JERSEY CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Jersey City)
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018
WITH
INDEPENDENT AUDITOR'S REPORT

DGDT
DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

JERSEY CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Jersey City, New Jersey)
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FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

JERSEY CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Jersey City)

INTRODUCTORY SECTION

JERSEY CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Jersey City)
ROSTER OF OFFICIALS
DECEMBER 31, 2019

All commissioners are appointed by the Mayor with the advice and consent of the members of the Council of the City of Jersey City to a five year term. Officers are elected by the commissioners for a one year term. The following individuals held office as of December 31, 2019:

Name	Position	Term Expires
Daniel Rivera	Chairman	06/30/21
Evelyn Jones	Vice Chair	06/30/19*
Donald R. Brown	Commissioner	06/30/20
Erma D. Greene	Commissioner	06/30/21
Denise Ridley	Commissioner	06/30/21
Douglas Carlucci	Commissioner	06/30/22
Darwin R. Ona	Commissioner	06/30/22

* Held Over

Other Officials

Diana H. Jeffrey	Executive Director
Christopher Fiore	Assistant Executive Director

All members and employees are covered by insurance policies provided by Greenwich Insurance Company.

JERSEY CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Jersey City)

FINANCIAL SECTION

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

Certified Public Accountants

Robert A. Gironda, CPA
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INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and
Members of the Board of Commissioners
Jersey City Redevelopment Agency
Jersey City, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the Jersey City Redevelopment Agency (the "Agency"), a component unit of the City of Jersey City, New Jersey as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Agency's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of December 31, 2019 and 2018, and the changes in its net position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Prior Period Adjustment and Restatement

As discussed in Note 14, the Agency corrected application of the provisions of GASB Statement No. 72, Fair Value Measurements and Application, to report properties held for sale at cost of acquisition or the City's carrying value when transferred from the City of Jersey City, instead of at fair value. This correction resulted in the restatement of the 2018 financial statements with a prior period adjustment to net position. The Agency also restated the 2018 financial statements to correct the error in reporting gain on sale of property as net of proceeds provided to the City of Jersey City instead of separately. Our opinion is not modified with respect to these matters emphasized.

COVID-19 State of Emergency

As discussed in Note 15, on January 31, 2020, the United States Department of Health and Human Services Secretary declared a public health emergency for the United States in response to COVID-19 pandemic. On March 9, 2020, the Governor of the State of New Jersey issued Executive Order No. 103 (the "Order") declaring a State of Emergency and Public Health Emergency across all 21 counties in New Jersey. The Governor's Order has been subsequently extended and restrictions are continuously being eased and tightened. Significant uncertainty remains with the ongoing impact of the COVID-19 state of emergency that cannot be reasonably estimated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension, and other post-retirement benefit information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards;* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are also not required parts of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2021, on our consideration of the Agency'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 Agency's internal control over financial reporting and compliance.

Donohue, Gironda, Doria & Tomkins LLC

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants

Bayonne, New Jersey
May 11, 2021

JERSEY CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Jersey City)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

This section of the annual financial statements of the Jersey City Redevelopment Agency (the "Agency"), a component-unit of the City of Jersey City, New Jersey (the "City"), presents Management's Discussion and Analysis of the activities and financial performance of the Agency for the years ended December 31, 2019, 2018, and 2017. The intent of this discussion and analysis is to look at the Agency's financial performance as a whole. Please read it in conjunction with the Agency's financial statements and accompanying notes.

2019 FINANCIAL HIGHLIGHTS

Cash and investments increased by $5,727,375 (27.73%) to $26,379,361 in 2019 from $20,651,986 in 2018 and total current assets increased by $7,239,423 (29.16%) to $32,063,908 in 2019 from $24,824,485 in 2018.

Bond anticipation notes remained at $10,000,000 in 2019 from 2018.

Other liabilities decreased by $589,560 (10.04%) to $5,284,749 in 2019 from $5,874,309 in 2018.

Operating revenues increased by $1,417,192 (40.11%) to $4,950,343 in 2019 from $3,533,151 in 2018.

Operating expenses increased by $409,643 (5.52%) to $7,834,139 in 2019 from $7,424,496 in 2018.

Loss from operations decreased by $1,007,549 (25.89%) to $2,883,796 in 2019 from $3,891,345 in 2018 and the change in net position amounted to an increase of $407,797 in 2019 compared to an increase of $4,370,167 in 2018.

2018 FINANCIAL HIGHLIGHTS

Cash and investments decreased by $5,064,283 (19.69%) to $20,651,986 in 2018 from $25,716,269 in 2017 and total current assets decreased by $4,601,671 (15.64%) to $24,824,485 in 2018 from $29,426,156 in 2017.

Bond anticipation notes increased by $10,000,000 to $10,000,000 in 2018 from $0 in 2017.

Other liabilities increased by $1,172,207 (24.93%) to $5,874,309 in 2018 from $4,702,102 in 2017.

Operating revenues decreased by $493,931 (12.27%) to $3,533,151 in 2018 from $4,027,082 in 2017.

Operating expenses increased by $2,279,768 (44.31%) to $7,424,496 in 2018 from $5,144,728 in 2017.

Loss from operations increased by $2,773,699 (248.17%) to $3,891,345 in 2018 from $1,117,646 in 2017 and the change in net position amounted to an increase of $4,370,167 in 2018 compared to an increase of $1,946,652 in 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Agency is a self-supporting entity and follows enterprise fund reporting. The Agency's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Enterprise fund statements reflect short and long-term financial information about the activities and operations of the Agency. These statements are presented in a manner similar to a private business. While detailed sub-fund information is not presented, separate accounts are maintained for each program and certain restricted funds or accounts have been established as required by bond resolutions and agreements.

The statement of net position provides information about the nature and amount of investments in resources (assets) and the obligations to Agency creditors (liabilities).

The statement of revenues, expenses and changes in net position, which accounts for all the current year's revenue and expenses, measures the success of the Agency's operations over the past and can be used to determine how the Agency has funded its costs.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The statement of cash flows provides information about the Agency's cash receipts, cash payments, and changes in cash resulting from operating, investing, and financing activities.

The notes to financial statements provide information that is essential to understanding the basic financial statements, such as the Agency's accounting methods and policies. The notes to financial statements also provide information on contractual obligations, future commitments, contingencies, and other events that could materially affect the Agency's financial position.

FINANCIAL ANALYSIS OF THE AGENCY

Financial Position. The following table summarizes the assets, liabilities, and net position as of December 31, 2019, 2018, and 2017:

	2019	*Restated* 2018	*Restated* 2017
Current assets (excluding mortgage loan receivable)	$ 32,063,908	$ 24,824,485	$ 29,426,156
Capital assets	43,746,229	44,874,784	33,629,093
Non-current assets:			
Mortgage loans receivable	2,316,412	3,158,233	4,987,858
Accrued interest - mortgage loans receivable	-	30,836	10,213
Accounts receivable - property held for redevelopment	2,250,000	1,750,000	1,750,000
Total assets	80,376,549	74,638,338	69,803,320
Deferred outflows from resources	3,154,500	3,920,361	981,912
Current liabilities (excluding note and loan payable)	15,979,624	11,003,129	19,808,717
Bond anticipation note payable	10,000,000	10,000,000	-
Inter-agency loan payable	317,204	317,204	317,204
Compensated absences liability	294,695	416,340	281,206
Judgement payable	-	-	1,450,000
Net pension liability	2,613,712	2,720,429	2,653,692
Net OPEB liability	2,059,138	2,420,336	-
Total liabilities	31,264,373	26,877,438	24,510,819
Deferred inflows of resources	2,019,365	1,841,747	805,066
Net position:			
Net investment in capital assets	43,746,229	44,874,784	33,629,093
Unrestricted	6,501,082	4,964,730	11,840,254
Total net position	$ 50,247,311	$ 49,839,514	$ 45,469,347

The Agency's substantial changes in net position resulted mainly from the adoption of GASB Statement No. 75 in 2018 where the Agency recognized its proportionate share of net other post-employment benefit (OPEB) liability. Capital assets increased in 2019 due to sale of property held for reimbursements and for a gain of $10,008,258 of which $7,000,000 was provided to the City of Jersey City and $3,008,258 was retained by the Agency. Capital assets and current liabilities increased in 2018 due to the purchase of property for redevelopment of $11,620,374 and a bond anticipation note issued for $10,000,000 in 2018.

FINANCIAL ANALYSIS OF THE AGENCY (Continued)

Results of Operations. The following table summarizes the revenues, expenses and changes in net position for the years ended December 31, 2019, 2018, and 2017:

	2019	*Restated* 2018	*Restated* 2017
Operating revenues	$ 4,950,343	$ 3,533,151	$ 4,027,082
Operating expenses	7,834,139	7,424,496	5,144,728
(Loss) from operations	(2,883,796)	(3,891,345)	(1,117,646)
Non-operating revenues (expenses) - net	3,291,593	8,261,512	3,064,298
Change in net position	407,797	4,370,167	1,946,652
Net position, January 1	49,839,514	45,469,347	41,197,665
Prior year adjustments	-	-	2,325,030
Net position, December 31	$ 50,247,311	49,839,514	$ 45,469,347

As previously noted, the Agency adopted GASB Statement No. 75 in 2018, where the Agency recognized its proportionate share of net other post-employment benefit (OPEB) liability and deferred inflows and outflows of OPEB liability resources.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Agency's investment in capital assets, which consist of property held for redevelopment, construction in progress, buildings and improvements, and vehicles and equipment, amounted to $48,130,380, $48,852,293, and $37,186,919 at December 31, 2019, 2018, and 2017, respectively. Accumulated depreciation amounted to $4,384,151, $3,977,509 and $3,557,826 at those respective dates.

The Agency issued its $10,000,000 tax-exempt, City-guaranteed, Project Note Series 2018 in to finance the acquisition and improvement of an approximately 58,000 square foot building in the City of Jersey City known as the Pathside Redevelopment Project. The note was renewed during 2019.

BUDGETARY HIGHLIGHTS

The State of New Jersey requires local authorities to prepare and adopt annual budgets in accordance with the Local Authorities Fiscal Control Law and regulations adopted by the Local Finance Board pursuant to this statute and codified as N.J.A.C. 5:31-1 et seq. The statutory budget was designed to demonstrate to the Bureau of Authority Regulation of the Division of Local Government Services that the cash flows of the Authority for the coming year will be sufficient to cover operating expenses, interest accruing on bonded indebtedness and cash payments of maturing bond and loan principal.

On January 31, 2020, the United States Department of Health and Human Services Secretary declared a public health emergency for the United States in response to COVID-19 pandemic. On March 9, 2020, the Governor of the State of New Jersey issued Executive Order No. 103 (the "Order") declaring a State of Emergency and Public Health Emergency across all 21 counties in New Jersey. The Governor's Order has been subsequently extended and restrictions are continuously being eased and tightened. Significant uncertainty remains with the ongoing impact of the COVID-19 state of emergency that cannot be reasonably estimated.

BUDGETARY HIGHLIGHTS (Continued)

The following table summarizes the budget versus actual for the year ended December 31, 2019:

	Budget	Actual	Variance
Revenues:			
Operating revenues	$ 2,200,000	$ 8,939,291	$ (6,739,291)
Non-operating expenses	125,000	612,502	(487,502)
Total revenues	2,325,000	9,551,793	(7,226,793)
Appropriations:			
Operating appropriations			
Administration	2,575,000	2,035,253	539,747
Cost of providing services	500,000	5,748,191	(5,248,191)
Non-operating appropriations	-	329,167	(329,167)
Total appropriations	3,075,000	8,112,611	(5,037,611)
Less: unrestricted net position utilized	(750,000)	(900,000)	150,000
Net total appropriations	2,325,000	7,212,611	(4,887,611)
Total surplus	$ -	$ 2,339,182	$ (2,339,182)

CONTACTING THE AGENCY'S MANAGEMENT

This financial report is designed to provide the City of Jersey City residents and taxpayers, and the Agency's customers, investors and creditors, with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the appropriations and grants it receives. If you have questions about this report or need additional financial information, please contact the Agency's Executive Director at 66 York Street, Floor 2, Jersey City, New Jersey 07302, or visit the Agency's website at: *www.jcra.org*.

JERSEY CITY REDEVELOPMENT AGENCY
STATEMENTS OF NET POSITION
DECEMBER 31, 2019 AND 2018

	2019	*Restated* 2018
ASSETS		
Current assets:		
Unrestricted assets:		
Cash and cash equivalents	$ 24,178,096	$ 18,736,626
Accounts receivable	155,000	194,632
Current portion of mortgages loans receivable	756,494	985,020
Total unrestricted current assets	25,089,590	19,916,278
Restricted assets:		
Restricted cash and cash equivalents	2,201,265	1,915,360
Grants receivable	3,229,864	2,295,322
Developers escrow	2,299,683	1,682,545
Total restricted assets	7,730,812	5,893,227
Total current assets	32,820,402	25,809,505
Capital assets, net:		
Non-depreciable:		
Property held for redevelopment	25,097,175	25,679,175
Depreciable, net:		
Buildings and improvements	22,926,400	23,092,400
Vehicles and equipment	106,805	80,718
Less: accumulated depreciation	(4,384,151)	(3,977,509)
Total depreciable, net	18,649,054	19,195,609
Total capital assets, net	43,746,229	44,874,784
Other noncurrent assets:		
Mortgage loans receivable	1,809,918	2,423,213
Less: allowance for doubtful accounts	(250,000)	(250,000)
Accrued interest - mortgage loans receivable	-	30,836
Accounts receivable - property held for redevelopment	2,250,000	1,750,000
Total other noncurrent assets	3,809,918	3,954,049
Total assets	80,376,549	74,638,338
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension liability outflows	559,614	1,209,162
Deferred OPEB liability outflows	2,594,886	2,711,199
Total deferred outflows of resources	3,154,500	3,920,361

JERSEY CITY REDEVELOPMENT AGENCY
STATEMENTS OF NET POSITION
DECEMBER 31, 2019 AND 2018

	2019	*Restated* 2018
LIABILITIES		
Current liabilities:		
Payable from unrestricted assets:		
Accounts payable	$ 449,080	$ 720,178
Payroll liabilities	18,580	27,217
Redeveloper contracts payable	115,055	115,055
Due to the City of Jersey City	3,826,372	14,705
Accrued interest payable	204,167	175,000
Bond anticipation note payable	10,000,000	10,000,000
Current portion of inter-agency loan payable	-	63,441
Payable from restricted liabilities:		
Accounts payable	44,029	59,434
Developers escrow	3,404,654	2,433,455
Project deposits	1,096,294	1,164,450
Unearned grant revenues	6,821,393	6,293,635
Total current liabilities	25,979,624	21,066,570
Noncurrent liabilities:		
Inter-agency loan payable	317,204	253,763
Compensated absences payable	294,695	416,340
Net pension liability	2,613,712	2,720,429
Net OPEB liability	2,059,138	2,420,336
Total noncurrent liabilities	5,284,749	5,810,868
Total liabilities	31,264,373	26,877,438
DEFERRED INFLOWS OF RESOURCES		
Deferred pension liability inflows	687,480	1,099,614
Deferred OPEB liability inflows	1,331,885	742,133
	2,019,365	1,841,747
NET POSITION		
Investment in capital assets	43,746,229	44,874,784
Unrestricted	6,501,082	4,964,730
Total net position	$ 50,247,311	$ 49,839,514

JERSEY CITY REDEVELOPMENT AGENCY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	*Restated* 2018
OPERATING REVENUES		
Redeveloper fees	$ 825,978	$ 1,008,573
Redeveloper reimbursements	2,846,590	1,554,141
Miscellaneous	1,277,775	970,437
Total operating revenue	4,950,343	3,533,151
OPERATING EXPENSES		
Salaries and wages	1,341,537	1,205,532
Employee benefits	801,481	1,120,825
Other expenses	756,670	2,066,149
Redeveloper reimbursed expenses	4,517,088	2,612,307
Depreciation	417,363	419,683
Total operating expenses	7,834,139	7,424,496
Total operating (loss)	(2,883,796)	(3,891,345)
NONOPERATING REVENUES (EXPENSES)		
Grant revenue:		
Federal sources	620,619	189,583
State sources	32,580	232,008
Local sources	327,491	125,561
Grant expenses:		
Federal sources	(620,619)	(189,583)
State sources	(32,580)	(232,008)
Local sources	(327,491)	(125,561)
Interest revenue	612,502	444,658
Interest expense	(329,167)	(175,000)
Gain on sale of property	10,008,258	11,491,854
Sale proceeds to City of Jersey City	(7,000,000)	(3,500,000)
Total nonoperating revenues (expenses)	3,291,593	8,261,512
Change in net position	407,797	4,370,167
Net position, January 1	49,839,514	77,554,688
Prior year adjustments	-	(32,085,341)
Net position, December 31	$ 50,247,311	$ 49,839,514

See Accompanying Notes to Financial Statements

JERSEY CITY REDEVELOPMENT AGENCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	*Restated* 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from:		
Redeveloper fees	$ 923,420	$ 911,131
Redeveloper reimbursements	3,749,633	234,944
Miscellaneous	1,219,965	1,022,108
Payments for:		
Salaries and wages	(1,350,174)	(1,183,624)
Employee benefits	(447,562)	(400,386)
Other expenses	(1,027,768)	(3,056,602)
Redeveloper reimbursed expenses	(5,134,226)	(3,160,822)
Net cash (used) by operating activities	(2,066,712)	(5,633,251)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from sale of property held for redevelopment	9,962,167	11,491,854
Payment of property sale proceeds to City of Jersey City	(3,188,333)	(10,974,207)
Purchase of property for redevelopment		(11,620,374)
Payments for improvements	-	(45,000)
Purchase of vehicle	(26,087)	-
Proceeds from sale of building	283,370	-
Proceeds from bond anticipation note payable	-	10,000,000
Interest paid	(300,000)	-
Grant revenue received	573,906	7,031
Grant expenses paid	(996,095)	(543,996)
Net cash provided (used) by capital and related financing activities	6,308,928	(1,684,692)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Receipts from mortgage loans receivable	841,821	1,829,625
Interest received	643,338	424,035
Net cash provided by investing activities	1,485,159	2,253,660
Net increase (decrease) in cash and cash equivalents	5,727,375	(5,064,283)
Cash and cash equivalents, January 1	20,651,986	25,716,269
Cash and cash equivalents, December 31	$ 26,379,361	$ 20,651,986

JERSEY CITY REDEVELOPMENT AGENCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	*Restated* 2018
Reconciliation of income from operations to net cash provided by operating activities:		
(Loss) from operations	$ (2,883,796)	$ (3,891,345)
Adjustments to reconcile (loss) from operations to net cash (used) by operating activities:		
Depreciation	417,363	419,683
Changes in assets, liabilities and deferred outflows and inflows:		
Accounts receivable	39,632	(45,771)
Developers escrow	354,061	(344,162)
Project deposits	(68,156)	(1,523,550)
Accounts payable	(271,098)	459,547
Payroll liabilities	(8,637)	21,908
Compensated absences payable	(121,645)	135,134
Judgement payable	-	(1,450,000)
Net pension liability and deferred outflows and inflows	130,697	134,035
Net OPEB liability and deferred outflows and inflows	344,867	451,270
Total adjustments	817,084	(1,741,906)
Net cash (used) by operating activities	(2,066,712)	(5,633,251)
Cash and cash equivalents as presented in the statements of net position:		
Unrestricted	$ 24,178,096	$ 18,736,626
Restricted	2,201,265	1,915,360
	$ 26,379,361	$ 20,651,986

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Jersey City Redevelopment Agency (the "Agency") is a public body corporate and politic of the State of New Jersey. The Agency was created by municipal ordinance on August 16, 1949 pursuant to the provisions of Chapter 306 of the New Jersey Sessions Law of 1949, N.J.S.A. 40:55C-1, for the purpose of carrying out certain urban renewal program activities for City of Jersey City (the "City"). The Agency is empowered to exercise public and essential government functions, including acquisition, condemnation, clearance, renovation and redevelopment of property in designated blighted areas and to carry out redevelopment plans for the City.

The Agency is governed by a Board of Commissioners (the "Board") consisting of seven members, who are appointed by the Governing Body of the City of Jersey City. The Board of Commissioners determines policy actions, approves resolutions and selects an executive director to be responsible for the overall operation of the Agency.

In accordance with the Local Redevelopment and Housing Law (NJSA 40A:12A-1 et. seq.) the Agency is subject to the laws, rules and regulations promulgated for Authorities in the State of New Jersey and reports to the Bureau of Agency Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

The Agency includes in its financial statements the primary government and those component units for which the primary government is financially accountable. Component units are legally separate organizations for which the Agency is financially accountable or other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Agency is financially accountable for an organization if the Agency appoints a voting majority of the organization's board, and (1) the Agency is able to significantly influence, the programs or services performed or provided by the organization; or (2) the Agency is legally entitled to or can otherwise access the organization's resources; the Agency is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization, or the Agency is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Agency in that the Agency approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the Agency has no component units. The Agency would be includable as a component unit of the City on the basis of such criteria.

Basis of Financial Statements and Presentation

The accounts of the Agency are organized and operated on the basis of funds. The agency maintains an Enterprise Fund to account for its operations. The operations are accounted for with a self-balancing set of accounting records that comprise its assets, liabilities, net position, revenues and expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. A description of the Agency's fund type it maintains to account for its financial transactions is as follows:

Proprietary Fund Types - This fund type accounts for operations that are organized to be self-supporting and includes Enterprise Funds.

An enterprise fund is used to account for those operations that are financed and operated in a manner similar to a private business or where the entity has decided that the periodic determination of revenues earned, costs incurred and/or net income is appropriate for management accountability purposes.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Agency's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets, all deferred inflows/outflows, and all liabilities associated with these operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Agency 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. Accordingly, actual results could differ from those estimates. Management currently uses estimates to determine the fair market value of property held for redevelopment and the useful life of depreciable assets.

Cash Equivalents and Investments

The Agency's cash and cash equivalents are considered to be cash on hand, certificates of deposit, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments held by the Agency approximate fair value, which is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties. State statutes authorize the Agency to invest in certain types of investments. These investment vehicles are summarized in Note 3.

Intergovernmental Receivables and Payables

Transactions between the Agency and the City of Jersey City and other City and State of New Jersey (the "State") agencies that are representative of capital allotment/grant award arrangements outstanding at the end of the fiscal year are referred to as intergovernmental receivables.

Amounts owed to the City of Jersey City and other City and State agencies at the end of the year as a result of contractual arrangements are reported as intergovernmental payables.

Mortgage Loans Receivable

The Agency has issued mortgage loans to secure a portion of the project costs on certain renovation and rehabilitation projects within the City.

Restricted Assets

Certain assets are restricted as the result of certain agreements entered into between the Agency and third parties.

Capital Assets

Buildings and improvements and vehicles, and equipment are recorded at cost.

Property held for redevelopment is recorded at acquisition cost or, if donated or contributed, are stated at their estimated fair market value on the date of receipt by the Agency. For properties held for redevelopment where this information is not available, properties are stated at their assessed value as of December 31, 2019.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are expensed.

Major outlays for capital assets are capitalized as projects are constructed or acquired by the Agency. All other costs to place the assets in the intended location and condition for use are capitalized in the value of the asset constructed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Buildings and improvements, vehicles, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings and improvements	50
Vehicles	5
Equipment	3 - 6

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets and liabilities, the statement of financial position reports deferred outflows and inflows of resources. Deferred outflows and inflows of resources represent a decrease or increase of net position that applies to future periods. The Agency reports deferred amounts on net pension liability and other post-employment benefits liabilities. Deferred amounts on net pension and other post-employment benefit liabilities are reported in the Agency-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension and post-employment benefit plans' investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

Project Deposits

Certain monies held by the Agency or third parties on behalf of the Agency in conjunction with a specific project or purpose are reported as project deposits.

Unearned Revenue

Grant funds and related program income, City capital contributions and redeveloper reimbursements received, but not earned at year-end, are reported as deferred revenue.

Compensated Absences

It is the Agency's policy to permit employees to accumulate earned but unused sick leave, compensatory time and vacation benefits. A long-term liability of accumulated sick leave, compensatory time and vacation benefits and salary related payments has been recorded on the statement of net position, representing the Agency's commitment to fund such costs from future operations.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

In the statement of net position, there are three classes of net position:

Net investment in capital assets - consists of capital assets less accumulated depreciation.

Restricted net position **-** reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - any portion of net position not already classified as either net investment in capital assets or net position - restricted is classified as net position - unrestricted.

Net Position Flow Assumption

Sometimes the Agency will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted-net position have been depleted before unrestricted - net position is applied.

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. Operating expenses for enterprise funds include the cost of operations and services, administrative expenses and depreciation on capital assets. The Agency considers transactions pertaining to property held for redevelopment to be operating revenues and expenses since these transactions are connected with its principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Grants received are recognized as revenue when the resources are expended for the purpose specified in the grant agreement. Grant funds received and not yet expended are reported as unearned grant revenues.

Reclassifications

The Agency has also made certain reclassifications to the financial statements for the year ended December 31, 2018.

Recent Accounting Pronouncements

The Agency is currently reviewing the following for applicability and potential impact on the financial statements:

- GASB Statement No. 87. *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

  Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 but have been postponed by 18 months. Earlier application is encouraged.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

- GASB Statement No. 88. *Certain Disclosures Related to Debt, including Borrowings and Direct Placements.* The primary objective of this Statement is to improve the information and is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

  This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

  Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 but have been postponed by one year. Earlier application is encouraged.

- GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

  Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 but have been postponed by one year. Earlier application is encouraged. The Agency believes this Statement may impact the reporting of certain interest payments previously recorded as capital expenditures.

- GASB Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61.* This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units.

  Effective Date: The requirements of this Statement are effective for periods beginning after December 15, 2018 but have been postponed by one year. The Agency does not believe this Statement will have any effect on future financial statements.

- GASB Statement No. 91, *Conduit Debt Obligations*. This Statement establishes a single method of reporting conduit debt obligations by issuers to eliminate diversity in practice.

  Effective Date: The requirements of this Statement are effective for periods beginning after December 15, 2020 but have been postponed by one year.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

- GASB Statement No. 92, *Omnibus 2020*. This Statement addresses a variety of topics and includes specific provisions about the following: (1) the effective date of GASB Statement No. 87, *Leases*, and Implementation Guide 2019-3, *Leases*, reinsurance recoveries, and terminology used to refer to derivative instruments (the requirements of this topic are effective upon issuance); (2) the applicability of GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits; (3) the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements; (4) measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; (5) reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; (6) reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and terminology used to refer to derivative instruments.

  Effective Date: The requirements related to the application of these topics are for fiscal years beginning after June 15, 2020, unless specifically noted to be effective upon issuance, but have been postponed by one year.

- GASB Statement No. 93, *Replacement of Interbank Offered Rates.* This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate.

  Effective Date: The requirements of this Statement, except for paragraph 11b, are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. All requirements have been postponed by one year. Earlier application is encouraged.

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs).

  Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. Earlier application is encouraged.

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

  Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. Earlier application is encouraged.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

  Effective Date: The requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Accounting

The Agency annually prepares an operating budget. The budget is prepared in accordance with the Budget Manual for Local Public Authorities as promulgated by the Division of Local Government Services, which differs in certain respects from accounting principles generally accepted in the United States of America. The budget serves as a plan for expenses and the proposed means for financing them. Unexpended appropriations lapse at year-end.

The annual budget is required to be approved at least sixty days prior to the beginning of the fiscal year. The budget must be approved by the Board and submitted to the Division of Local Government Services, Bureau of Agency regulation for approval prior to adoption. The budget adoption and amendments are recorded in the Agency's minutes.

A five-year capital budget is also required to be prepared. Included within the budget are individual projects along with their estimated cost, completion date and source of funding.

The encumbrance method of accounting is utilized by the Agency for budgetary purposes. Under this method purchase orders, contracts and other commitments for expenditures of resources are recorded to reserve a portion of the applicable budget appropriation.

In accordance with accounting principles generally accepted in the United States of America, outstanding encumbrances at year-end for which goods or services are received, are classified to expenses and accounts payable. All other encumbrances in the annual budgeted funds are reversed at year-end and are either cancelled or are included as re-appropriations of fund equity for the subsequent year. Encumbrances at year-end in funds that are budgeted on a project basis automatically carry forward along with their related appropriations and are not subject to annual cancellations and re-appropriations.

NOTE 3. DEPOSITS AND INVESTMENTS

The Agency considers petty cash, change funds, cash in banks and certificates of deposit as cash and cash equivalents.

Deposits

The Agency'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 Agency is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. GUDPA 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 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, 2019 and 2018, the book value of the Agency's deposits were $26,379,361 and $20,651,986, respectively, and bank balances of the Agency's cash and deposits amounted to $27,316,689 and $22,615,938, respectively. The Agency's deposits which are displayed on the statement of net position as "cash and cash equivalents" are categorized as:

	2019	2018
Restricted	$ 2,201,265	$ 1,915,360
Unrestricted	24,178,096	18,736,626
	$ 26,379,361	$ 20,651,986

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 Agency does not have a formal policy for custodial credit risk. As of December 31, 2019 and 2018, the Agency's bank balances of $2,087,425 and $2,087,425, respectively, were exposed to custodial credit risk.

Investments

The Agency is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5 15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Agency or bonds or other obligations of the school districts which are a part of the Agency or school districts located within the Agency, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with N.J.S.A. 40A:5-15.1 (8a-8e).

As of December 31, 2019 and 2018, the Agency had no investments.

NOTE 4. MORTGAGE LOANS RECEIVABLE

The mortgage loan receivable balances at December 31, 2019 and 2018 consist of mortgage loans on various properties in certain redevelopment areas.

Ocean/Bayview
Issued to New Community Ocean/Bayview Housing Associates, L.P. on December 28, 1989 as a balloon mortgage for $274,000 at an interest rate of 9% and subsequently rolled over in 1991 at an interest rate of 1% for a term of 20 years. The term of this mortgage has been extended to 30 years, maturing on June 10, 2021.

Grove Street 2
Issued to Majestic U.R. LLC on October 15, 2015 for $183,344, with an interest rate of 4.25% per annum. The note provides for monthly payment of principal and interest of $1,135 based on a twenty-year payout. All sums owed on the note are due no later than November 15, 2025.

1 Edward Hart Road
Issued to 1 Edward Hart Road LLC in October 2015 for $250,000 with an interest rate of 3.5%. The note requires monthly payments of interest only up to the earlier of the mortgagee securing permanent financing or October 2017 at which time a lump sum payment of the entire unpaid principal balance will be due. Three six-month extension were subsequently granted and the balance is outstanding is delinquent at time of the audit.

Journal Square
Issued to Kennedy, LLC on June 2, 2003 for $700,000 as a balloon mortgage payable on June 2, 2033 at interest rates of 1% for years one through five, 3% for years six through fifteen, and 5% for years fifteen through thirty.

MLK Drive
Issued to Jackson Green, LLC on May 29, 2013 for $435,600, interest free. Payment shall be made by the borrower upon the sale of each unit for which the mortgage has been issued. The lien of the mortgage shall be released at closing with respect to each unity sold by the borrower, whether or not such sale provided proceeds to be applied to the repayment of the mortgage note.

Liberty Manor
Issued to 28 Liberty Manor Development, LLC on December 23, 2014 for $678,125. Payments shall be made in thirty-one (31) equal installments as each residential condominium unit is sold. Interest at a yearly rate of 2% will be charged on that part of the principal which has not been paid from the issuance date until all principal has been paid. Final payment shall be due on or before the maturity date of November 5, 2016. During 2017, the Agency and the redeveloper agreed to a lump-sum payment of $100,000 on or before January 8, 2018 with the remaining principal and interest accrued thereon paid during 2019.

Ash Street
Issued to Ash Urban Development, LLC on October 19, 2015 for $850,000 at a fixed rate of interest of 1.25% per annum. The borrower shall pay the principal and interest in monthly installments on the first day of each and every month following the completion of remediation. All outstanding principal and interest shall be due and payable fifteen (15) years from the date of issuance of a certificate of completion. During 2019 the redeveloper paid the full principal balance.

Ash Street 2
Issued to Ash Urban Renewal Development, LLC on April 3, 2017 for $630,000 with an interest rate of 2% per annum. The payment of principal and accrued interest shall be due and payable on or before September 3, 2019. During 2019 the redeveloper paid the full principal balance.

Bright & Varick
Issued to Bright and Varick Urban Renewal Company, LLC on January 9, 2019 for $750,000 at an interest rate of 2% per annum. If not sooner paid, the outstanding principal and all accrued interest and unpaid interest is due the earlier of the Borrower's obtaining permanent financing for the project or eighteen months from the closing date on the Property, July 9, 2020.

NOTE 4. MORTGAGE LOANS RECEIVABLE (Continued)

The following is a summary of the Agency's mortgage loans receivable activity for the year ended December 31, 2019:

	Balance December 31, 2018	Issued	Paid	Balance December 31, 2019	Current Portion
Ocean/Bayview	$ 274,000	$ -	$ -	$ 274,000	$ -
Grove Street 2	163,613	-	6,801	156,812	6,494
1 Edward Hart Road	250,000	-	-	250,000	-
Journal Square	700,000	-	-	700,000	-
MLK Drive	435,600	-	-	435,600	-
Liberty Manor	105,020	-	105,020	-	-
Ash Street 1	850,000	-	850,000	-	-
Ash Street 2	630,000	-	630,000	-	-
Bright & Varick	-	750,000	-	750,000	750,000
	$ 3,408,233	$ 750,000	$ 1,591,821	$ 2,566,412	$ 756,494

The following is a summary of the Agency's mortgage loans receivable activity for the year ended December 31, 2018:

	Balance December 31, 2017	Issued	Paid	Balance December 31, 2018	Current Portion
Ocean/Bayview	$ 274,000	$ -	$ -	$ 274,000	$ -
Grove Street 2	170,133	-	6,520	163,613	-
1 Edward Hart Road	250,000	-	-	250,000	-
Journal Square	700,000	-	-	700,000	-
MLK Drive	435,600	-	-	435,600	-
Liberty Manor	478,125	-	373,105	105,020	105,020
Ash Street 1	850,000	-	-	850,000	850,000
Ash Street 2	630,000	-	-	630,000	30,000
	$ 3,787,858	$ -	$ 379,625	$ 3,408,233	$ 985,020

An allowance for doubtful accounts has been established for loans receivable not likely to be collected. At December 31, 2019 and 2018 the allowance for doubtful accounts was $250,000.

NOTE 5. CAPITAL ASSETS

The following is a summary of the Agency's capital assets activity for the year ended December 31, 2019:

	Balance December 31, 2018	Additions	Dispositions	Balance December 31, 2019
Capital assets, not being depreciated:				
Property held for redevelopment	$ 25,679,175	$ -	$ 582,000	$ 25,097,175
Capital assets, being depreciated:				
Buildings and improvements	23,092,400	-	166,000	22,926,400
Vehicles and equipment	80,718	26,087	-	106,805
Total capital assets, being depreciated	23,173,118	26,087	166,000	23,033,205
Less accumulated depreciation for:				
Buildings and improvements	(3,937,417)	(405,660)	(10,721)	(4,332,356)
Vehicles and equipment	(40,092)	(11,703)	-	(51,795)
Total accumulated depreciation	(3,977,509)	(417,363)	(10,721)	(4,384,151)
Total capital assets, being depreciated, net	19,195,609	(391,276)	155,279	18,649,054
Total capital assets, net	$ 44,874,784	$ (391,276)	$ 737,279	$ 43,746,229

The following is a summary of the Agency's capital assets activity for the year ended December 31, 2018:

	Balance December 31, 2017	Additions	Dispositions	Balance December 31, 2018
Capital assets, not being depreciated:				
Property held for redevelopment	$ 14,058,801	$ 11,620,374	$ -	$ 25,679,175
Capital assets, being depreciated:				
Buildings and improvements	23,047,400	45,000	-	23,092,400
Vehicles and equipment	80,718	-	-	80,718
Total capital assets, being depreciated	23,128,118	45,000	-	23,173,118
Less accumulated depreciation for:				
Buildings and improvements	(3,528,567)	(408,850)	-	(3,937,417)
Vehicles and equipment	(29,259)	(10,833)	-	(40,092)
Total accumulated depreciation	(3,557,826)	(419,683)	-	(3,977,509)
Total capital assets, being depreciated, net	19,570,292	(374,683)	-	19,195,609
Total capital assets, net	$ 33,629,093	$ 11,245,691	$ -	$ 44,874,784

On March 27, 1998 the Agency and the City of Jersey City entered into a cooperation agreement for the construction of a community/educational center on property owned by the Agency in Ward E. Under the agreement, the City agreed to issue bonds in the amount of $9,500,000 and provide a grant of that amount solely to finance the construction of the project. The City has permanently financed the project through the issuance of general serial bonds, which have since been refinanced on multiple occasions. The facility was completed during 1999 and the Agency entered into certain leases for the entire facility. Pursuant to the cooperation agreement, the Agency will, to the extent reasonably possible, fully reimburse the City the annual amount needed by the City to pay principal and interest due on the bonds issued by the City to construct the facility from any revenue the Agency receives under its lease of the facility. The Agency has complied with all financial provisions of the cooperation agreement from inception through December 31, 2019. Although the City has refinanced the original bonds, the Agency continues to reimburse the City based on the amortization schedule of the original bonds from any available revenue the Agency receives from leasing or renting the facility.

NOTE 6. NOTE PAYABLE

On May 31, 2018 the Agency issued its $10,000,000 Project Note Series 2018 (Pathside Redevelopment Project) (City Guaranteed) (Tax Exempt) (the "2018 Project Note") to provide funds to (i) finance the acquisition and improvement of an approximately 58,000 square foot building in the City of Jersey City for the purpose of developing a regional museum; (ii) finance costs associated with a museum development consultant; (iii) pay costs and expenses associated with the issuance of the Project Note; and (iii) pay capitalized interest thereon. The 2018 Project Note was issued pursuant the Local Redevelopment and Housing Law and a resolution of the Agency adopted on November 21, 2017, entitled "Resolution of the Board of Commissioners of the Jersey City Redevelopment Agency Authorizing the Issuance of Revenue Bonds, Series 2017 (Tax-Exempt) (Pathside Redevelopment Project) (City Guaranteed), for the acquisition of Block 9501, Lot 22 (25 Pathside)."

The 2018 Project Note is a special, limited obligation of the Agency, secured by a pledge by the Agency of certain funds and accounts, including revenues of the Agency. The 2018 Project Note is also entitled to the benefits of a Subsidy Agreement dated as of April 1, 2018 by and between the Agency and the City. Pursuant to the Subsidy Agreement, the City is obligated to make any required payments to the Agency out of the first funds becoming legally available to the City and to provide the funds for such payments to the Agency, if not otherwise available, from the levy of *ad valorem* taxes upon all the taxable real property in the City without limitation as to rate or amount. Debt service on the 2018 Project Note was due May 30, 2019, in the amounts and at interest rates set forth:

		Interest Rate	Principal	Interest	Total
Series 2018	Tax Exempt	3.000%	$ 10,000,000	$ 300,000	$ 10,300,000

On May 22, 2019 the Agency issued its $10,000,000 Project Note Series 2019 (Pathside Redevelopment Project) (City Guaranteed) (Federally Taxable) (the "2019 Project Note") to provide funds to (i) currently refund, at maturity, the Agency's $10,000,000 Project Note Series 2018; and (ii) pay costs and expenses associated with the issuance of the Project Note. Since the Agency issued the 2018 Project Note, it has acquired title to the facility and engaged the museum development consultant to help develop a museum of regional significance. The museum development consultant is undertaking a process that includes researching regional cultural facilities, identifying potential partners and funding sources for Museum, and making recommendations regarding programming options, concept layouts, stakeholder engagement, necessary capital improvements and project phasing. Debt service on this Project Note was due May 28, 2020, in the amounts and at interest rates set forth:

		Interest Rate	Principal	Interest	Total
Series 2019	Taxable	3.500%	$ 10,000,000	$ 350,000	$ 10,350,000

NOTE 7. EMPLOYEE RETIREMENT SYSTEM

Substantially all full-time Agency employees participate in the Public Employees Retirement System (PERS) which is a multiple employer plan sponsored and administered by the State of New Jersey. The PERS system is a cost-sharing contributory defined benefit public employee retirement system.

