
Total Expenses	28,185,405	28,185,405	27,379,768	805,637	31,080,973
Excess (Deficit) of Revenues Over Expenses	-	-	637,947	637,947	485,447
Reconciliation of Budgetary Basis to GAAP:					
Depreciation Expense			(60,033)		(60,033)
Principal on Bonds Payable			960,000		915,000
Loans Forgiven					(300,000)
Amortization Expense			224,249		224,249
Net Pension Adjustments			617,899		
Change in Net Position			2,380,062		1,264,663

SCHEDULE 3

**UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)
ROSTER OF OFFICIALS
DECEMBER 31, 2023**

<u>COMMISSIONERS</u>	<u>POSITION</u>
Christopher Kolibas	Chairperson
Scott M. Huff	Vice Chairperson
Andrea Mojica	Secretary
Steve Gary Hockaday	Treasurer
David Barnett	Commissioner
Jonathan Boguchwal	Commissioner
Jenny Davis Toth	Commissioner
Ahmed Shehata	Commissioner
Terri Hudak	Commissioner

Government Auditing Standards Report



WIELKOTZ & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Chairperson and Commissioners
Union County Improvement Authority
10 Elizabethtown Plaza, 5th Floor
Elizabeth, NJ 07207

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; 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 Union County Improvement Authority, as of and for the year ended December 31, 2023, and the related notes to the financial statements, and have issued our report thereon dated August 9, 2024.

Internal Control Over Financial Reporting

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



Honorable Chairman and Members of the
Union County Improvement Authority
Page 2.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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



WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

August 9, 2024

General Comments and Recommendations

**UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)**

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised Per N.J.S. 40A:11-3

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term ‘competitive contracting’, which is defined as “the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors’ formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received.”

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. “When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations.” If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$44,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

N.J.S.A. 40A:11-4 states that every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act of specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.

Effective July 1, 2015, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the threshold may be up to \$44,000.

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. “Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months.”

**UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)**

**GENERAL COMMENTS
(CONTINUED)**

The governing body of the Authority has the responsibility of determining whether the expenditures in any category will exceed the statutory threshold within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Authority Counsel's opinion should be sought before a commitment is made.

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" N.J.S. 40A:11-5.

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 40A:11-4.

**UNION COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF UNION)**

STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

Problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

We wish to thank the Union County Improvement Authority for their cooperation during the performance of our audit.

Respectfully submitted,



WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey