

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

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**  
With Independent Auditor's Report

FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019



**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, 2020 AND 2019**

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**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, 2020**

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, 2020:

| <u>Name</u>      | <u>Position</u> | <u>Term Expires</u> |
|------------------|-----------------|---------------------|
| 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*

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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, 2020 and 2019, 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, 2020 and 2019, 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 evaluated and determined various grant receivable and unearned grant revenue balances originating in prior periods were not rights or obligations of Agency. The grant balances were written-off with a prior period adjustment increasing net position \$1,836,842. Our opinion is not modified with respect to this matter.

### *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 February 17, 2022, 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.

A handwritten signature in cursive script that reads "Donohue, Gironde, Doria & Tomkins LLC".

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

Bayonne, New Jersey  
February 17, 2022



**JERSEY CITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Jersey City)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020, 2019, and 2018. 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.

**2020 FINANCIAL HIGHLIGHTS**

Cash and investments decreased by \$4,527,403 (17.16%) to \$21,851,958 in 2020 from \$26,379,361 in 2019 and total current assets decreased by \$5,653,938 (17.63%) to \$26,409,970 in 2020 from \$32,063,908 in 2019.

Bond anticipation notes remained at \$10,000,000 in 2020 from 2019.

Other liabilities increased by \$626,988 (11.86%) to \$5,911,737 in 2020 from \$5,284,749 in 2019.

Operating revenues decreased by \$2,044,018 (41.29%) to \$2,906,325 in 2020 from \$4,950,343 in 2019.

Operating expenses increased by \$377,152 (4.81%) to \$8,211,291 in 2020 from \$7,834,139 in 2019.

Loss from operations increased by \$2,421,170 (83.96%) to \$5,304,966 in 2020 from \$2,883,796 in 2019 and the change in net position amounted to a decrease of -\$15,065,555 in 2020 compared to an increase of \$407,797 in 2019.

**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 decreased by \$0 to \$10,000,000 in 2019 from \$10,000,000 in 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.

**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.

**JERSEY CITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Jersey City)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**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, 2020, 2019, and 2018:

|   | 2020                 | 2019                 | 2018                 |
|---|----------------------|----------------------|----------------------|
| Current assets (excluding mortgage loan receivable)   | \$ 26,409,970        | \$ 32,063,908        | \$ 24,824,485        |
| Capital assets  | 32,248,157           | 43,746,229           | 44,874,784           |
| Non-current assets:                                   |                      |                      |                      |
| Mortgage loans receivable                             | 1,559,315            | 2,316,412            | 3,158,233            |
| Accrued interest - mortgage loans receivable          | -                    | -                    | 30,836               |
| Accounts receivable - property held for redevelopment | 2,000,000            | 2,250,000            | 1,750,000            |
| Total assets  | <u>62,217,442</u>    | <u>80,376,549</u>    | <u>74,638,338</u>    |
| Deferred outflows from resources                      | <u>2,927,703</u>     | <u>3,154,500</u>     | <u>3,920,361</u>     |
| Current liabilities (excluding note and loan payable) | 10,600,001           | 15,979,624           | 11,003,129           |
| Bond anticipation note payable                        | 10,000,000           | 10,000,000           | 10,000,000           |
| Inter-agency loan payable                             | 206,059              | 317,204              | 317,204              |
| Compensated absences liability                        | 361,028              | 294,695              | 416,340              |
| Net pension liability                                 | 2,416,660            | 2,613,712            | 2,720,429            |
| Net OPEB liability                                    | 2,927,990            | 2,059,138            | 2,420,336            |
| Total liabilities                                     | <u>26,511,738</u>    | <u>31,264,373</u>    | <u>26,877,438</u>    |
| Deferred inflows of resources                         | <u>1,614,809</u>     | <u>2,019,365</u>     | <u>1,841,747</u>     |
| Net position:   |                      |                      |                      |
| Net investment in capital assets                      | 32,248,157           | 43,746,229           | 44,874,784           |
| Unrestricted  | 4,770,441            | 6,501,082            | 4,964,730            |
| Total net position                                    | <u>\$ 37,018,598</u> | <u>\$ 50,247,311</u> | <u>\$ 49,839,514</u> |

Capital assets decreased in 2020 due to the sale of building and equipment with a depreciated value of \$11,076,361 for a loss of \$2,684,769. Of the \$8,391,592 in proceeds from the sale, \$7,000,000 was provided to the City of Jersey City. Liabilities decreased in 2020 due to realized and written-off unearned grant revenues totaling \$5,418,934.

Capital assets decreased in 2019 due to sale of property held for redevelopment 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.

**JERSEY CITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Jersey City)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**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, 2020, 2019, and 2018:

|   | <u>2020</u>          | <u>2019</u>       | <u>2018</u>          |
|---|----------------------|-------------------|----------------------|
| Operating revenues                      | \$ 2,906,325         | \$ 4,950,343      | \$ 3,533,151         |
| Operating expenses                      | <u>8,211,291</u>     | <u>7,834,139</u>  | <u>7,424,496</u>     |
| (Loss) from operations                  | (5,304,966)          | (2,883,796)       | (3,891,345)          |
| Non-operating revenues (expenses) - net | <u>(9,760,589)</u>   | <u>3,291,593</u>  | <u>8,261,512</u>     |
| Change in net position                  | (15,065,555)         | 407,797           | 4,370,167            |
| Net position, January 1                 | 50,247,311           | 49,839,514        | 45,469,347           |
| Prior year adjustments                  | <u>1,836,842</u>     | -                 | -                    |
| Net position, December 31               | <u>\$ 37,018,598</u> | <u>50,247,311</u> | <u>\$ 49,839,514</u> |

Non-operating revenues (expenses) decreased in 2020 due to the sale of building and equipment for a loss of \$2,684,769 and \$7,000,000 of sale proceeds were provided to the City of Jersey City; compared to 2019 when a sale of property held for redevelopment was sold for a gain of \$10,008,258 of which \$7,000,000 was provided to the City of Jersey City.

**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 \$32,402,585, \$48,130,380, and \$48,852,293 at December 31, 2020, 2019, and 2018, respectively. Accumulated depreciation amounted to \$154,428, \$4,384,151 and \$3,977,509 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 and 2020.

**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.

**JERSEY CITY REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Jersey City)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**BUDGETARY HIGHLIGHTS (Continued)**

The following table summarizes the budget versus actual for the year ended December 31, 2020:

|  | <u>Budget</u>    | <u>Actual</u>          | <u>Variance</u>      |
|--|------------------|------------------------|----------------------|
| Revenues:                                |                  |                        |                      |
| Operating revenues                       | \$ 6,055,000     | \$ (3,559,278)         | \$ 9,614,278         |
| Non-operating expenses                   | <u>250,000</u>   | <u>245,013</u>         | <u>4,987</u>         |
| Total revenues                           | 6,305,000        | (3,314,265)            | 9,619,265            |
| Appropriations:                          |                  |                        |                      |
| Operating appropriations                 |                  |                        |                      |
| Administration                           | 2,521,500        | 1,984,605              | 536,895              |
| Cost of providing services               | 4,000,000        | 8,387,881              | (4,387,881)          |
| Non-operating appropriations             | <u>350,000</u>   | <u>320,833</u>         | <u>29,167</u>        |
| Total appropriations                     | 6,871,500        | 10,693,319             | (3,821,819)          |
| Less: unrestricted net position utilized | <u>(566,500)</u> | <u>(566,500)</u>       | <u>-</u>             |
| Net total appropriations                 | <u>6,305,000</u> | <u>10,126,819</u>      | <u>(3,821,819)</u>   |
| Total surplus                            | <u>\$ -</u>      | <u>\$ (13,441,084)</u> | <u>\$ 13,441,084</u> |

Actual operating revenues exhibit a negative due to the sale of building and equipment for a loss of \$2,684,769 and \$7,000,000 in proceeds from the sale provided to the City of Jersey City. Actual operating expenses exhibit substantially greater amounts than budgeted because they include developer reimbursed expenses and grant expenses that are difficult to budget in correct period when related to construction projects that are over several years.