The PERS was established in January 1955 under provisions of N.J.S.A. 43:15A and provides coverage to substantially all full time employees of the Agency provided the employee is not a member of another State administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

NOTE 7. EMPLOYEE RETIREMENT SYSTEM (Continued)

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007.
2	Employees eligible for enrollment after June 30, 2007 but before November 2, 2008
3	Employees eligible for enrollment after November 1, 2008 but before May 22, 2010
4	Employees eligible for enrollment after May 21, 2010 but before June 28, 2011
5	Employees eligible for enrollment after June 27, 2011

Service retirement benefits of the 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of their respective tier. 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.

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of several State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The State or local government employers do not appropriate funds to SACT.

The State also administers the Pension Adjustment Fund (PAF) which provides cost of living increases, equal to 60 percent of the change in the average consumer price index, to eligible retirees in all State-sponsored pension systems except SACT. The cost of living increases for PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for that system.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Agency employees who are not eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) - established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain District employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

According to state law, all obligations of PERS will be assumed by the State of New Jersey should the PERS be terminated.

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the PERS. The financial reports may be accessed via the New Jersey Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Contribution Requirements

For DCRP employee contributions are based on percentages of 5.50% 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.

For PERS, the contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in fiscal year 2012. The member contribution increased to the final rate 7.5% on July 1, 2018. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and non-contributory death benefit.

NOTE 7. EMPLOYEE RETIREMENT SYSTEM (Continued)

Contribution Requirements (Continued)

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of all retirement systems.

The Agency's and employees' contributions to PERS normal pension and DCRP for the past three years were as follows:

Year Ending December 31,	Required Contribution PERS	Required Contribution DCRP
2019	$ 141,098	$ -
2018	137,431	3,158
2017	105,607	3,229

Liability

GASB Statement No. 68, *Accounting and Financial Reporting for Pension* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – an amendment of GASB No. 68* require participating employers in pension plans to recognize their proportionate share of their collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions.

At December 31, 2019 and 2018, the Agency's net pension liability for PERS was $2,613,712 and $2,720,429, respectively.

The net pension liability at December 31, 2019 and 2018 was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the Agency's PERS proportion was 0.0145%, which was an increase of 0.0007% from its proportion measured as of June 30, 2018. At June 30, 2018, the Agency's PERS proportion was 0.0138%, which was an increase of 0.0024% from its proportion measured as of June 30, 2017.

For the years ended December 31, 2019 and 2018, the Agency recognized PERS pension expense of $271,795 and $271,466, respectively. At December 31, 2019 and 2018, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and accrual experience	$ 35,367	$ -	$ 37,852	$ -
Changes in assumptions	-	646,222	-	421,567
Net differences between projected and actual investment earnings on pension plan investments	-	41,258	-	25,518
Changes in proportion	524,247	-	518,781	-
Total	$ 559,614	$ 687,480	$ 556,633	$ 447,085

NOTE 7. EMPLOYEE RETIREMENT SYSTEM (Continued)

Liability

Amounts reported at December 31, 2019 as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,		
2021	$	84,559
2022		(91,315)
2023		(105,166)
2024		(11,694)
2025		(4,250)
	$	(127,866)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement:

		July 1, 2018	July 1, 2017
Inflation Rates:			
Inflation			2.25%
Price		2.75%	
Wage		3.25%	
Salary increases:		2.5-6.0%	1.65-4.15%
	Through 2026	based on years of service	based on age
	Thereafter	3.0-7.0% based on years of service	2.65-5.15% based on age
Investment rate of return		7.00%	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Health Male and Female Mortality Tables (set back 1 year for males and females) for service retirement and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Tables (set back 3 years for males and setback 1 year for females).

NOTE 7. EMPLOYEE RETIREMENT SYSTEM (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the July 1, 2017 and 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments 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 long-term expected rate of return by weighing 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 target asset allocations as of June 30, 2019 and 2018 are summarized in the following table:

	2019		2018	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	3.00%	5.51%	5.00%	5.51%
Cash	5.00%	1.00%	5.50%	1.00%
U.S. Treasuries	5.00%	1.87%	3.00%	1.87%
Investment grade credit	10.00%	3.78%	10.00%	3.78%
High yield bonds	2.00%	6.82%	2.50%	6.82%
Private real asset	2.50%	9.31%	2.50%	11.83%
US equities	28.00%	8.26%	30.00%	8.19%
Emerging market equities	6.50%	11.37%	6.50%	11.64%
Private credit	6.00%	7.92%	0.00%	0.00%
Real estate	7.50%	8.33%	0.00%	0.00%
Non-U.S. developed markets equity	12.50%	9.00%	0.00%	0.00%
Private equity	12.00%	10.85%	0.00%	0.00%
Global diversified credit	0.00%	0.00%	5.00%	7.10%
Credit oriented hedge funds	0.00%	0.00%	1.00%	6.60%
Debt related private equity	0.00%	0.00%	2.00%	10.63%
Debt related real estate	0.00%	0.00%	1.00%	6.61%
Equity related real estate	0.00%	0.00%	6.25%	9.23%
Developed foreign equities	0.00%	0.00%	11.50%	9.00%
Buyouts/venture capital	0.00%	0.00%	8.25%	13.08%

NOTE 7. EMPLOYEE RETIREMENT SYSTEM (Continued)

Discount Rate

The discount rates used to measure the total pension liability were 6.28% and 5.66% as of June 30, 2019 and 2018, respectively. These single blend discount rates were based on the long-term expected rate of return on pension plan investments of 7.00% as of June 30, 2018, and 2019 and a municipal bond rate of 3.50% and 3.87% as of June 30, 2019 and 2018,, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rate in the most recent fiscal year. Local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to payments through June 30, 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability at June 30, 2019.

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

The following presents the Agency's proportionate share of the net pension liability as of December 31, 2019 and 2018, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	2019		
	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
Agency's proportionate share of PERS net pension liability	$ 3,301,543	$ 2,613,712	$ 2,034,117

	2018		
	At 1% Decrease (4.66%)	At Current Discount Rate (5.66%)	At 1% Increase (6.66%)
Agency's proportionate share of PERS net pension liability	$ 3,420,626	$ 2,720,429	$ 2,133,008

Pension Plan fiduciary net position

Detailed information about the pension plans' fiduciary net position are available in the separately issued financial reports. These reports may be accessed via the New Jersey Division of Pension and Benefits website at www.state.nj.us/treasury/pensions.

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS PLAN

In addition to the pension benefits, the Agency provides post-retirement health care benefits in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, at its cost. The Agency adopted the provisions of N.J.S.A. 52:14-17:38 and adheres to the rules and regulations promulgated by the State Health Benefits Commission.

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS PLAN (Continued)

Chapter 48, P.L. 1999, provides eligible participating local employers considerable flexibility in managing their post-retirement medical costs. It also brings State Health Benefits Program (SHBP) eligibility standards for employer-paid coverage into alignment with local government laws. Adoption of this resolution does not free the Agency of the obligation to pay for post-retirement medical benefits of retirees or employees who qualified for those payments under any Chapter 88 or Chapter 48 resolution previously adopted by the governing body. The resolution remains in effect until properly amended or revoked with the SHBP. The Agency recognizes that, while it remains in the State Health Benefits Program, it is responsible for providing the payment for post-retirement medical coverage as list for all employees who qualify for this coverage while this resolution is in force.

Plan Description

The Agency contributes to the SHBP, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14- 17.25 et seq., to provide health benefits to State employees, retirees, and their dependents.

Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In order to receive health benefits, retirees must have been enrolled in the pension system for 25 years. All active full-time employees are covered by the SHBP.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295, or by visiting their website www.state.nj.us/treasury/pensions.

Employees who had less than 20 years of creditable service on June 28, 2011 and subsequently retire after accumulating a minimum of 25 years of creditable service are required by Chapter 78, P.L. 2011 to contribute a percentage of the cost of their health care coverage in retirement. The percentage of the premium that will be the responsibility of the retiree is determined based upon the retiree's annual retirement benefit and level of coverage. Chapter 78 retirees opting for single will make contributions that escalate from 4.5% for annual retirement allowance under $20,000 to 35.0% for annual retirement allowances exceeding $110,000 per annum. Chapter 78 retirees opting for family coverage will range from 3.43% for annual retirement allowances under $25,000 per annum to 35.0% for annual retirement allowances exceeding $110,000 per annum.

Cost sharing requirements for retirees are as follows:

1. Any eligible employee who was retired as of June 28, 2011 (effective date of Ch. 78, P.L. 2011) is not required to contribute to the cost of benefits.
2. Active employees who had accrued 25 years of service at June 28, 2011 will not be required to contribute to the costs of benefits upon retirement.
3. Active employees who had accrued 20 years of service at June 28, 2011 will be required to contribute 1.5% of their retirement benefit towards the cost of post-retirement health benefits.
4. Active employees who had not accrued 20 years of service at June 28, 2011 will, upon retirement continue to pay the applicable percentage of health care costs as set forth in the law. However, retiree contributions will be based upon the retirement benefit rather than the active salary.

P.L. 1987, c.384 and P.L. 1990, c. 6 required PERS to fund post-retirement benefits for those State and local employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate funding of post-retirement benefits through PERS. It created separate funds outside of the pension plans for the funding and payment of other post-employment benefits for retired State and local employees.

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS PLAN (Continued)

Plan Description (Continued)

The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits. For additional information about the plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at https://www.state.nj.us/treasury/pensions/financial-reports.shtm.

