NEW JERSEY REDEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

Financial Statements and Required Supplementary Information

December 31, 2021

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

New Jersey Redevelopment Authority
(a component unit of the State of New Jersey)

Table of Contents

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

Management and Members of the
New Jersey Redevelopment Authority
Trenton, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of the New Jersey Redevelopment Authority, (the "Authority"), a component unit of the State of New Jersey, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of December 31, 2021 and 2020, and the changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
March 29, 2023

New Jersey Redevelopment Authority

(A component unit of the State of New Jersey)

Management's Discussion and Analysis
December 31, 2021 and 2020

Management of the New Jersey Redevelopment Authority (the "Authority") presents this narrative overview and financial analysis of the Authority's financial activities and performance for the years ended December 31, 2021, which should be read in conjunction with the Authority's financial statements and accompanying notes.

Overview of the Financial Statements

This discussion and analysis is intended to present an overview of the Authority's financial performance for the years ended December 31, 2021. The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). This section is intended to provide an assessment of how the Authority's financial position has improved or deteriorated and identify factors that, in management's view, significantly affected the Authority's overall financial position. It may contain opinions, assumptions or conclusions by the Authority's management that should not be considered a replacement for the financial statements included in this report.

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

The statement of revenues, expenses, and changes in net position, measures the Authority's operations for the periods presented.

The statement of cash flows provides information about the Authority's sources and uses of cash from operating, investing, and financing activities.

The notes to financial statements provide information that is essential to understanding the Authority's basic financial statements, such as the Authority's accounting methods and policies, details of significant assets, liabilities, net position, contractual obligations, future commitments, and contingencies, as well as other events or other matters that could impact the Authority's financial position.

The Authority's Business

The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short-term and long-term financial information about the activities and operations of the Authority. These statements are presented in a manner similar to a private business, such as real estate development, investment banking, commercial lending, and private consulting. While detailed sub-fund information is not presented, separate accounts are maintained for each program to control and manage money for particular purposes or to demonstrate that the Authority is properly using specific appropriations and grants.

Operating Activities

The Authority charges financing fees that may include an application fee, commitment and/or acceptance fee, closing fee, extension fee, and document execution fee. Interest income accrues to the benefit of the program for which the underlying source of funds is utilized.

Non-Operating Activities

The Authority receives interest income on funds invested. These funds are highly liquid investment instruments with a maturity of three months or less and are considered to be cash equivalents. Given the nature of the Authority as an enterprise fund, the interest income derived from these assets is considered outside of the Authority's primary operating activities.

Financial Analysis of the Authority

Condensed Summary of Net Position:

	December 31,		
	2021	2020	2019
Current assets	$ 6,504,419	$ 20,466,493	$ 1,328,009
Non-current assets	37,781,098	36,817,832	37,043,762
Capital assets	82,921	61,648	43,246
Total assets	$ 44,368,438	$ 57,345,973	$ 38,415,017
Deferred outflows of resources	$ 765,215	$ 932,645	$ 787,251
Current liabilities	$ 3,842,849	$ 16,692,335	$ 551,725
Non-current liabilities	3,949,070	4,407,057	4,454,589
Total liabilities	$ 7,791,919	$ 21,099,392	$ 5,006,314
Deferred inflows of resources	$ 2,455,336	$ 2,465,544	$ 2,614,386
Investment in capital assets	$ 82,921	$ 61,648	$ 43,246
Restricted	26,754,557	20,400,166	20,055,875
Unrestricted	8,048,920	14,251,868	11,482,447
Total net position	$ 34,886,398	$ 34,713,682	$ 31,581,568

2020-2021

During 2021, the Authority was a subrecipient of additional federal Coronavirus Relief Funds of $15,450,000 passed through the State of New Jersey, Department of the Treasury. The State of New Jersey specified the funds were to be utilized to continue the Small Business Lease Emergency Assistance Grant Program (SBLEAGP) in which the Authority was to assist small businesses that are unable to pay their lease payments due to the mandatory closure of their businesses due to the COVID-19 pandemic. The Authority expended approximately $13,500,000 in expenses as it relates to that program. The Authority also continued to administer the COVID-19 programs of three counties in which it disbursed approximately $7,500,000 and approximately $6,800,000 of remaining program funds were returned back to the counties. Lastly, the Authority received approximately $9,400,000 of loan repayments during 2021.

2019-2020

During 2020, the Authority was a subrecipient of federal Coronavirus Relief Funds of $10,250,000 passed through the State of New Jersey, Department of the Treasury. The State of New Jersey specified the funds were to be utilized for a Small Business Lease Emergency Assistance Grant Program (SBLEAGP) in which the Authority was to assist small businesses that are unable to pay their lease payments due to the mandatory closure of their businesses due to the COVID-19 pandemic. The Authority also entered into a subcontractor relationship with three counties in New Jersey to provide administrative services for the facilitation of SBLEAGP programs specific to those counties. The Counties advanced funds to the Authority so the Authority could remit the payments to small businesses after approval of award was received from the Counties. The unused funds related to these programs at year end resulted increases in the current cash and current liability balances in 2020.

Condensed Summary of Revenues, Expenses and Changes in Net Position:

	Years Ended December 31,		
	2021	**2020**	**2019**
Operating revenues	$ 1,005,603	$ 910,504	$ 1,384,055
Operating expenses	2,607,607	2,442,777	1,858,551
Loss from operations	(1,602,004)	(1,532,273)	(474,496)
Non-operating revenue	1,774,720	4,664,387	1,331,907
Change in net position	172,716	3,132,114	857,411
Net position, beginning of year	34,713,682	31,581,568	30,724,157
Net position, end of year	$ 34,886,398	$ 34,713,682	$ 31,581,568

2020 – 2021

The Authority has experienced an approximately $173,000 increase in net position during 2021. The Authority has continued its collection efforts on defaulted loans. As a result, the Authority received approximately $1,325,000 in loan recoveries during 2021 from loans that were previously written off. As mentioned previously, the Authority continued to administer a COVID-19 program for the State, increasing program expenditures during 2021 to approximately $13,500,000 from approximately $8,400,000 in 2020. The Authority's operating expenses increased as a result of administering the SBLEAGP program in 2021 for businesses adversely affected by the COVID-19 pandemic.

2019 – 2020

The Authority has experienced an approximately $3,132,000 increase in net position during 2020. The Authority has continued its collection efforts on defaulted loans. As a result, the Authority increased loan recoveries by approximately $3,230,000 in 2020 compared to 2019 in loans that were written off. The Authority's operating expenses increased as a result of administering the SBLEAGP program in 2020 for businesses adversely affected by the COVID-19 pandemic.

Other Financial Information

As typical for a financial institution, the relationship between allowances for uncollectible accounts and the offsetting loss provision is an integral component of the relationship of the Statement of Net Position to the Statement of Revenues, Expenses, and Changes in Net Position. Although not mandated to do so, allowances for doubtful notes and guarantee payments are determined in accordance with guidelines established by the Office of the Comptroller of the Currency. The Authority accounts for its potential loss exposure through the use of risk ratings. Each risk rating is assigned a specific loss factor in accordance with the severity of the classification. All loans and guarantees are assigned a specific risk rating. The assigned risk ratings are continuously updated to account for changes in the financial condition of the borrower or guarantor, payment history, loan covenant, violations and changing economic conditions.

Contacting the Authority's Financial Management

This financial report is designed to provide New Jersey citizens and taxpayers, and our customers, clients, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the appropriations and grants that it receives. If you have questions about the report or need additional information, contact the New Jersey Redevelopment Authority's Executive Director, at 150 West State Street, 2nd Floor West, P.O. Box 790, Trenton, NJ 08625-790 or visit our web site at www.njra.us.

New Jersey Redevelopment Authority
(a component unit of the State of New Jersey)

Statements of Net Position

	December 31, 2021	December 31, 2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Unrestricted cash and cash equivalents	$ 465,590	$ 430,098
Restricted cash and cash equivalents	3,155,693	16,071,208
Notes receivable, net of allowance of $429,789 and $528,804, respectively	2,629,817	3,940,023
Other accounts receivables	179,659	
Prepaid expenses and other current assets	73,660	25,164
Total Current Assets	6,504,419	20,466,493
Non-Current Assets		
Unrestricted cash	9,401,623	7,707,632
Restricted cash	26,762,627	20,169,314
Notes receivable, net of current portion	1,490,351	8,806,715
Interest receivable	124,497	132,171
New Market Tax Credit	2,000	2,000
Capital Assets	82,921	61,648
Total Non-Current Assets	37,864,019	36,879,480
Total Assets	44,368,438	57,345,973
Deferred Outflows of Resources		
Deferred Amount on Net Pension Liability	110,301	414,795
Deferred Amount on OPEB Liability	654,914	517,850
Total Deferred Outflows of Resources	$ 765,215	$ 932,645
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities		
Accounts payable and accrued expenses	$ 344,204	$ 323,767
Refundable advances	3,163,763	15,840,356
Due to subrecipients	300,937	297,360
Unearned revenue	33,945	230,852
Total Current Liabilities	3,842,849	16,692,335
Long-Term Liabilities		
Compensated absences	172,329	93,827
Net OPEB liability	2,217,033	2,066,732
Net pension liability	1,559,708	2,246,498
Total Long-Term Liabilities	3,949,070	4,407,057
Total Liabilities	7,791,919	21,099,392
Deferred Inflows of Resources		
Deferred Amount on Net Pension Liability	1,277,315	1,216,917
Deferred Amount on OPEB Liability	1,178,021	1,248,627
Total Deferred Inflows of Resources	2,455,336	2,465,544
Net Position		
Investment in capital assets	82,921	61,648
Restricted	26,754,557	20,400,166
Unrestricted	8,048,920	14,251,868
Total Net Position	$ 34,886,398	$ 34,713,682

See notes to financial statements

New Jersey Redevelopment Authority
(a component unit of the State of New Jersey)

Statements of Revenues, Expenses and Changes in Net Position

	Years Ended December 31, 2021	2020
OPERATING REVENUES		
Interest income on notes receivable	$ 601,176	$ 639,565
Small Business Lease Emergency Assistance Grant Program county administration income	332,752	189,308
Fee income	66,832	81,221
Other	4,843	410
Total Operating Revenues	1,005,603	910,504
OPERATING EXPENSES		
Salaries and benefits	1,203,232	1,452,472
General and administrative	1,192,517	771,648
Rent	192,180	192,232
Depreciation	19,678	26,425
Total Operating Expenses	2,607,607	2,442,777
Operating Loss	(1,602,004)	(1,532,273)
NON-OPERATING REVENUES (EXPENSES)		
Coronavirus Relief Fund grant income	13,925,600	8,622,711
Coronavirus Relief Fund program expenses	(13,508,981)	(8,372,871)
Recovery of loans	1,325,523	4,333,996
Interest income on cash	28,578	80,551
Gain on sale of capital assets	4,000	
Total Non-Operating Revenues (Expenses)	1,774,720	4,664,387
Change in Net Position	172,716	3,132,114
NET POSITION		
Beginning of year	34,713,682	31,581,568
End of year	$ 34,886,398	$ 34,713,682

See notes to financial statements

New Jersey Redevelopment Authority
(a component unit of the State of New Jersey)

Statements of Cash Flows

	Years Ended December 31, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash disbursed to borrowers	$ (270,000)	$ -
Cash received from borrowers	9,392,593	2,361,714
Cash received from other sources	140,688	420,410
Cash disbursed for goods and services	(1,330,677)	(859,891)
Cash disbursed for personnel costs	(1,582,499)	(1,494,941)
Net Cash From Operating Activities	6,350,105	427,292
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(40,951)	(44,827)
Gain on sale of capital assets	4,000	
Net Cash From Capital Financing Activities	(36,951)	(44,827)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipt of County funds for small business lease program	102,706	20,760,000
Payment of County funds for small business lease program	(7,505,631)	(6,546,773)
Return of unspent County funds for small business lease program	(6,798,068)	
Coronavirus Relief Fund grant receipts	15,450,000	10,250,000
Coronavirus Relief Fund program disbursements	(13,508,981)	(8,372,871)
Payments to Department of Community Affairs	-	(337,225)
Net Cash From Non-Capital Financing Activities	(12,259,974)	15,753,131
CASH FLOWS FROM INVESTING ACTIVITIES		
Recovery of loans	1,325,523	4,333,996
Interest income on cash	28,578	80,551
Net Cash From Investing Activities	1,354,101	4,414,547
Net Change in Cash and Cash Equivalents	(4,592,719)	20,550,143
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning of year	44,378,252	23,828,109
End of year	$ 39,785,533	$ 44,378,252
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Unrestricted current cash and cash equivalents	$ 465,590	$ 430,098
Restricted current cash and cash equivalents	3,155,693	16,071,208
Unrestricted non-current cash and cash equivalents	9,401,623	7,707,632
Restricted non-current cash	26,762,627	20,169,314
	$ 39,785,533	$ 44,378,252
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Loss from operations	$ (1,602,004)	$ (1,532,273)
Adjustments to reconcile loss from operations to net cash from operating activities:		
Depreciation	19,678	26,425
Changes in operating assets and liabilities:		
Notes receivable	8,446,911	1,665,393
Prepaid expenses and other current assets	(48,496)	(3,339)
Deferred outflows of resources	167,430	(145,394)
Interest receivable	7,674	(24,465)
Accounts payable and compensated absences	102,516	107,328
County administration fee unearned revenue	(196,907)	230,692
Net pension liability	(686,790)	(361,472)
Net OPEB liability	150,301	613,239
Deferred inflows of resources	(10,208)	(148,842)
	7,952,109	1,959,565
Net Cash From Operating Activities	$ 6,350,105	$ 427,292

See notes to financial statements

1. Organization and Purpose

The New Jersey Redevelopment Authority (the "Authority" or "NJRA") is a public body corporate and politic, constituting an instrumentality of the State of New Jersey ("State"). The Authority was established by Chapter 62, P.L. 1996 ("Act") on July 13, 1996 to provide assistance in the redevelopment and revitalization of New Jersey cities. Under the Act, the Authority is to provide financial, managerial, and technical assistance to persons, firms, or corporations who wish to undertake industrial, commercial, or civic projects within qualified municipalities. Pursuant to the Act, the Authority was appropriated $9,000,000 from the State for the purpose of funding eligible projects and the commencement of operations. Pursuant to the Act, the Authority also assumed the assets, liabilities and equity of the former New Jersey Urban Development Corporation (collectively, "Redevelopment Investment Fund"). The Authority became fully operational in April 1997.

In 1998, the Authority was appropriated an additional $25,000,000 to develop and implement the Urban Site Acquisition Program's revolving loan fund. The fund finances acquisition related expenses for projects designated to facilitate the redevelopment of underutilized parcels of real estate. On March 30, 1998, the Governor of the State filed an executive reorganization plan (the "Plan"), Executive Reorganization No. 002-1998, with the Legislature. The Plan was implemented to allow for more efficient use of resources targeted for urban development initiatives and provide for a more integrated and comprehensive approach to urban revitalization. The Plan transferred the Authority to an independent authority and became effective May 31, 1998.

The Authority is focused on advancing the quality of life in New Jersey's urban municipalities by expanding economic opportunities. The Authority is a component unit of the State as defined by the Governmental Accounting Standards Board, and its financial statements are included in the State's Annual Comprehensive Financial Report.

In April 2004, the Authority was directed to create a subsidiary corporation to manage a loan fund for projects directly related to redevelopment initiatives in Newark's neighborhoods. The Authority created Working in Newark's Neighborhoods ("WINN"), over which it exercises significant influence, due to WINN's board being comprised principally of NJRA representatives. In addition, the Authority is financially accountable for WINN; therefore, the accompanying financial statements include WINN as part of the Authority as a blended component unit.