**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](http://www.jcra.org).

**JERSEY CITY REDEVELOPMENT AGENCY  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2020 AND 2019**

|   | <u>2020</u>       | <u>2019</u>        |
|---|-------------------|--------------------|
| <b>ASSETS</b>   |                   |                    |
| Current assets:                                       |                   |                    |
| Unrestricted assets:                                  |                   |                    |
| Cash and cash equivalents                             | \$ 18,315,833     | \$ 24,178,096      |
| Accounts receivable                                   | 155,000           | 155,000            |
| Current portion of mortgages loans receivable         | 7,097             | 756,494            |
| Total unrestricted current assets                     | <u>18,477,930</u> | <u>25,089,590</u>  |
| Restricted assets:                                    |                   |                    |
| Restricted cash and cash equivalents                  | 3,536,125         | 2,201,265          |
| Grants receivable                                     | 1,494,861         | 3,229,864          |
| Developers escrow                                     | 2,908,151         | 2,299,683          |
| Project deposits                                      | -                 | -                  |
| Total restricted assets                               | <u>7,939,137</u>  | <u>7,730,812</u>   |
| Total current assets                                  | <u>26,417,067</u> | <u>32,820,402</u>  |
| Capital assets, net:                                  |                   |                    |
| Non-depreciable:                                      |                   |                    |
| Property held for redevelopment                       | 25,097,175        | 25,097,175         |
| Depreciable, net:                                     |                   |                    |
| Buildings and improvements                            | 7,269,900         | 22,926,400         |
| Vehicles and equipment                                | 35,510            | 106,805            |
| Less: accumulated depreciation                        | <u>(154,428)</u>  | <u>(4,384,151)</u> |
| Total depreciable, net                                | <u>7,150,982</u>  | <u>18,649,054</u>  |
| Total capital assets, net                             | <u>32,248,157</u> | <u>43,746,229</u>  |
| Other noncurrent assets:                              |                   |                    |
| Mortgage loans receivable                             | 1,802,218         | 1,809,918          |
| Less: allowance for doubtful accounts                 | (250,000)         | (250,000)          |
| Accounts receivable - property held for redevelopment | 2,000,000         | 2,250,000          |
| Special Assessment Receivable                         | <u>2,900,000</u>  | <u>-</u>           |
| Total other noncurrent assets                         | <u>6,452,218</u>  | <u>3,809,918</u>   |
| Total assets  | <u>65,117,442</u> | <u>80,376,549</u>  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                 |                   |                    |
| Deferred pension liability outflows                   | 539,215           | 559,614            |
| Deferred OPEB liability outflows                      | <u>2,388,488</u>  | <u>2,594,886</u>   |
| Total deferred outflows of resources                  | <u>2,927,703</u>  | <u>3,154,500</u>   |

**JERSEY CITY REDEVELOPMENT AGENCY**  
**STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2020 AND 2019**

|                                      | <u>2020</u>          | <u>2019</u>          |
|--------------------------------------|----------------------|----------------------|
| <b>LIABILITIES</b>                   |                      |                      |
| Current liabilities:                 |                      |                      |
| Payable from unrestricted assets:    |                      |                      |
| Accounts payable                     | \$ 628,386           | \$ 449,080           |
| Payroll liabilities                  | 19,634               | 18,580               |
| Redeveloper contracts payable        | 115,055              | 115,055              |
| Due to the City of Jersey City       | 1,767,706            | 3,826,372            |
| Accrued interest payable             | 175,000              | 204,167              |
| Bond anticipation note payable       | 10,000,000           | 10,000,000           |
| Payable from restricted liabilities: |                      |                      |
| Accounts payable                     | 47,485               | 44,029               |
| Developers escrow                    | 5,332,982            | 3,404,654            |
| Project deposits                     | 1,111,294            | 1,096,294            |
| Unearned grant revenues              | 1,402,459            | 6,821,393            |
| Total current liabilities            | <u>20,600,001</u>    | <u>25,979,624</u>    |
| Noncurrent liabilities:              |                      |                      |
| Inter-agency loan payable            | 206,059              | 317,204              |
| Special Assessment Bonds Payable     | 2,900,000            | -                    |
| Compensated absences payable         | 361,028              | 294,695              |
| Net pension liability                | 2,416,660            | 2,613,712            |
| Net OPEB liability                   | 2,927,990            | 2,059,138            |
| Total noncurrent liabilities         | <u>8,811,737</u>     | <u>5,284,749</u>     |
| Total liabilities                    | <u>29,411,738</u>    | <u>31,264,373</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b> |                      |                      |
| Deferred pension liability inflows   | 933,479              | 687,480              |
| Deferred OPEB liability inflows      | 681,330              | 1,331,885            |
|                                      | <u>1,614,809</u>     | <u>2,019,365</u>     |
| <b>NET POSITION</b>                  |                      |                      |
| Investment in capital assets         | 32,248,157           | 43,746,229           |
| Unrestricted                         | 4,770,441            | 6,501,082            |
| Total net position                   | <u>\$ 37,018,598</u> | <u>\$ 50,247,311</u> |

**JERSEY CITY REDEVELOPMENT AGENCY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

|   | 2020          | 2019          |
|---|---------------|---------------|
| <b>OPERATING REVENUES</b>               |               |               |
| Redeveloper fees                        | \$ 1,328,030  | \$ 825,978    |
| Redeveloper reimbursements              | 1,212,538     | 2,846,590     |
| Miscellaneous                           | 365,757       | 1,277,775     |
| Total operating revenue                 | 2,906,325     | 4,950,343     |
| <b>OPERATING EXPENSES</b>               |               |               |
| Salaries and wages                      | 1,194,921     | 1,341,537     |
| Employee benefits                       | 970,532       | 801,481       |
| Other expenses                          | 962,753       | 756,670       |
| Redeveloper reimbursed expenses         | 4,661,374     | 4,517,088     |
| Depreciation                            | 421,711       | 417,363       |
| Total operating expenses                | 8,211,291     | 7,834,139     |
| Total operating (loss)                  | (5,304,966)   | (2,883,796)   |
| <b>NONOPERATING REVENUES (EXPENSES)</b> |               |               |
| Grant revenue:                          |               |               |
| Federal sources                         | 887,334       | 620,619       |
| State sources                           | 1,168,194     | 32,580        |
| Local sources                           | 1,163,638     | 327,491       |
| Grant expenses:                         |               |               |
| Federal sources                         | (887,334)     | (620,619)     |
| State sources                           | (1,168,194)   | (32,580)      |
| Local sources                           | (1,163,638)   | (327,491)     |
| Interest revenue                        | 245,013       | 612,502       |
| Interest expense                        | (320,833)     | (329,167)     |
| (Loss) gain on sale of property         | (2,684,769)   | 10,008,258    |
| Sale proceeds to City of Jersey City    | (7,000,000)   | (7,000,000)   |
| Total nonoperating revenues (expenses)  | (9,760,589)   | 3,291,593     |
| Change in net position                  | (15,065,555)  | 407,797       |
| Net position, January 1                 | 50,247,311    | 49,839,514    |
| Prior period adjustments                | 1,836,842     | -             |
| Net position, December 31               | \$ 37,018,598 | \$ 50,247,311 |

See Accompanying Notes to Financial Statements

**JERSEY CITY REDEVELOPMENT AGENCY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

|  | <u>2020</u>          | <u>2019</u>          |
|--|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                         |                      |                      |
| Receipts from:   |                      |                      |
| Redeveloper fees   | \$ 1,328,030         | \$ 923,420           |
| Redeveloper reimbursements   | 3,155,866            | 3,749,633            |
| Miscellaneous  | 365,757              | 1,219,965            |
| Payments for:  |                      |                      |
| Salaries and wages   | (1,193,867)          | (1,350,174)          |
| Employee benefits  | (410,158)            | (447,562)            |
| Other expenses   | (783,447)            | (1,027,768)          |
| Redeveloper reimbursed expenses                                      | <u>(5,269,842)</u>   | <u>(5,134,226)</u>   |
| Net cash (used) by operating activities                              | <u>(2,807,661)</u>   | <u>(2,066,712)</u>   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>     |                      |                      |
| Proceeds from sale of property held for redevelopment                | 250,000              | 9,962,167            |
| Payment of property sale proceeds to City of Jersey City             | (9,058,666)          | (3,188,333)          |
| Purchase of vehicle  | -                    | (26,087)             |
| Proceeds from sale of building and equipment                         | 8,391,592            | 283,370              |
| Payments of inter-agency loans payable                               | (111,145)            | -                    |
| Interest paid  | (350,000)            | (300,000)            |
| Grant revenue received   | 1,372,077            | 573,906              |
| Grant expenses paid  | <u>(3,215,710)</u>   | <u>(996,095)</u>     |
| Net cash (used) provided by capital and related financing activities | <u>(2,721,852)</u>   | <u>6,308,928</u>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                         |                      |                      |
| Receipts from mortgage loans receivable                              | 757,097              | 841,821              |
| Interest received  | <u>245,013</u>       | <u>643,338</u>       |
| Net cash provided by investing activities                            | <u>1,002,110</u>     | <u>1,485,159</u>     |
| Net (decrease) increase in cash and cash equivalents                 | (4,527,403)          | 5,727,375            |
| Cash and cash equivalents, January 1                                 | <u>26,379,361</u>    | <u>20,651,986</u>    |
| Cash and cash equivalents, December 31                               | <u>\$ 21,851,958</u> | <u>\$ 26,379,361</u> |



**JERSEY CITY REDEVELOPMENT AGENCY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

|   | 2020           | 2019           |
|---|----------------|----------------|
| Reconciliation of income from operations to net cash provided by operating activities:      |                |                |
| (Loss) from operations  | \$ (5,304,966) | \$ (2,883,796) |
| Adjustments to reconcile (loss) from operations to net cash (used) by operating activities: |                |                |
| Depreciation  | 421,711        | 417,363        |
| Changes in assets, liabilities and deferred outflows and inflows:                           |                |                |
| Accounts receivable   | -              | 39,632         |
| Developers escrow   | 1,319,860      | 354,061        |
| Project deposits  | 15,000         | (68,156)       |
| Accounts payable  | 179,306        | (271,098)      |
| Payroll liabilities   | 1,054          | (8,637)        |
| Compensated absences payable  | 66,333         | (121,645)      |
| Net pension liability and deferred outflows and inflows                                     | 69,346         | 130,697        |
| Net OPEB liability and deferred outflows and inflows  | 424,695        | 344,867        |
| Total adjustments   | 2,497,305      | 817,084        |
| Net cash (used) by operating activities   | (2,807,661)    | (2,066,712)    |
| Cash and cash equivalents as presented in the statements of net position:                   |                |                |
| Unrestricted  | \$ 18,315,833  | \$ 24,178,096  |
| Restricted  | 3,536,125      | 2,201,265      |
|   | \$ 21,851,958  | \$ 26,379,361  |

**JERSEY CITY REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**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.

**JERSEY CITY REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus and Basis of Accounting (Continued)**

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.

**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.

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.

**JERSEY CITY REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets (Continued)**

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.

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

| <u>Asset</u>               | <u>Years</u> |
|----------------------------|--------------|
| 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.

**JERSEY CITY REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**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, 2019.

**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.

**JERSEY CITY REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Recent Accounting Pronouncements (Continued)**

- 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. 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.

- 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.

**JERSEY CITY REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Recent Accounting Pronouncements (Continued)**

- 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.

- 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.

**JERSEY CITY REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**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, 2020 and 2019, the book value of the Agency's deposits were \$21,851,958 and \$26,379,361, respectively, and bank balances of the Agency's cash and deposits amounted to \$25,299,166 and \$27,316,689, respectively. The Agency's deposits which are displayed on the statement of net position as "cash and cash equivalents" are categorized as:

|              | 2020          | 2019          |
|--------------|---------------|---------------|
| Restricted   | \$ 3,536,125  | \$ 2,201,265  |
| Unrestricted | 18,315,833    | 24,178,096    |
|              | \$ 21,851,958 | \$ 26,379,361 |

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, 2020 and 2019, the Agency's bank balances of \$2,145,618 and \$2,134,225, 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, 2020 and 2019, the Agency had no investments.



**JERSEY CITY REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 4. MORTGAGE LOANS RECEIVABLE**

The mortgage loan receivable balances at December 31, 2020 and 2019 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.

**JERSEY CITY REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
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**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, 2020:

|                    | Balance<br>December 31,<br>2019 | Issued      | Paid              | Balance<br>December 31,<br>2020 | Current<br>Portion |
|--------------------|---------------------------------|-------------|-------------------|---------------------------------|--------------------|
| Ocean/Bayview      | \$ 274,000                      | \$ -        | \$ -              | \$ 274,000                      | \$ -               |
| Grove Street 2     | 156,812                         | -           | 7,097             | 149,715                         | 7,097              |
| 1 Edward Hart Road | 250,000                         | -           | -                 | 250,000                         | -                  |
| Journal Square     | 700,000                         | -           | -                 | 700,000                         | -                  |
| MLK Drive          | 435,600                         | -           | -                 | 435,600                         | -                  |
| Bright & Varick    | 750,000                         | -           | 750,000           | -                               | -                  |
|                    | <u>\$ 2,566,412</u>             | <u>\$ -</u> | <u>\$ 757,097</u> | <u>\$ 1,809,315</u>             | <u>\$ 7,097</u>    |

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

|                    | Balance<br>December 31,<br>2018 | Issued            | Paid                | Balance<br>December 31,<br>2019 | Current<br>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            |
|                    | <u>\$ 3,408,233</u>             | <u>\$ 750,000</u> | <u>\$ 1,591,821</u> | <u>\$ 2,566,412</u>             | <u>\$ 756,494</u>  |

An allowance for doubtful accounts has been established for loans receivable not likely to be collected. At December 31, 2020 and 2019 the allowance for doubtful accounts was \$250,000.

**JERSEY CITY REDEVELOPMENT AGENCY  
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**NOTE 5. CAPITAL ASSETS**

The following is a summary of the Agency's capital assets activity for the year ended December 31, 2020:

|  | Balance<br>December 31,<br>2019 | Additions           | Dispositions         | Balance<br>December 31,<br>2020 |
|--|---------------------------------|---------------------|----------------------|---------------------------------|
| Capital assets, not being depreciated:       |                                 |                     |                      |                                 |
| Property held for redevelopment              | \$ 25,097,175                   | \$ -                | \$ -                 | \$ 25,097,175                   |
| Capital assets, being depreciated:           |                                 |                     |                      |                                 |
| Buildings and improvements                   | 22,926,400                      | -                   | 15,656,500           | 7,269,900                       |
| Vehicles and equipment                       | 106,805                         | -                   | 71,295               | 35,510                          |
| Total capital assets, being depreciated      | <u>23,033,205</u>               | <u>-</u>            | <u>15,727,795</u>    | <u>7,305,410</u>                |
| Less accumulated depreciation for:           |                                 |                     |                      |                                 |
| Buildings and improvements                   | (4,332,356)                     | (404,660)           | (4,598,097)          | (138,919)                       |
| Vehicles and equipment                       | (51,795)                        | (17,051)            | (53,337)             | (15,509)                        |
| Total accumulated depreciation               | <u>(4,384,151)</u>              | <u>(421,711)</u>    | <u>(4,651,434)</u>   | <u>(154,428)</u>                |
| Total capital assets, being depreciated, net | <u>18,649,054</u>               | <u>(421,711)</u>    | <u>11,076,361</u>    | <u>7,150,982</u>                |
| Total capital assets, net                    | <u>\$ 43,746,229</u>            | <u>\$ (421,711)</u> | <u>\$ 11,076,361</u> | <u>\$ 32,248,157</u>            |

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

|  | Balance<br>December 31,<br>2018 | Additions           | Dispositions      | Balance<br>December 31,<br>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      | <u>23,173,118</u>               | <u>26,087</u>       | <u>166,000</u>    | <u>23,033,205</u>               |
| 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               | <u>(3,977,509)</u>              | <u>(417,363)</u>    | <u>(10,721)</u>   | <u>(4,384,151)</u>              |
| Total capital assets, being depreciated, net | <u>19,195,609</u>               | <u>(391,276)</u>    | <u>155,279</u>    | <u>18,649,054</u>               |
| Total capital assets, net                    | <u>\$ 44,874,784</u>            | <u>\$ (391,276)</u> | <u>\$ 737,279</u> | <u>\$ 43,746,229</u>            |

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, 2020. 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.