Funding Situation

The components of the Agency's OPEB liability in the Plan as of December 31, 2019 and 2018, were as follows:

	2019	2018
Total OPEB liability		
Service cost	$ 101,326	$ 138,459
Interest cost	96,691	118,043
Changes of benefit terms	(289)	
Differences between expected and actual experiences	(212,802)	(560,240)
Changes in assumptions	(248,652)	(357,527)
Changes in proportion	(39,634)	3,186,982
Gross benefit payments	(71,472)	(65,136)
Member contributions	6,574	8,340
Net change in total OPEB liability	(368,258)	2,468,921
Total OPEB liability, January 1	2,468,921	-
Total OPEB liability, December 31	$ 2,100,663	$ 2,468,921
Plan fiduciary net position		
Employer contributions	$ 59,325	$ 73,343
Member contributions	6,574	8,340
Net investment income	734	358
Changes in proportion	(780)	32,947
Gross benefit payments	(71,472)	(65,136)
Administrative expenses	(1,441)	(1,267)
Net change in plan fiduciary net position	(7,060)	48,585
Plan fiduciary net position, January 1	48,585	-
Plan fiduciary net position, December 31	$ 41,525	$ 48,585
Net OPEB liability, December 31	$ 2,059,138	$ 2,420,336

At December 31, 2019 and 2018, the Agency had 17 and 16 plan members, respectively, receiving other post-employment benefits.

The net OPEB liability at December 31, 2019 and 2018 was measured as of June 30, 2019 and 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Agency's proportionate share of the net OPEB liability was based on separately calculated OPEB liabilities and further allocated based on the ratio of the plan members relative to the total plan members for the period of measurement. At June 30, 2019, the Agency's proportionate share of the OPEB liability was 0.0152%, which was a decrease of 0.0002% from its proportionate share measured as of June 30, 2018. At June 30, 2018, the Agency's proportionate share of the OPEB liability was 0.0154%, which was an increase of 0.0154% from its proportionate share measured as of June 30, 2017.

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS PLAN (Continued)

Funding Situation (Continued)

For the years ended December 31, 2019 and 2018, the Agency recognized OPEB liability expense of $404,192 and $524,613, respectively. At December 31, 2019 and 2018, the Agency reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and accrual experience	$ -	$ 602,172	$ -	$ 491,415
Changes in assumptions	-	729,713	-	613,950
Net differences between projected and actual investment earnings on pension plan investments	1,696	-	1,279	-
Changes in proportion	2,593,190	-	3,073,152	-
Total	$ 2,594,886	$ 1,331,885	$ 3,074,431	$ 1,105,365

Amounts reported at December 31, 2019 as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in pension expense as follows:

Year Ending December 31,	
2020	$ 206,740
2021	206,740
2022	206,607
2023	206,392
2024	206,196
Thereafter	230,326
	$ 1,263,001

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Other post-employment benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Authority on a monthly basis.

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS PLAN (Continued)

Actuarial Assumptions

The total OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019 The total OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018 These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement:

	2019	2018
Inflation	2.50%	2.50%
Salary Increases*		
2012-2021	1.65% - 8.98% Based on Age	1.65% - 8.98%
Through 2026	-	1.65% - 8.98%
Thereafter	2.65% - 9.98% Based on Age	2.65% - 9.98%

* Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the June 30, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under PERS. The PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate as of June 30, 2019 and 2018 is initially 5.7% and 5.8% and decreases to a 4.5% and 5.0% long-term trend rate after eight and nine years, respectively. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. For self-insured post-65 PPO and HMO medical benefits, the trend rate as of June 30, 2019 and 2018 is 4.5% for all future years. For prescription drug benefits, the initial trend rate as of June 30, 2019 and 2018 is 7.5% and 8.0% decreasing to a 4.5% and 5.0% long-term trend rate after eight years, respectively.

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS PLAN (Continued)

Sensitivity of the Agency's proportionate share of the net OPEB liability to changes in the discount rate.

The following presents the Agency's proportionate share of the net OPEB liability as of December 31, 2019 and 2018, respectively, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	2019		
	At 1% Decrease (2.50%)	At Current Discount Rate (3.50%)	At 1% Increase (4.50%)
Agency's proportionate share of net OPEB liability	$ 2,339,363	$ 2,059,138	$ 1,756,149

	2018		
	At 1% Decrease (2.87%)	At Current Discount Rate (3.87%)	At 1% Increase (4.87%)
Agency's proportionate share of net OPEB liability	$ 2,839,694	$ 2,420,336	$ 2,085,364

Sensitivity of the Agency's proportionate share of the net OPEB liability to changes Healthcare Trend Rate:

The following presents the Agency's proportionate share of the net OPEB liability as of December 31, 2019 and 2018, respectively, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1% lower or 1% higher than the current rate:

	2019		
	1 % Decrease	Healthcare Cost Trend Rate	1% Increase
Agency's proportionate share of net OPEB liability	$ 1,986,538	$ 2,059,138	$ 2,898,879

	2018		
	1 % Decrease	Healthcare Cost Trend Rate	1% Increase
Agency's proportionate share of net OPEB liability	$ 2,018,948	$ 2,420,336	$ 2,939,791

NOTE 9. OTHER LONG-TERM LIABILITIES

Inter-Agency Loan Payable

In 2012 the J Agency entered into a loan agreement with the Hudson County Economic Development Corporation in the amount of $273,000, which was amended to $317,204 during 2013, for the abatement and removal of environmental hazards on certain properties located in Jersey City, New Jersey. This amount represents pass through funds from the United States Environmental Protection Agency's Brownfields Revolving Loan Program which are to be drawn down based on qualified expenditures. As of December 31, 2019 and 2018 the entire loan amount of $317,204 has been drawn down by the Agency. Throughout the term of the loan, a fixed rate of interest of 0.5% per annum will be charged. Interest is due and payable from inception to June 20, 2019 on June 20, 2019. Principal and interest payments in five equal installments commence on June 20, 2019 and will be paid on the first day of each year. All amounts of principal and interest owed will be paid no later than June 20, 2029. The Agency has recorded a loan payable of $317,204 as of December 31, 2019 and 2018.

Compensated Absences

Under the existing policies of the Agency, employees are allowed to accumulate (with certain restrictions) unused sick leave, compensatory time and vacation benefits over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon retirement, termination in good standing or by extended absence immediately preceding retirement. Additionally, employees who meet certain minimum accruals are allowed to receive payments for compensatory and annual leave time in March and October for compensatory time and May for annual leave. It is estimated that the current cost of such unpaid compensation would approximate $294,695 and $416,340 at December 31, 2019 and 2018, respectively. These amounts are accrued as a noncurrent liability at December 31, 2019 and 2018.

NOTE 10. ACCOUNTS RECEIVABLE - PROPERTY HELD FOR REDEVELOPMENT

The Agency sold a Property Held for Redevelopment during 2016 for $4,160,000, including $160,000 for 8 units in excess of the original approval of 300 units. The base purchase price of $4,000,000 will be paid to the Agency as follows:

(a) $500,000 upon the Closing of Title, (b) $1,000,000 upon the commencement of construction of Phase I, (c) $750,000 upon the commencement of construction of Phase II (provided however, if the Project is not phased, $750,000 shall be paid upon commencement of construction of the Project, in addition to the $1,000,000 set forth in (a) above) and (d) $1,750,000 on the earlier to occur of (I) nine (9) months after the issuance of a permanent certificate of occupancy for the Project (or Phase I, if the Project is phased) and (ii) the permanent financing of the Project (or Phase I of the Project, if the Project is phased).

As of December 31, 2019 and 2018, the Agency has closed title on the property and received $660,000 representing the 8 units in excess of the original approval and the $500,000 initial payment on the base purchase price. The balance owed as of December 31, 2019 and 2018 was $0

The Agency sold a Property Held for Redevelopment during 2019 for $1,105,000 for a parcel located at 80 First Street. The purchase price will be paid to the Agency as follows:

(a) $605,000 was paid at closing on August 23, 2019, (b) an additional $250,000 will be paid on August 23, 2020, (c) the final $250,000 will be paid on August 23, 2021. The balance owed as of December 31, 2019 and 2018 was $500,000 and $0, respectively.

NOTE 11. COMMITMENTS AND CONTINGENCIES

State and Federal Grants: The Agency receives grants from the State of New Jersey, the U.S. Government and the City of Jersey City that are generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by the grantors. In addition, these audits could result in the disallowance of costs previously reimbursed and require repayment to the grantor agency. The Agency estimates that no material liabilities will result from these audits.

NOTE 11. COMMITMENTS AND CONTINGENCIES (Continued)

Redeveloper Agreements: The Agency has entered into certain redeveloper agreements whereby the redeveloper is responsible for the payment of any awards of just compensation and any relocation claim awards resulting from the condemnation of real property. The Agency is however primarily liable for these payments if the redeveloper defaults on any payments. At the present time the financial terms of all redeveloper agreements have been met.

Environmental Remediation Liability: Certain of the Agency's redevelopment properties are in the process of being cleared of identified environmental contamination. Costs associated with the clean-up of these sites will be reimbursed by the prior property owners, project redevelopers and State or City agencies. Management believes the Agency's liability, if any, will not be material.

Litigation: The Agency is a defendant in several lawsuits which arose out of the normal course of business and which the Agency's management believes will not have a material impact on the financial statements. These liabilities, if any, not covered by insurance, should not be material in amount.

One Journal Square Partners Urban Renewal Company, LLC et als. vs. Jersey City Redevelopment Agency et als., (the “One Journal Litigation”).

The One Journal Litigation, which was initially filed in the United States District Court for the District of New Jersey last year on June 27, 2018, alleges four contract claims and five claims in connection with 42 U.S.C. § 1983 against the Agency, the City of Jersey City, and the Mayor of Jersey City, all in connection with a proposed redevelopment project located within Journal Square in Jersey City. The plaintiffs seek compensatory damages that they estimate in excess of $300 million, punitive damages, and equitable relief. The Agency believes that the allegations against it set forth in the complaint are unfounded and has been vigorously defending this matter since.

On August 15, 2019, the District Court granted the Agency's motion to dismiss Plaintiffs' Amended Complaint but allowed Plaintiffs thirty (30) days to correct certain deficiencies and re-file their action. On September 6, 2019, Plaintiffs filed a Second Amended Complaint. The Agency believes that the allegations set forth are, again, unfounded. On October 15, 2019, the Agency filed a motion to dismiss the Second Amended Complaint. The motion was returnable and argued December 2, 2019, but the matter was settled in the Spring of 2020.

26-34 Aetna, LLC and 36-44 Aetna, LLC v. Jersey City Redevelopment Agency, et al.

The Agency has been named as a defendant in a complaint filed in the Superior Court of New Jersey, that challenges the Grand Jersey Redevelopment Area designation and all related redevelopment plans, approvals and agreements, under Docket No. HUD-L-1419-19. The complaint was filed by 26-34 Aetna, LLC and 36-44 Aetna, LLC, owners of the properties which are subject to the Grand Jersey Redevelopment Plan. The Agency has responded to this pleading.