New Markets Tax Credit Allocation

Legislated in 2000 as a catalyst to encourage the investment of private capital in designated low-income communities, the New Markets Tax Credit ("NMTC") program through the U.S. Department of Treasury, fosters the construction and rehabilitation of real estate and the expansion of operating businesses in order to create jobs, generate economic activity and improve the quality of services in low-income communities and to low-income persons.

NMTC's are intended to support business growth, job creation and spur economic development in underserved communities across the country. Typical projects involve the acquisition, rehabilitation or construction of real estate or the expansion of operating businesses in low- income communities.

1. Organization and Purpose *(continued)*

New Markets Tax Credit Allocation *(continued)*

These can include commercial offices and retail services/products, mixed-use (commercial/residential) properties, community centers, educational facilities, entertainment/cultural facilities, health-related facilities, as well as businesses that buy, develop, build, rehabilitate or sell residential property and small business loan funds. Projects often focus on creating quality jobs in low-income communities, assisting minority, women-owned and low-income community businesses offering flexible lease rates to tenant businesses, providing goods and services and housing options in low-income communities, improving access to healthy and affordable food options, increasing environmental sustainability and pioneering developments that will catalyze additional private investments in the community.

In order to finance underlying businesses and developments, a for-profit organization partners with certified Community Development Entities ("CDE's"), which are organizations that have primary missions of providing investment capital for, and other financial services to, qualified businesses in the low-income communities that the CDE serves. CDE's apply to the Community Development Financial Institutions Fund ("CDFI Fund"), a division of the U.S. Department of the Treasury, in a competitive application process for NMTC Allocation Authority. This Authority allows successful CDE's to raise investment capital from private investors in exchange for the rights to claim tax credits over a seven-year compliance period (5 percent of the aggregate qualified investment for three years and 6 percent for the remaining four years). Capital raised by the CDE's is then used to provide below-market financing to qualified businesses in low-income communities.

There are two $10 million projects that the Authority was involved in and to facilitate the NMTC transaction, the Authority is the managing member of a CDE in each of the transactions, which required $1,000 investments for a .01% interest.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and reporting principles.

US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The Authority's activities are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, net position, revenues and expenses are accounted for as an enterprise fund with revenues recorded when earned and expenses recorded at the time the liabilities are incurred.

2. Summary of Significant Accounting Policies *(continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position

Allowance for Doubtful Notes and Guarantee Losses

Allowances for doubtful notes and guarantee losses ("allowances") are determined based on routine reviews of various factors such as loan documentation, repayment history, underlying collateral value, site visits and meetings with the borrowers and ability to repay, which all impact collectability. Receivables are recorded at the amount per loan agreement and bear interest in accordance with that agreement less an allowance. The allowance is the Authority's best estimate of the amount of probable credit losses in existing receivables. The Authority reviews its allowance periodically. Past due balances are reviewed individually for collectability. As of December 31, 2021, the allowance approximated $430,000 and $529,000.

Cash and Cash Equivalents

The Authority considers all highly liquid short-term investment securities with maturity periods of three months or less to be cash equivalents.

Restricted cash represents amounts maintained by the Authority for specific programs and available for funding purposes.

Concentration and Custodial Credit Risks

Cash and cash equivalents as of December 31, 2021, are as follows:

	2021		2020	
	Book Balance	Bank Balance	Book Balance	Bank Balance
NJRA	$ 33,273,629	$ 33,282,788	$ 40,139,468	$ 40,151,655
WINN	6,511,904	6,511,904	4,238,784	4,238,784
	$ 39,785,533	$ 39,794,692	$ 44,378,252	$ 44,390,439

The Authority maintains cash balances with financial institutions, which at times, exceed amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). Management monitors the soundness of these institutions and considers the Authority's risk negligible. Cash balances are insured by the FDIC up to $250,000 with each bank. Cash exposed to risk is $39,544,692 and $44,140,439 for 2021 and 2020, respectively.

Custodial Credit Risk, with respect to deposits, is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority believes that due to the dollar amounts of each cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with acceptable estimated risk level are used as depositories.

Concentration of Risk – There is no limit on the amount the Authority may invest in any one issuer.