**JERSEY CITY REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
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**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.

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:

|             |         | <u>Interest<br/>Rate</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>  |
|-------------|---------|--------------------------|------------------|-----------------|---------------|
| Series 2019 | Taxable | 3.500%                   | \$ 10,000,000    | \$ 350,000      | \$ 10,350,000 |

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 is due May 27, 2021, in the amounts and at interest rates set forth:

|             |         | <u>Interest<br/>Rate</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>  |
|-------------|---------|--------------------------|------------------|-----------------|---------------|
| Series 2020 | Taxable | 3.000%                   | \$ 10,000,000    | \$ 300,000      | \$ 10,300,000 |

**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.

**JERSEY CITY REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 7. EMPLOYEE RETIREMENT SYSTEM (Continued)**

The following represents the membership tiers for PERS:

| <b>Tier</b> | <b>Definition</b>   |
|-------------|---|
| 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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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](http://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.

**JERSEY CITY REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
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**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<br>December 31, | Required Contribution |       |
|-----------------------------|-----------------------|-------|
|                             | PERS                  | DCRP  |
| 2020                        | \$ 162,117            | \$ -  |
| 2019                        | 141,098               | -     |
| 2018                        | 137,431               | 3,158 |

*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, 2020 and 2019, the Agency's net pension liability for PERS was \$2,416,660 and \$2,613,712, respectively.

The net pension liability at December 31, 2020 and 2019 was measured as of June 30, 2020 and 2019, 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, 2020, the Agency's PERS proportion was 0.0148%, which was an increase of 0.0003% from its proportion measured as of June 30, 2019. 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.

For the years ended December 31, 2020 and 2019, the Agency recognized PERS pension expense of \$231,463 and \$271,795, respectively. At December 31, 2020 and 2019, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | 2020                                 |                                     | 2019                                 |                                     |
|--|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
| Differences between expected and accrual experience  | \$ 35,457                            | \$ -                                | \$ 35,367                            | \$ -                                |
| Changes in assumptions   | -                                    | 933,479                             | -                                    | 646,222                             |
| Net differences between projected and actual investment earnings on pension plan investments | 82,603                               | -                                   | -                                    | 41,258                              |
| Changes in proportion  | 421,155                              | -                                   | 524,247                              | -                                   |
| Total  | \$ 539,215                           | \$ 933,479                          | \$ 559,614                           | \$ 687,480                          |

**JERSEY CITY REDEVELOPMENT AGENCY  
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**NOTE 7. EMPLOYEE RETIREMENT SYSTEM (Continued)**

*Liability*

Amounts reported at December 31, 2020 as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending<br/>December 31,</u> |                     |
|-------------------------------------|---------------------|
| 2021                                | \$ (136,045)        |
| 2022                                | (149,329)           |
| 2023                                | (53,349)            |
| 2024                                | (43,913)            |
| 2025                                | <u>(11,628)</u>     |
|                                     | <u>\$ (394,264)</u> |

*Actuarial Assumptions*

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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. These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement:

|                           | July 1, 2019                 | July 1, 2018                 |
|---------------------------|------------------------------|------------------------------|
| Inflation Rates:          |                              |                              |
| Inflation                 |                              |                              |
| Price                     | 2.75%                        | 2.75%                        |
| Wage                      | 3.25%                        | 3.25%                        |
| Salary increases:         | 2.0-6.0%                     | 2.5-6.0%                     |
| Through 2026              | based on years<br>of service | based on years<br>of service |
| Thereafter                | 3.0-7.0%                     | 3.0-7.0%                     |
|                           | based on years<br>of service | based on years<br>of service |
| Investment rate of return | 7.00%                        | 7.00%                        |

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. In the July 1, 2019 and 2018 valuations, mortality improvements are based on Scale MP-2020 and MP-2019, respectively.

The actuarial assumptions used in the July 1, 2019 and 2018 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**JERSEY CITY REDEVELOPMENT AGENCY  
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**NOTE 7. EMPLOYEE RETIREMENT SYSTEM (Continued)**

*Long-Term Expected Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 at June 30, 2020 and 2019) 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, 2020 and 2019 are summarized in the following table:

| Asset Class                       | 2020              |  | 2019              |  |
|-----------------------------------|-------------------|--|-------------------|--|
|                                   | Target Allocation | Long-Term Expected Real Rate of Return | Target Allocation | Long-Term Expected Real Rate of Return |
| US equities                       | 27.00%            | 7.71%                                  | 28.00%            | 8.26%                                  |
| Non-U.S. developed markets equity | 13.50%            | 8.57%                                  | 12.50%            | 9.00%                                  |
| Private equity                    | 13.00%            | 11.42%                                 | 12.00%            | 10.85%                                 |
| Investment grade credit           | 8.00%             | 2.67%                                  | 10.00%            | 3.78%                                  |
| Real estate                       | 8.00%             | 9.56%                                  | 7.50%             | 8.33%                                  |
| Private credit                    | 8.00%             | 7.59%                                  | 6.00%             | 7.92%                                  |
| Emerging market equities          | 5.50%             | 10.23%                                 | 6.50%             | 11.37%                                 |
| U.S. Treasuries                   | 5.00%             | 1.94%                                  | 5.00%             | 1.87%                                  |
| Cash equivalents                  | 4.00%             | 5.00%                                  | 5.00%             | 1.00%                                  |
| Risk mitigation strategies        | 3.00%             | 3.40%                                  | 3.00%             | 5.51%                                  |
| Private real assets               | 3.00%             | 9.73%                                  | 2.50%             | 9.31%                                  |
| High yield bonds                  | 2.00%             | 5.95%                                  | 2.00%             | 6.82%                                  |

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 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, 2057. Therefore, the long-term expected rate of return on plan investments was applied to payments through June 30, 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability at June 30, 2020.



**JERSEY CITY REDEVELOPMENT AGENCY  
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**NOTE 7. EMPLOYEE RETIREMENT SYSTEM (Continued)**

*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, 2020 and 2019, 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:

|   | 2020                         |  |                              |
|---|------------------------------|--|------------------------------|
|   | At 1%<br>Decrease<br>(6.00%) | At Current<br>Discount Rate<br>(7.00%) | At 1%<br>Increase<br>(8.00%) |
| Agency's proportionate share of<br>PERS net pension liability | \$ 3,037,614                 | \$ 2,416,660                           | \$ 1,885,896                 |
|   | 2019                         |  |                              |
|   | At 1%<br>Decrease<br>(5.28%) | At Current<br>Discount Rate<br>(6.28%) | At 1%<br>Increase<br>(7.28%) |
| Agency's proportionate share of<br>PERS net pension liability | \$ 3,301,543                 | \$ 2,613,712                           | \$ 2,034,117                 |

*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/](http://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.

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.

**JERSEY CITY REDEVELOPMENT AGENCY  
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**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS PLAN (Continued)**

*Plan Description (Continued)*

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](http://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.

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>.