The same plaintiffs filed a separate, amended complaint under Docket No. HUD-L-1289- 19, challenging the City Planning Board's February 5, 2019 subdivision approval of the Agency's application to re-subdivide a parcel in the same Redevelopment Area. While the Agency was not initially named a defendant, it subsequently obtained permission from the Court to intervene so as to properly represent the Agency's interests. These matters have been consolidated by the Court, but the matter was settled in December 2019.

8 Erie Street JC, LLC v. City of Jersey City, et al.

This matter is pending in federal District Court in Newark. 8 Erie Street, JC, LLC is a redeveloper whose claim is that the Jersey City defendants targeted its development with selective zoning. While the Agency is a named defendant, it is not the target of the litigation. The Agency had filed a motion to dismiss plaintiff’s complaint. Thereafter, settlement negotiations between 8 Erie Street and the City seemed promising, and in consequence the pending motions were withdrawn. Unfortunately, however, settlement negotiations just fell apart, and the defendants will be reinstating their motions to dismiss the case during the week of October 21, 2019. At this stage, a majority of the claims as to the Agency have been dismissed. The Agency anticipates filing a motion for summary judgment to dispose of the balance of the remaining claims once discovery is complete. While the outcome of litigation is never a guarantee, it is anticipated that no contribution is expected from the Agency as to any adverse judgment.

NOTE 11. COMMITMENTS AND CONTINGENCIES (Continued)

Statute of Liberty Harbor North Redevelopment Urban Renewal, LLC Bankruptcy Litigation

On November 1, 2000, the Agency entered into a Redevelopment Agreement ("SOL RDA") with Statute of Liberty Harbor North Redevelopment Urban Renewal, LLC ("SOL"). SOL filed a Chapter 11 bankruptcy proceeding on October 24, 2019, Case No. 19-30106, in the United States Bankruptcy Court for the District of New Jersey. The Agency was listed as a creditor in SOL's bankruptcy proceeding. The Agency entered an appearance in that action and filed motions in the case to enforce the Agency's rights under the SOL RDA.

On January 6, 2021, the Agency filed a Complaint against SOL in the Superior Court of New Jersey, Hudson County vicinage at Docket No. HUD-L-45-21 alleging breach of the SOL RDA, breach of the implied covenant of good faith and fair dealing, promissory estoppel and reverter ("SOL Litigation"). On January 7, 2021, EFM Transfer Agent, LLC ("EFM"), SOL's lender, conducted a sheriff sale of the subject property and was the successful bidder. On March 30, 2021, the Bankruptcy Court entered an order dismissing the SOL bankruptcy proceeding. On April 9, 2021, the Agency filed an Amended Complaint, naming EFM as defendant as it related to the reverter cause of action in the SOL Litigation. On May 3, 2021, SOL filed a Counterclaim, alleging a breach of the implied covenant of good faith and fair dealing against the Agency, and asserting damages in excess of $30 million. The Agency intends to vigorously defend again the Counterclaim, as we believe it is frivolous. The purported damages are based upon the anticipated value of the property if properly developed, a measure of damages which is speculative.

NOTE 12. RISK MANAGEMENT

The Agency is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency has obtained insurance coverage to guard against these events which will provide minimum exposure to the Agency 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 in any of the prior three years.

NOTE 13. CONDUIT DEBT OBLIGATIONS

The Agency has received approval to issue debt on behalf of third-parties entities. The Agency has no obligation for the debt beyond the resources provided by the related trust indenture and funding agreements and, accordingly, the debt is not reflected as a liability in the accompanying financial statements.

The Agency's conduit debt activity for the years ended December 31, 2019 and 2018 were as follows:

Series 2015 Redevelopment Area Bonds - Forest City PEP-I

The Agency was granted approval during 2015 to issue $20,000,000 of redevelopment area bonds for Forest City redevelopment projects.

On November 6, 2015, the Agency issued $10,000,000 of federally taxable Redevelopment Area Bonds. The bonds have a final maturity date of September 15, 2040 and bear interest at a rate of 7% per annum. The entire principal amount of this bond shall be drawn down by December 31, 2016. Principal payments are due and payable on September 15 of each year, commencing in 2018. Interest payments are due and payable on March 15 and September 15 of each year, commencing in 2018. The balance at December 31, 2019 was $9,612,2090. The obligation to make the payments of the principal of and interest on the bonds shall be secured by the pledge by the City of Jersey City of the pledged annual service charge, as stated in the financial agreement, dated September 9, 2015, governing payments made to the City in lieu of real estate taxes. These bonds were issued to (I) fund certain costs of Phase 1A of the redevelopment plan for the Harismus Cove Redevelopment Area; and (ii) pay certain costs incidental to the issuance and sale of the bonds, together with other costs permitted by the Local Redevelopment and Housing Law. As of December 31, 2019, the remaining authorization of $10,000,000 has not been issued.

NOTE 13. CONDUIT DEBT OBLIGATIONS (Continued)

Series 2016 Redevelopment Area Bonds - Journal Square Project

The Agency was granted approval during 2013 to issue $10,000,000 of redevelopment area bonds for Journal Square redevelopment projects.

On January 28, 2016, the Agency issued $10,000,000 of federally taxable redevelopment area bonds. The bonds have a final maturity date of September 1, 2042 and bear interest at a rate of 7% per annum. Principal and interest shall be payable on each March 1, June 1, September 1, and December 1, commencing March 1, 2016. The balance at December 31, 2019 was $9,290,037. The Bonds are special limited obligations of the Agency payable solely from amounts pledged therefore under a Trust Indenture Agreement, dated January 28, 2016, including payments of pledged annual service charges pursuant to financial agreements between the City and redeveloper. These bonds were issued to finance a portion of certain public and private improvements in the Journal Square Redevelopment Area.

Series 2019 Redevelopment Area Bonds – PH Urban Renewal LLC Project

The Agency was granted approval during 2019 to issue $1,000,000 of redevelopment area bonds for Paulus Hook redevelopment projects.

On December 12, 2019, the Agency issued $999,920 of federally taxable redevelopment area bonds. The bonds have a final maturity date of February 1, 2047 and bear interest at a rate of 7% per annum. Principal and interest shall be payable on each February 1, May 1, August 1, and November 1, commencing May 1, 2022. The balance at December 31, 2019 was $999,920. The obligation to make the payments of the principal of and interest on the bonds shall be secured by the pledge by the City of Jersey City of the pledged annual service charge, as stated in the financial agreement, dated February 1, 2017, governing payments made to the City in lieu of real estate taxes. These bonds were issued to (i) fund certain costs of the Redevelopment Project; and (ii) pay certain costs incidental to the issuance and sale of the bonds, together with other costs permitted by the Local Redevelopment and Housing Law.

NOTE 14. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The Agency corrected application of the provisions of GASB Statement No. 72, Fair Value Measurements and Application, to report properties held for sale at cost of acquisition or the City's carrying value when transferred from the City of Jersey City, instead of at fair value. This correction resulted in the restatement of the 2018 financial statements with a prior period adjustment to net position of $32,085,341 to reverse unrealized gains previously recognized in 2017; an additional gain on sale of property of $8,108,741; and a net reduction in property held for sale development and net investment in capital assets of $23,975,600.

The Agency also restated the 2018 financial statements to correct the error in reporting gain on sale of property as net of proceeds provided to the City of Jersey City instead of separately. This correction resulted in an additional gain on sale of property of $3,500,000 and nonoperating expense for sale proceeds provided to City of Jersey City for the same amount.

NOTE 15. SUBSEQUENT EVENTS

The Agency has evaluated subsequent events through May 11, 2021, the date which the financial statements were available to be issued and no items, other than those already included in note 11, commitments and contingencies, have come to the attention of the Agency that would require disclosure, except for the following:

COVID-19 State of Emergency

On January 31, 2020, the United States Department of Health and Human Services Secretary declared a public health emergency for the United States in response to COVID-19 pandemic. On March 9, 2020, the Governor of the State of New Jersey issued Executive Order No. 103 (the "Order") declaring a State of Emergency and Public Health Emergency across all 21 counties in New Jersey. The Governor's Order has been subsequently extended and restrictions are continuously being eased and tightened. Significant uncertainty remains with the ongoing impact of the COVID-19 state of emergency that cannot be reasonably estimated.

NOTE 15. SUBSEQUENT EVENTS (Continued)

Note Payable

On May 20, 2020 the Agency issued its $10,000,000 Project Note Series 2020 (Pathside Redevelopment Project) (City Guaranteed) (Federally Taxable) (the "2020 Project Note") to provide funds to (i) currently refund, at maturity, the Agency's $10,000,000 Project Note Series 2019; and (ii) pay costs and expenses associated with the issuance of the Project Note. The Project Notes Series 2019 were issued to refund the original Project Notes Series 2018. Debt service on this Project Note was due May 27, 2021, in the amounts and at interest rates set forth:

		Interest Rate	Principal	Interest	Total
Series 2020	Taxable	3.000%	$ 10,000,000	$ 300,000	$ 10,300,000

JERSEY CITY REDEVELOPMENT AGENCY
SCHEDULES OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST SEVEN FISCAL YEARS

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Agency's proportion of the net pension liability	0.01451%	0.01380%	0.01140%	0.01210%	0.00941%	0.01103%	0.01068%
Agency's proportionate share of the net pension liability	$ 2,613,712	$ 2,720,429	$ 2,653,692	$ 3,583,017	$ 2,113,773	$ 2,065,692	$ 2,041,703
Agency's covered-employee payroll	$ 1,082,063	$ 1,129,791	$ 976,916	$ 720,778	$ 649,719	$ 763,045	$ 737,115
Agency's proportionate share of the net pension liability as a percentage of its covered-employee payroll	241.55%	240.79%	271.64%	497.10%	325.34%	270.72%	276.99%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a 10-year trend is compiled, the Agency will only present information for those years for which information is available.