2. Summary of Significant Accounting Policies *(continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position *(continued)*

Non-current cash at December 31, 2021 consists of the following:

	2021	2020
Urban Site Acquisition	$ 10,209,908	$ 9,846,738
Redevelopment Investment Fund	19,380,336	13,684,747
WFNJ Entrepreneur Development	200,856	200,731
WFBD	100,081	88,251
Working in Newark's Neighborhoods	6,273,069	4,056,479
	36,164,250	27,876,946
Restricted Cash	(26,762,627)	(20,169,314)
Unrestricted Cash	$ 9,401,623	$ 7,707,632

Capital Assets

Capital assets are carried at cost. The Authority capitalizes assets costing $5,000 or more and uses the straight-line method of depreciation over a useful life of three years.

Taxes

The Authority is exempt from all Federal and State income taxes and real estate taxes.

Financial Instruments

The carrying values of the Authority's financial instruments as of December 31, 2021 include cash and cash equivalents and notes receivable and approximate their fair value due to the relatively short maturity of these instruments.

Operating and Non-Operating Revenues and Expenses

The Authority defines revenues and expense transactions that support the principle ongoing operations of the Authority as operating. Non-operating revenues include most revenues from other than exchange and exchange-like transactions.

Restricted/Unrestricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the nature of the expense (i.e. restricted) determines what resource is applied first.

Reclassifications

Certain amounts in 2020 have been reclassified to conform with the 2021 presentation.

2. Summary of Significant Accounting Policies *(continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position *(continued)*

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Authority reports deferred outflows of resources and deferred inflows of resources in relation to its pension and OPEB obligations. These amounts are detailed in the discussion of the Authority's pension plans and OPEB in Notes 9 and 10.

Compensated Absences

Vested or accumulated vacation or compensatory time is recorded as an expense and liability of the Authority as the benefit accrues to employees.

Net Pension Liability

The net pension liability represents the Authority's proportionate share of the net pension liability of the State of New Jersey Public Employees' Retirement System.

Accrued Postemployment Health Benefits Liability

The accrued postemployment health benefits liability represents the Authority's proportionate share of the accrued postemployment health benefits liability of the State of New Jersey State Health Benefits Local Government Retired Employees Plan.

Net Position

Net position represents the difference between assets and deferred outflow of resources and liabilities and deferred inflow of resources in the financial statements of the Authority. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations on their use through external restrictions imposed by laws and regulation of other governments

Revenue Recognition

The Authority charges various financing fees which include an application fee, commitment fee, and closing fee. Fees are recognized when earned. Interest and investment income are recognized as earned. Interest income on notes receivable are recognized when interest is due on outstanding balances, calculated at interest rates

2. Summary of Significant Accounting Policies *(continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position *(continued)*

ranging from 4% to 8%. Interest is compounded annually and payable in accordance with provisions of the respective note agreement. Management periodically reviews collectability and will record a reserve based on an estimate of amounts deemed uncollectible.

Recent Accounting Standards

In June 2017, the GASB issued Statement No. 87, *Leases*, which is effective for fiscal years beginning after December 15, 2019. Due to the COVID-19 pandemic, the effective date has been postponed by eighteen months. The primary 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Authority has not yet completed the process of evaluating the impact of GASB 87 on its financial statements.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 29, 2023. On February 23, 2023, the Authority entered into a memorandum of understanding with the New Jersey Department of Community Affairs to accept $25,000,000 in funding related to the Affordable Housing Trust Fund program. Additionally, on February 24, 2022, the Authority approved a resolution to accept $20,000,000 in funding from the New Jersey Department of Community Affairs to continue the RIF and Redevelopment Investment Fund and Urban Site Acquisition programs.