**JERSEY CITY REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

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

*Funding Situation*

The components of the Agency's OPEB liability in the Plan as of December 31, 2020 and 2019, were as follows:

|  | 2020         | 2019         |
|--|--------------|--------------|
| Total OPEB liability                                   |              |              |
| Service cost   | \$ 98,861    | \$ 101,326   |
| Interest cost  | 81,158       | 96,691       |
| Changes of benefit terms                               | 169          | (289)        |
| Differences between expected<br>and actual experiences | 88,347       | (212,802)    |
| Changes in assumptions                                 | 501,681      | (248,652)    |
| Changes in proportion                                  | 153,946      | (39,634)     |
| Gross benefit payments                                 | (76,064)     | (71,472)     |
| Member contributions                                   | 6,126        | 6,574        |
| Net change in total OPEB liability                     | 854,224      | (368,258)    |
| Total OPEB liability, January 1                        | 2,100,663    | 2,468,921    |
| Total OPEB liability, December 31                      | \$ 2,954,887 | \$ 2,100,663 |
| <br>Plan fiduciary net position                        |              |              |
| Employer contributions                                 | \$ 53,418    | \$ 59,325    |
| Member contributions                                   | 6,126        | 6,574        |
| Net investment income                                  | 466          | 734          |
| Changes in proportion                                  | 3,043        | (780)        |
| Gross benefit payments                                 | (76,064)     | (71,472)     |
| Administrative expenses                                | (1,617)      | (1,441)      |
| Net change in plan fiduciary net position              | (14,628)     | (7,060)      |
| Plan fiduciary net position, January 1                 | 41,525       | 48,585       |
| Plan fiduciary net position, December 31               | \$ 26,897    | \$ 41,525    |
| <br>Net OPEB liability, December 31                    | \$ 2,927,990 | \$ 2,059,138 |

At December 31, 2020 and 2019, the Agency had 17 and 17 plan members, respectively, receiving other post-employment benefits.

The net OPEB liability at December 31, 2020 and 2019 was measured as of June 30, 2020 and 2019 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, 2020, the Agency's proportionate share of the OPEB liability was 0.0163%, which was an increase of 0.0011% from its proportionate share measured as of June 30, 2019. 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.

**JERSEY CITY REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

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

*Funding Situation (Continued)*

For the years ended December 31, 2020 and 2019, the Agency recognized OPEB liability expense of \$478,113 and \$404,192, respectively. At December 31, 2020 and 2019, the Agency reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

|  | 2020                                 |                                     | 2019                                 |                                     |
|--|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
| Differences between expected and accrual experience  | \$ -                                 | \$ 468,125                          | \$ -                                 | \$ 602,172                          |
| Changes in assumptions   | -                                    | 213,205                             | -                                    | 729,713                             |
| Net differences between projected and actual investment earnings on pension plan investments | 1,859                                | -                                   | 1,696                                | -                                   |
| Changes in proportion  | 2,386,629                            | -                                   | 2,593,190                            | -                                   |
| <b>Total</b>   | <b>\$ 2,388,488</b>                  | <b>\$ 681,330</b>                   | <b>\$ 2,594,886</b>                  | <b>\$ 1,331,885</b>                 |

Amounts reported at December 31, 2020 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<br>December 31, |                     |
|-----------------------------|---------------------|
| 2021                        | \$ 297,552          |
| 2022                        | 297,409             |
| 2023                        | 297,179             |
| 2024                        | 296,968             |
| 2025                        | 347,225             |
| Thereafter                  | 170,825             |
|                             | <b>\$ 1,707,158</b> |

*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.

**JERSEY CITY REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

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

*Actuarial Assumptions*

The total OPEB liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total OPEB 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. These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement:

|                   | 2019          | 2019          |
|-------------------|---------------|---------------|
| Inflation rate    | 2.50%         | 2.50%         |
| Salary Increases* |               |               |
| Rate through 2026 | 2.00% - 6.00% | 2.00% - 6.00% |
| Rate thereafter   | 3.00% - 7.00% | 3.00% - 7.00% |
|                   | Based on Age  | Based on Age  |

\* 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 Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020 in the July 1, 2019 valuation and MP-2019 in the July 1, 2018 valuation.

Actuarial assumptions used in the July 1, 2019 and 2018, valuation were based on the results of the experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

*Health Care Trend Assumptions*

The trend at June 30, 2020 for pre-Medicare medical benefits is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.00% and decreases to a 4.5% long-term trend rate after seven years.

The trend at June 30, 2019 for pre-Medicare medical benefits, is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

*Discount Rate*

The discount rate for June 30, 2020 and 2019 was 2.21% and 3.50%, 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.

**JERSEY CITY REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**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, 2020 and 2019, 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:

|   | 2020                         |  |                              |
|---|------------------------------|--|------------------------------|
|   | At 1%<br>Decrease<br>(1.21%) | At Current<br>Discount Rate<br>(2.21%) | At 1%<br>Increase<br>(3.21%) |
| Agency's proportionate share of<br>net OPEB liability | \$ 3,461,503                 | \$ 2,927,990                           | \$ 2,505,666                 |

  

|   | 2019                         |  |                              |
|---|------------------------------|--|------------------------------|
|   | At 1%<br>Decrease<br>(2.50%) | At Current<br>Discount Rate<br>(3.50%) | At 1%<br>Increase<br>(4.50%) |
| Agency's proportionate share of<br>net OPEB liability | \$ 2,510,802                 | \$ 2,059,138                           | \$ 1,884,848                 |

*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, 2020 and 2019, 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:

|   | 2020         |                               |              |
|---|--------------|-------------------------------|--------------|
|   | 1 % Decrease | Healthcare Cost<br>Trend Rate | 1% Increase  |
| Agency's proportionate share of<br>net OPEB liability | \$ 2,398,504 | \$ 2,927,990                  | \$ 3,589,393 |

  

|   | 2019         |                               |              |
|---|--------------|-------------------------------|--------------|
|   | 1 % Decrease | Healthcare Cost<br>Trend Rate | 1% Increase  |
| Agency's proportionate share of<br>net OPEB liability | \$ 2,132,121 | \$ 2,059,138                  | \$ 3,111,323 |

**JERSEY CITY REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9. OTHER LONG-TERM LIABILITIES**

Inter-Agency Loan Payable

In 2012 the 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, 2020 and 2019 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 \$206,059 and \$317,204 as of December 31, 2020 and 2019, respectively.

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 \$361,028 and \$294,695 at December 31, 2020 and 2019, respectively. These amounts are accrued as a noncurrent liability at December 31, 2020 and 2019.

**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, 2020 and 2019, 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, 2020 and 2019 was \$1,750,000

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, 2020 and 2019 was \$250,000 and \$500,000, 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.

**JERSEY CITY REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
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**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. During the pendency of the motion, the parties reached a settlement agreement, and the matter was dismissed with prejudice on June 28, 2021.

*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.



**JERSEY CITY REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 11. COMMITMENTS AND CONTINGENCIES (Continued)**

*New Jersey Department of Environmental Protection, and the Administrator of the New Jersey Spill Compensation Fund v. Honeywell International, Inc., et al.(the “First Litigation”) and PPG Industries, Inc. v. Jersey City Redevelopment Agency, et al.(the “Second Litigation” and together with the First Litigation, the “PPG Litigation”)*

The PPG Litigation is pending in the Superior Court of New Jersey, Hudson County, and is best described as a dispute between and among various redevelopers with respect to, among other things, certain environmental matters, and the designation of certain real property as an area in need of redevelopment under the Redevelopment Law. All defendants in the PPG Litigation (e.g., other redevelopers and the Agency), have filed motions to dismiss the Second Litigation, which was just filed this year. At this point in time, the various redevelopers are trying to work out a global settlement of all outstanding issues, including the PPG Litigation. While the outcome of litigation is never a guarantee, it is anticipated that the motions to dismiss will be successful if the court has to rule on them. Alternatively, the case will likely settle on terms agreed to by the various redevelopers as indicated, with no contribution from the Agency.

*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 and SOL have agreed to a global resolution of the SOL Litigation, which provides for the dismissal of the Complaint against SOL only, and a dismissal of the Counterclaim, with prejudice, and the exchange of mutual releases.