JERSEY CITY REDEVELOPMENT AGENCY
SCHEDULES OF THE AGENCY'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST SEVEN FISCAL YEARS

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Contractually required contribution	$ 105,607	$ 105,607	$ 105,607	$ 107,475	$ 80,955	$ 90,955	$ 80,493
Contributions in relation to the contractually required contribution	105,607	105,607	105,607	107,475	80,955	90,955	80,493
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Agency's covered-employee payroll	$ 1,082,063	$ 1,129,791	$ 976,916	$ 720,778	$ 649,719	$ 763,045	$ 737,115
Contributions as a percentage of covered-employee payroll	9.76%	9.35%	10.81%	14.91%	12.46%	11.92%	10.92%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a 10-year trend is compiled, the Agency will only present information for those years for which information is available.

JERSEY CITY REDEVELOPMENT AGENCY
SCHEDULES OF CHANGES IN OPEB LIABILITY ATTRIBUTABLE TO THE AGENCY AND RELATED RATIOS
STATE HEALTH BENEFITS RETIRED EMPLOYEES OPEB PLAN
LAST THREE FISCAL YEARS

	June 30, 2019	June 30, 2018	June 30, 2017 [1]
Total OPEB liability			
Service cost	$ 138,459	$ 138,459	$ -
Interest cost	118,043	118,043	-
Differences between expected and actual experiences	(560,240)	(560,240)	-
Changes in assumptions	(357,527)	(357,527)	-
Changes in proportion	3,186,982	3,186,982	-
Gross benefit payments	(65,136)	(65,136)	-
Member contributions	8,340	8,340	-
Net change in total OPEB liability	2,468,921	2,468,921	-
Total OPEB liability, July 1	-	-	-
Total OPEB liability, June 30	$ 2,468,921	$ 2,468,921	$ -
Plan fiduciary net position			
Employer contributions	73,343	73,343	-
Member contributions	8,340	8,340	-
Net investment income	358	358	-
Changes in proportion	32,947	32,947	-
Gross benefit payments	(65,136)	(65,136)	-
Administrative expenses	(1,267)	(1,267)	-
Net change in plan fiduciary net position	48,585	48,585	-
Plan fiduciary net position, July 1	-	-	-
Plan fiduciary net position, June 30	$ 48,585	$ 48,585	$ -
Net OPEB liability, June 30	$ 2,420,336	$ 2,420,336	$ -
Agency's covered-employee payroll	$ 976,916	$ 976,916	$ -
Agency's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	247.75%	247.75%	0%
Plan fiduciary net position as a percentage of the total OPEB liability	1.97%	1.97%	0%

Note: Not assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a 10-year trend is compiled, the Agency will only present information for those years for which information is available.

	Public Employees' Retirement System (PERS)	State Health Benefits Local Government Other Post-Employment Benefits (OPEB) Plan
Change in benefits	None	None
Change in assumptions:		
Discount rate:		
As of June 30, 2019	6.28%	3.50%
As of June 30, 2018	5.66%	3.87%
Municipal bond rate:		
As of June 30, 2019	3.50%	3.50%
As of June 30, 2018	3.87%	3.87%
Inflation rate:		
As of June 30, 2019	2.75%	2.50%
As of June 30, 2018	2.25%	2.50%
Long-term expected rate of return on pension plan investments:		
As of June 30, 2019	7.00%	Not Applicable
As of June 30, 2018	7.00%	Not Applicable

Method and assumptions used in calculations of employer's actuarially determined contributions The actuarially determined contributions are calculated as of July 1 preceding the fiscal year in which the contributions are reported. Unless otherwise noted above, the following actuarial methods and assumptions were used to determine rates in the schedule of employer contributions.

Contributions: Contributions reported on the schedule of Agency Contributions represent actual contributions by the Agency including contributions to the Non-Contributory Group Insurance Premium Fund.

JERSEY CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Jersey City)

GOVERNMENT AUDITING STANDARDS SECTION

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

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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 Chairman and
Members of the Board of Commissioners
Jersey City Redevelopment Agency
Jersey City, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Jersey City Redevelopment Agency (the "Agency"), a component unit of the City of Jersey City, New Jersey, as of and for the year ended December 31, 2019, and related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated May 11, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatements, 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* and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

The purpose of this report is intended 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* and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Donohue, Gironda, Doria & Tomkins LLC

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants

Bayonne, New Jersey
May 11, 2021

JERSEY CITY REDEVELOPMENT AGENCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Cash Received	Expenditures	Cumulative Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Passed-Through City of Jersey City					
Community Development Block Grant:					
Berry Lane Park - Pavilion	14.218	Not Available	$ -	$ (571,647)	$ (571,647)
Total U.S. Department of Housing and Urban Development			-	(571,647)	
U.S. ENVIRONMENTAL PROTECTION AGENCY					
Brownfields Assessment and Cleanup:					
Brownfield Revolving Loan - Ash Street	66.818	BF97207100	817	183	(964,006)
Hazardous Assessment	66.818	BF97207200	26,691	(11,594)	(44,656)
Petroleum Assessment	66.818	BF96274700	8,827	(12,924)	(18,022)
2019 Multipurpose	66.818	BF96274900	-	(4,853)	(4,853)
441-457 Ocean Avenue	66.818	BP97203812	24,223	(12,862)	(210,262)
Grand Jersey BDA	66.818	BP97207200	5,681	(7,208)	(141,283)
City-Wide Hazardous Assessment	66.818	BP96294600	6,890	286	(101,684)
			73,129	(48,972)	
Total U.S. Environmental Protection Agency			73,129	(48,972)	
Total Federal Awards			$ 73,129	$ (620,619)	

See Accompanying Notes to Schedules of Federal Awards and State Financial Assistance

JERSEY CITY REDEVELOPMENT AGENCY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

State Grantor/Pass Through Grantor/Program Title	Grant or State Program Number	Cash Received	Expenditures	Cumulative Expenditures
NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION				
Passed-Through New Jersey Economic Development Authority				
Hazardous Discharge Site Remediation Grants:				
Grant Cleaner	P42679	$ -	$ 17,204	$ (93,733)
Berry Lane Park	P42680	-	(1,167)	(93,733)
Berry Lane Park	P42787	-	(5,796)	(32,884)
Berry Lane Park	Not Available	-	(36,147)	(36,147)
		-	(25,906)	
Green Acres Program:				
Green Acres Diversion Program	Not Available	-	(6,674)	(6,674)
Total New Jersey Department of Environmental Protection		-	(32,580)	
Total State Financial Assistance		$ -	$ (32,580)	

See Accompanying Notes to Schedules of Federal Awards and State Financial Assistance

JERSEY CITY REDEVELOPMENT AGENCY
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1. GENERAL

The Jersey City Redevelopment Agency is the prime sponsor of certain programs and recipient of various federal and state grant funds. The Agency has the responsibility to administer grant programs and report to grantor agencies. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are in included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the accrual basis of accounting. This basis of accounting is described in Note 1 of the Agency's basic financial statements. The information in these schedules is presented in accordance with the requirements of and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. INDIRECT COST RATE

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

NOTE 4. FUNDS PASSED THROUGH TO SUBRECIPIENTS

The Agency did not pass through any federal awards to subrecipients.

NOTE 4. CONTINGENCIES

Each of the grantor agencies reserves the right to conduct additional audits of the Agency's grant programs for economy, efficiency and program results. However, Agency management does not believe such audits would result in material amounts of disallowed costs.

(This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to financial statements that are required to be reported in accordance with Chapter 5.18-5.20 of *Government Auditing Standards*.)

No matters were reported.

JERSEY CITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Jersey City)

SUPPLEMENTARY INFORMATION

JERSEY CITY REDEVELOPMENT AGENCY
SCHEDULE OF OPERATING REVENUE AND COSTS FUNDED BY OPERATING REVENUE
COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR 2018

REVENUES	2019 Budget	2019 Actual	Variance	2018 Actual
Revenues anticipated:				
Development fees	$ 850,000	$ 3,672,568	$ 2,822,568	$ 2,562,714
Rent/user fees	250,000	755,007	505,007	703,947
Federal sources:				
Community Development Block Grant	-	571,647	571,647	22,592
Environmental Protection Agency	-	48,972	48,972	166,991
State sources:				
Hazardous Discharge Site Remediation	-	25,906	25,906	-
Green Acres	-	6,674	6,674	232,008
Local sources:				
Hudson County Open Space	500,000	326,487	(173,513)	-
Jersey City Capital Projects Fund	-	1,004	1,004	125,561
Property sales, net of provided to City				
Jersey City	500,000	3,008,258	2,508,258	7,991,854
Miscellaneous other income	100,000	522,768	422,768	266,490
Non-operating revenues:				
Interest on investments and deposits	125,000	612,502	487,502	444,658
Total revenues	2,325,000	9,551,793	7,226,793	12,516,815
APPROPRIATIONS				
Operating appropriations:				
Administration:				
Salaries and wages	1,300,000	1,341,537	41,537	1,205,532
Fringe benefits	532,000	187,459	(344,541)	411,569
Other expenses	743,000	506,257	(236,743)	485,249
Total administration	2,575,000	2,035,253	(539,747)	2,102,350
Cost of providing services:				
Other expenses	500,000	5,748,191	5,248,191	4,740,359
Total operating appropriations	3,075,000	7,783,444	4,708,444	6,842,709
Non-operating appropriations:				
Bond anticipation note interest	-	329,167	329,167	175,000
Total non-operating appropriations	-	329,167	329,167	175,000
Total appropriations	3,075,000	8,112,611	5,037,611	7,017,709
Less: unrestricted net position utilized	(750,000)	(900,000)	(150,000)	(900,000)
Net total appropriations	2,325,000	7,212,611	4,887,611	6,117,709
Total surplus (deficit)	$ -	2,339,182	$ 2,339,182	6,399,106
Reconciliation to GAAP Basis:				
Depreciation		(417,363)		(419,683)
Pension expense		(269,155)		(257,986)
Other post-employment benefits expense		(344,867)		(451,270)
Unrestricted net position utilized		(900,000)		(900,000)
Net change in net position - GAAP basis		$ 407,797		$ 4,370,167

JERSEY CITY REDEVELOPMENT AGENCY
COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

Comment 1:
Escrow balances are not being maintained in accordance with the applicable requirements of N.J.S.A. 40:55D, "Municipal Land Use Law."

Recommendation:
Escrow balances should be maintained in accordance with all applicable laws and statutes.