*Jersey City Redevelopment Agency v. 125 Monitor Street JC LLC, et al*

On December 10, 2021, the Agency filed an action in condemnation by Order to Show Cause to acquire the property located at 125 Monitor Street in the City of Jersey City (the "Property"). A hearing on the Order to Show Cause is scheduled February 18, 2022, to determine whether the Agency has duly exercised its power of eminent domain. If the relief requested that the Agency is granted, the court will appoint commissioners to determine the "just compensation" that must be paid for the taking of the Property.

On November 1, 2021, EFM filed its Answer to the Amended Complaint. The Agency continues to prosecute the right of reversion as to EFM in the SOL Litigation.

**JERSEY CITY REDEVELOPMENT AGENCY  
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**NOTE 11. COMMITMENTS AND CONTINGENCIES (Continued)**

*Henry Ortiz and Iris Ortiz v. City of Jersey City and the Jersey City Redevelopment Agency*

Said matter is pending in the Superior Court of New Jersey, Hudson County. The complaint was filed on December 6, 2021 and served upon the JCRA on December 14, 2021. The deadline for responsive pleadings has been extended to February 15, 2022.

This matter is styled as a mandamus action ad stem from plaintiffs' 1992 purchase of an affordable housing unit which is encumbered by a mortgage in favor of the City. There is also a redevelopment agreement recorded against the property. Plaintiffs contest the calculation of the mortgage payoff by the City (approximately \$417,000 on a \$555,000 sale). Plaintiffs' sold the property in April of 2021 and nearly all proceeds remain in escrow. Plaintiffs' named the Agency as a defendant to this matter insofar as they allege the Agency refuses to execute the discharge of the redevelopment agreement until the mortgage payoff is agreed to and made. Stated plainly, the City is the primary focus of the complaint.

The Agency's legal counsel has been engaged in regular discussions with counsel for the City and recently advised that after consulting with State and Federal agencies, the City is satisfied that the analysis in plaintiffs' complaint is correct. Upon final approval from the City, it would appear that this matter will resolve in the near future.

**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, 2020 and 2019 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, 2020 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, 2020, the remaining authorization of \$10,000,000 has not been issued.

**JERSEY CITY REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**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, 2020 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**

In 2020, the Agency evaluated and determined various grant receivable and unearned grant revenue balances originating in prior periods were not rights or obligations of Agency. The grant balances were written-off with a prior period adjustment increasing net position \$1,836,842.

**NOTE 15. SUBSEQUENT EVENTS**

The Agency has evaluated subsequent events through February 17, 2022, 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.

**JERSEY CITY REDEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 15. SUBSEQUENT EVENTS (Continued)**

**Debt Issues**

On May 18, 2021 the Agency issued its \$10,000,000 Project Note Series 2021 (Pathside Redevelopment Project) (City Guaranteed) (Federally Taxable) (the “2021 Project Note”) to provide funds to (i) currently refund, at maturity, the Agency’s \$10,000,000 Project Note Series 2020; and (ii) pay costs and expenses associated with the issuance of the Project Note. The original Project Notes for the Pathside Redevelopment Project were issued 2017. Debt service on this Project Note is due May 26, 2022, in the amounts and at interest rates set forth:

|             |         | <u>Interest<br/>Rate</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>  |
|-------------|---------|--------------------------|------------------|-----------------|---------------|
| Series 2021 | Taxable | 1.500%                   | \$ 10,000,000    | \$ 150,000      | \$ 10,150,000 |

On January 5, 2022, the Agency its \$121,505,000 obligations consisting of: the \$54,135,000 Revenue Bonds, Series 2022 (Bayfront Redevelopment Project) (City Guaranteed) (Tax-Exempt) (the “Series 2022 Tax Exempt Bonds”); the \$52,370,000 Project Note, Series 2022A (Bayfront Redevelopment Project) (City Guaranteed) (Tax-Exempt) (the “Series 2022 Tax Exempt Note”); and the \$15,000,000 Project Note, Series 2022B (Bayfront Redevelopment Project) (City Guaranteed) (Federally Taxable) (the “Series 2022 Taxable Note”). The Obligations were issued to provide funds to: (i) finance the acquisition of certain properties within the area of the City of Jersey City known as the Bayfront Redevelopment Area, from the City of Jersey City, (ii) pay additional costs of the Redevelopment Project; (iii) pay capitalized interest and (iv) pay certain administrative costs of the Agency, including costs and expenses associated with the issuance of the Obligations.

The Obligations are special, limited obligations of the Agency, secured by a pledge by the Agency of Revenues (as defined herein). The Obligations are also entitled to the benefits of a Subsidy Agreement dated as of January 1, 2022 (the “Subsidy Agreement”) 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.

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

|   | June 30, 2020       | 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  | 0.01482%            | 0.01451%            | 0.01380%            | 0.01140%            | 0.01210%            | 0.00941%            | 0.01103%            | 0.01068%            |
| Agency's proportionate share of the net pension liability   | <u>\$ 2,416,660</u> | <u>\$ 2,613,712</u> | <u>\$ 2,720,429</u> | <u>\$ 2,653,692</u> | <u>\$ 3,583,017</u> | <u>\$ 2,113,773</u> | <u>\$ 2,065,692</u> | <u>\$ 2,041,703</u> |
| Agency's covered-employee payroll   | <u>\$ 1,093,773</u> | <u>\$ 1,082,063</u> | <u>\$ 1,129,791</u> | <u>\$ 976,916</u>   | <u>\$ 720,778</u>   | <u>\$ 649,719</u>   | <u>\$ 763,045</u>   | <u>\$ 737,115</u>   |
| Agency's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 220.95%             | 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                                | 58.32%              | 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 EIGHT FISCAL YEARS

|  | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 | June 30, 2013 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually required contribution                                  | \$ 162,117    | \$ 141,098    | \$ 137,431    | \$ 105,607    | \$ 107,475    | \$ 80,955     | \$ 90,955     | \$ 80,493     |
| Contributions in relation to the contractually required contribution | 162,117       | 141,098       | 137,431       | 105,607       | 107,475       | 80,955        | 90,955        | 80,493        |
| Contribution deficiency (excess)                                     | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          |
| Agency's covered-employee payroll                                    | \$ 1,093,773  | \$ 1,082,063  | \$ 1,129,791  | \$ 976,916    | \$ 720,778    | \$ 649,719    | \$ 763,045    | \$ 737,115    |
| Contributions as a percentage of covered-employee payroll            | 14.82%        | 13.04%        | 12.16%        | 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 FOUR FISCAL YEARS**

|  | <u>June 30, 2020</u> | <u>June 30, 2019</u> | <u>June 30, 2018</u> | <u>June 30, 2017</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| <b>Total OPEB liability</b>  |                      |                      |                      |                      |
| Service cost   | \$ 98,861            | \$ 101,326           | \$ 138,459           | \$ -                 |
| Interest cost  | 81,158               | 96,691               | 118,043              | -                    |
| Differences between expected and actual experiences  |                      |                      |                      |                      |
| Changes in assumptions   | 88,347               | (212,802)            | (560,240)            | -                    |
| Changes in proportion  | 501,681              | (248,652)            | (357,527)            | -                    |
| Gross benefit payments   | 153,946              | (39,634)             | 3,186,982            | -                    |
| Member contributions   | (76,064)             | (71,472)             | (65,136)             | -                    |
| Net change in total OPEB liability   | 6,126                | 6,574                | 8,340                | -                    |
| Total OPEB liability, July 1   | 854,055              | (367,969)            | 2,468,921            | -                    |
| Total OPEB liability, June 30  | <u>\$ 2,954,718</u>  | <u>\$ 2,100,952</u>  | <u>\$ 2,468,921</u>  | <u>\$ -</u>          |
| <b>Plan fiduciary net position</b>   |                      |                      |                      |                      |
| Employer contributions   | 53,418               | 59,325               | 73,343               | -                    |
| Member contributions   | 6,126                | 6,574                | 8,340                | -                    |
| Net investment income  | 466                  | 734                  | 358                  | -                    |
| Changes in proportion  | 3,043                | (780)                | 32,947               | -                    |
| Gross benefit payments   | (76,064)             | (71,472)             | (65,136)             | -                    |
| Administrative expenses  | (1,617)              | (1,441)              | (1,267)              | -                    |
| Net change in plan fiduciary net position  | (14,628)             | (7,060)              | 48,585               | -                    |
| Plan fiduciary net position, July 1  | 41,525               | 48,585               | -                    | -                    |
| Plan fiduciary net position, June 30   | <u>\$ 26,897</u>     | <u>\$ 41,525</u>     | <u>\$ 48,585</u>     | <u>\$ -</u>          |
| Net OPEB liability, June 30  | <u>\$ 2,927,821</u>  | <u>\$ 2,059,427</u>  | <u>\$ 2,420,336</u>  | <u>\$ -</u>          |
| Agency's covered-employee payroll  | \$ 1,093,773         | \$ 1,082,063         | \$ 1,129,791         | \$ -                 |
| Agency's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll | 267.68%              | 190.32%              | 247.75%              | 0%                   |
| Plan fiduciary net position as a percentage of the total OPEB liability                                | 0.91%                | 1.98%                | 1.97%                | 0%                   |

Note: No 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.

**JERSEY CITY REDEVELOPMENT AGENCY**  
**NOTES TO THE REQUIRED SUPPLEMENTARY PENSION AND**  
**OPEB LIABILITY INFORMATION**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

|   | <b>Public Employees'<br/>Retirement System<br/>(PERS)</b> | <b>State Health Benefits<br/>Local Government<br/>Other Post-Employment<br/>Benefits (OPEB) Plan</b> |
|---|---|--|
| Change in benefits  | None  | None   |
| Change in assumptions:  |   |  |
| Discount rate:  |   |  |
| As of June 30, 2020   | 7.00%   | 2.21%  |
| As of June 30, 2019   | 6.28%   | 3.50%  |
| Municipal bond rate:  |   |  |
| As of June 30, 2020   | Not Applicable  | Not Applicable   |
| As of June 30, 2019   | 3.50%   | 3.50%  |
| Inflation rate:   |   |  |
| As of June 30, 2020   | 2.75%   | 2.50%  |
| As of June 30, 2019   | 2.75%   | 2.50%  |
| Long-term expected rate of return<br>on pension plan investments: |   |  |
| As of June 30, 2020   | 7.00%   | Not Applicable   |
| As of June 30, 2019   | 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)**

**SINGLE AUDIT SECTION**

# DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

*Certified Public Accountants*

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

Honorable 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, 2020, and related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated February 17, 2022.

### **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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2020-001 that we consider to be material weaknesses.

### **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.

### Agency's Response to Finding

The Agency's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### 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  
*Certified Public Accountants*

Bayonne, New Jersey  
February 17, 2022

# DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

*Certified Public Accountants*

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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

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

### **Report on Compliance for Each Major Federal and State Program**

We have audited the Jersey City Redevelopment Agency (the "Agency"), a component unit of the City of Jersey City, New Jersey's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget ("OMB") Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal and state programs for the year ended December 31, 2020. The Agency's major federal and state programs are identified in the summary of Auditors' Results Section of the accompanying Schedule of Findings and Questioned Costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal and state programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Agency's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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; 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*. Those standards, the Uniform Guidance, and New Jersey OMB's Circular 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Agency's compliance.

### ***Opinion on Each Major federal and state Program***

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2020.

### ***Report on Internal Control Over Compliance***

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.



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

Bayonne, New Jersey  
February 17, 2022

**JERSEY CITY REDEVELOPMENT AGENCY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

| Federal Grantor/Pass Through<br>Grantor/Program Title  | Federal<br>CFDA<br>Number | Pass-Through<br>Grantor's<br>Number | Cash<br>Received      | Expenditures      | Cumulative<br>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                       | \$ (1,054,270)        | \$ 482,623        | \$ 1,054,270               |
| Total U.S. Department of Housing and Urban Development |                           |                                     | <u>(1,054,270)</u>    | <u>482,623</u>    |                            |
| U.S. ENVIRONMENTAL PROTECTION AGENCY                   |                           |                                     |                       |                   |                            |
| Brownfields Assessment and Cleanup:                    |                           |                                     |                       |                   |                            |
| Brownfield Revolving Loan - Ash Street                 | 66.818                    | BF97207100                          | (1,992)               | 3,155             | 967,161                    |
| Hazardous Assessment                                   | 66.818                    | BF97207200                          | (17,544)              | 7,715             | 52,371                     |
| Petroleum Assessment                                   | 66.818                    | BF96274700                          | (7,397)               | 5,911             | 23,933                     |
| 2019 Multipurpose                                      | 66.818                    | BF96274900                          | (167,513)             | 255,182           | 260,035                    |
| 441-457 Ocean Avenue                                   | 66.818                    | BP97203812                          | -                     | 13,073            | 223,335                    |
| Grand Jersey BDA                                       | 66.818                    | BP97207200                          | (123,361)             | 119,675           | 260,958                    |
|  |                           |                                     | <u>(317,807)</u>      | <u>404,711</u>    |                            |
| Total U.S. Environmental Protection Agency             |                           |                                     | <u>(317,807)</u>      | <u>404,711</u>    |                            |
| Total Federal Awards                                   |                           |                                     | <u>\$ (1,372,077)</u> | <u>\$ 887,334</u> |                            |

**JERSEY CITY REDEVELOPMENT AGENCY  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2020**

| State Grantor/Pass Through<br>Grantor/Program Title      | Grant or<br>State<br>Program<br>Number | Cash<br>Received | Expenditures | Cumulative<br>Expenditures |
|--|--|------------------|--------------|----------------------------|
| NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION        |  |                  |              |                            |
| Passed-Through New Jersey Economic Development Authority |  |                  |              |                            |
| Hazardous Discharge Site Remediation Grants:             |  |                  |              |                            |
| Grant Cleaner  | P42679                                 | \$ -             | \$ 11,939    | \$ 105,672                 |
| Berry Lane Park  | Not Available                          | -                | 56,255       | 92,402                     |
|  |  | -                | 68,194       |                            |
| Green Acres Program:                                     |  |                  |              |                            |
| Berry Lane Park - Pavilion                               | Not Available                          | -                | 1,100,000    | 1,100,000                  |
|  |  | -                | 1,100,000    |                            |
| Total New Jersey Department of Environmental Protection  |  | -                | 1,168,194    |                            |
| Total State Financial Assistance                         |  | \$ -             | \$ 1,168,194 |                            |

**JERSEY CITY REDEVELOPMENT AGENCY  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**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 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.



**JERSEY CITY REDEVELOPMENT AGENCY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR YEAR ENDED DECEMBER 31, 2020**

**Section I - Summary of Auditor's Results**

Financial Statement Section

A) Type of Auditor's Report Issued: Unmodified

B) Internal Control over Financial Reporting:

1) Material weakness(es) identified? ✓ Yes      No

2) Significant deficiency(ies) identified?      Yes ✓ None reported

C) Noncompliance material to financial statements noted?      Yes ✓ No

Federal Awards Section

D) Internal Control over major programs:

1) Material weakness(es) identified?      Yes ✓ No

2) Significant deficiency(ies) identified?      Yes ✓ None reported

E) Type of auditor's report on compliance for major programs Unmodified

F) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?      Yes ✓ No

G) Identification of major programs

| CFDA Number(s) | FEIN Number(s) | Name of Federal Program or Cluster |
|----------------|----------------|------------------------------------|
| 14.218         | Not Available  | Community Development Block Grant  |

H) Dollar threshold used to determine between Type A and Type B Programs. \$750,000

I) Auditee qualified as low-risk auditee?      Yes ✓ No

State Financial Assistance Section

J) Dollar threshold used to determine between Type A and Type B Programs. \$750,000

K) Auditee qualified as low-risk auditee?      Yes ✓ No

L) Internal Control over major programs:

1) Material weakness(es) identified?      Yes ✓ No

2) Significant deficiency(ies) identified?      Yes ✓ None reported

**JERSEY CITY REDEVELOPMENT AGENCY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR YEAR ENDED DECEMBER 31, 2020**

**Section I - Summary of Auditor's Results**

State Financial Assistance Section (Continued)

M) Type of auditor's report on compliance for major programs Unmodified Opinion

N) Any audit findings disclosed that are required to be reported  
in accordance with N.J. OMB Circular 04-04?        Yes   ✓   No

O) Identification of major programs

| <u>State Grant/Project Number(s)</u> | <u>Name of State Program</u> |
|--------------------------------------|------------------------------|
| <u>Not Available</u>                 | <u>Green Acres Program</u>   |

**JERSEY CITY REDEVELOPMENT AGENCY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

***Section II – Financial Statement Findings***

(This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to financial statements for which *Government Auditing Standards* require reporting.)

**Finding 2020-001**

- Material weakness in internal control over financial reporting

Condition:

Grant activity had not been adequately accounted for in prior periods nor does adequate audit trail exist. In 2020 management evaluated and determined various grant receivable and unearned grant revenues balances originating in prior periods were not rights or obligations of Agency. Since adequate audit trail does not exist, grant balances were written-off with a material prior period adjustment increasing net position without reporting specific revenues and expenditures to respective grant sources.

Criteria:

Accounting controls for individual grant activity should be designed and operated to prevent or detect and correct misstatements on a timely basis. Accounting for individual grant activity should be maintained and reconciled to general ledger in detail to provide adequate audit trail for financial reporting.

Context:

The grant balances were written-off with a prior period adjustment increasing net position \$1,836,842.

Cause:

Accounting for grant activity is being maintained in a subsidiary ledger and closed out to the general ledger at year end with summarized journal entries. Accounting for grant activity has not been properly maintained in subsidiary ledgers and closing procedures are not being performed to analyze and close out grant activity to respective grant sources at year-end.

Effect:

Grant receivable and unearned revenues balances have been misstated in prior periods and carried forward without adequate audit trail. Grant balances have been written-off with a material prior period adjustment increasing net position without reporting specific revenues and expenditures to respective grant sources. There may be rights and obligations from and to grantors that may exist and are not reported.

Recommendation:

Individual grant activity be separately accounted for and regularly maintained and periodically reconciled to the Agency's general ledger. Closing procedures be performed to analyze and properly close out grant activity to respective grant sources at year-end to ensure grant activity and balances are being properly reported.

View of Responsible Official and Planned Corrective Actions (Unaudited):

Management will record detailed grants activity in general ledger and periodically reconcile to subsidiary ledger to provide adequate audit trail for financial reporting. The Agency contracted an outside grants consultant to assist with performing closing procedures to analyze and properly close out grant activity to respective grant sources at year-end.

**JERSEY CITY REDEVELOPMENT AGENCY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

***Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs***

(This section identifies audit findings required to be reported by 2 CFR 200 Section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB Circular Letter 15-08, as applicable.)

**FEDERAL AWARDS**

No matters were reported.

**STATE FINANCIAL ASSISTANCE**

No matters were reported.

**JERSEY CITY REDEVELOPMENT AGENCY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Status of Prior Year Findings**

*(This section identifies the status of prior-year findings related to the basic financial statements and federal awards that are required to be reported in accordance with Chapter 4 of Government Auditing Standards and 2 CFR 200.216(a).)*

No findings noted in the prior year.

**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, 2020**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR 2019**

| REVENUES                                 | 2020<br>Budget   | 2020<br>Actual               | Variance              | 2019<br>Actual           |
|--|------------------|------------------------------|-----------------------|--------------------------|
| Revenues anticipated:                    |                  |                              |                       |                          |
| Development fees                         | \$ 1,000,000     | \$ 2,540,568                 | \$ 1,540,568          | \$ 3,672,568             |
| Rent/user fees                           | 330,000          | 150,000                      | (180,000)             | 755,007                  |
| Federal sources:                         |                  |                              |                       |                          |
| Community Development Block Grant        | 1,000,000        | 482,623                      | (517,377)             | 453,628                  |
| Environmental Protection Agency          | -                | 404,711                      | 404,711               | 166,991                  |
| State sources:                           |                  |                              |                       |                          |
| Hazardous Discharge Site Remediation     | -                | 68,194                       | 68,194                | -                        |
| Green Acres                              | 1,100,000        | 1,100,000                    | -                     | 32,580                   |
| Local sources:                           |                  |                              |                       |                          |
| Hudson County Open Space                 | 725,000          | 398,513                      | (326,487)             | 326,487                  |
| Jersey City Capital Projects Fund        | 1,050,000        | 740,125                      | (309,875)             | 1,004                    |
| Private sources                          | -                | 25,000                       | 25,000                | -                        |
| Property sales, net of provided to City  |                  |                              |                       |                          |
| Jersey City                              | 750,000          | (9,684,769)                  | (10,434,769)          | 3,008,258                |
| Miscellaneous other income               | 100,000          | 215,757                      | 115,757               | 522,768                  |
| Non-operating revenues:                  |                  |                              |                       |                          |
| Interest on investments and deposits     | 250,000          | 245,013                      | (4,987)               | 612,502                  |
| Total revenues                           | <u>6,305,000</u> | <u>(3,314,265)</u>           | <u>(9,619,265)</u>    | <u>9,551,793</u>         |
| APPROPRIATIONS                           |                  |                              |                       |                          |
| Operating appropriations:                |                  |                              |                       |                          |
| Administration:                          |                  |                              |                       |                          |
| Salaries and wages                       | 1,300,000        | 1,194,921                    | (105,079)             | 1,341,537                |
| Fringe benefits                          | 425,000          | 334,272                      | (90,728)              | 187,459                  |
| Other expenses                           | 796,500          | 455,412                      | (341,088)             | 506,257                  |
| Total administration                     | <u>2,521,500</u> | <u>1,984,605</u>             | <u>(536,895)</u>      | <u>2,035,253</u>         |
| Cost of providing services:              |                  |                              |                       |                          |
| Other expenses                           | 4,000,000        | 8,387,881                    | 4,387,881             | 5,748,191                |
| Total operating appropriations           | <u>6,521,500</u> | <u>10,372,486</u>            | <u>3,850,986</u>      | <u>7,783,444</u>         |
| Non-operating appropriations:            |                  |                              |                       |                          |
| Bond anticipation note interest          | 350,000          | 320,833                      | (29,167)              | 329,167                  |
| Total non-operating appropriations       | <u>350,000</u>   | <u>320,833</u>               | <u>(29,167)</u>       | <u>329,167</u>           |
| Total appropriations                     | 6,871,500        | 10,693,319                   | 3,821,819             | 8,112,611                |
| Less: unrestricted net position utilized | <u>(566,500)</u> | <u>(566,500)</u>             | <u>-</u>              | <u>(900,000)</u>         |
| Net total appropriations                 | <u>6,305,000</u> | <u>10,126,819</u>            | <u>3,821,819</u>      | <u>7,212,611</u>         |
| Total surplus (deficit)                  | <u>\$ -</u>      | <u>(13,441,084)</u>          | <u>\$(13,441,084)</u> | <u>2,339,182</u>         |
| Reconciliation to GAAP Basis:            |                  |                              |                       |                          |
| Depreciation                             |                  | (421,711)                    |                       | (417,363)                |
| Pension expense                          |                  | (211,565)                    |                       | (269,155)                |
| Other post-employment benefits expense   |                  | (424,695)                    |                       | (344,867)                |
| Unrestricted net position utilized       |                  | <u>(566,500)</u>             |                       | <u>(900,000)</u>         |
| Net change in net position - GAAP basis  |                  | <u><u>\$(15,065,555)</u></u> |                       | <u><u>\$ 407,797</u></u> |

**JERSEY CITY REDEVELOPMENT AGENCY  
COMMENTS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**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.