3. Notes Receivable

Notes receivable consist of loans and are generally collateralized by assets of the project, the assets of the borrowers, and/or personal assets and personal guarantees. The notes bear interest rates ranging from 0.28% to 6.50% and mature at various times through 2044. At December 31, 2021, notes receivable, net of allowances or participations, were as follows:

	2021	2020
Notes Receivable:		
Urban Site Acquisition ("USA")	$ 3,708,512	$ 3,462,607
Redevelopment Inestment Fund ("RIF")	841,445	7,594,915
Predevelopment Loan Fund - CDBG	-	330,322
Working in Newark's Neighborhoods	-	1,887,698
	4,549,957	13,275,542
Less:allowances and reserves	(429,789)	(528,504)
	$ 4,120,168	$ 12,747,038

The maturity dates for notes receivable for future years subsequent to December 31, 2021 are as follows:

Current	$ 3,059,606
2-5 years	656,099
6-10 years	212,621
11-15 years	199,369
16-20 years	120,000
Thereafter	302,262
	4,549,957
Less: allowances	(429,789)
	4,120,168
Less: current portion	(2,629,817)
Non-current portion	$ 1,490,351

3. Notes Receivable *(continued)*

Concentration

At December 31, 2021 and 2020, there are four borrowers' loans that represent approximately 86% of outstanding loans for both years.

4. Capital Assets

Capital assets at December 31, 2021 consist of the following:

	2021	2020
Automobiles	$ 136,766	$ 118,461
Other	51,649	51,648
Computers and equipment	621,303	621,303
	809,718	791,412
Less accumulated depreciation	726,797	729,764
	$ 82,921	$ 61,648

For the years ended December 31, 2021, and 2020 depreciation expense was $19,678 and $26,425, respectively.

5. Long Term Liabilities

During 2021 and 2020 the following changes in the components of long-term liabilities were:

	Balance 12/31/2020	Issued	Retired	Balance 12/31/2021
Compensated Absences	$ 93,827	$ 78,502	$ -	$ 172,329
Net OPEB Liability	2,066,732	150,301	-	2,217,033
Net Pension Liability	2,246,498	-	686,790	1,559,708
	$ 4,407,057	$ 228,803	$ 686,790	$ 3,949,070

	Balance 12/31/2019	Issued	Retired	Balance 12/31/2020
Compensated Absences	$ 55,901	$ 37,926	$ -	$ 93,827
Due to DCA	337,225	-	337,225	-
Net OPEB Liability	1,453,493	613,239	-	2,066,732
Net Pension Liability	2,607,970	-	361,472	2,246,498
	$ 4,454,589	$ 651,165	$ 698,697	$ 4,407,057

No liabilities are considered due within one year.

6. Due to Subrecipients

The Authority has an agreement with the Department of Human Services (DHS) Division of Family Development (DFD), in which the Authority serves as the program administrator of the Work First New Jersey Entrepreneur Development Pilot Program (WFNJ) and Business Development Account Program (BDA). There were no expenditures related to these programs since inception.

A summary of the amounts due to subrecipients from the above funding resources at December 31, 2021 consists of the following:

	2021	2020
WFNJ	$ 200,856	$ 198,000
BDA	100,081	99,360
	$ 300,937	$ 297,360

7. Commitments and Contingencies

Operating Lease

The Authority entered into a lease for its administrative office space, which expires in August 2024. The original term of the non-cancellable operating lease is six years, with two options to extend the lease term for two and one-half years each; on the same terms. The Authority is also required to pay a pro-rata share of the landlord's operating expenses as additional rent.

Future minimum lease payments subsequent to December 31, 2021 are as follows:

2022	$ 190,559
2023	190,848
2024	111,328
Total	$ 492,735

Grants

The Authority participates in federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Authority has not complied with the rules and regulations governing grants, refunds of any money received may be required. In the opinion of the Authority's management, there are no significant contingent liabilities relating to compliance with rules and regulations or final eligible cost requirements governing the respective grant or funding; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.

8. Refundable Advances

Refundable advances consist of the following at December 31, 2021 and 2020:

	2021	2020
State of New Jersey, Department of the Treasury	$ 3,118,148	$ 1,627,129
County of Ocean, New Jersey	3,600	5,819,839
County of Passaic, New Jersey	-	3,567,521
County of Essex, New Jersey	42,015	4,825,867
	$ 3,163,763	$ 15,840,356

State of New Jersey, Department of the Treasury

During 2021 and 2020, the Authority was a subrecipient of federal Coronavirus Relief Funds of $15,450,000 and $10,250,000, respectively, passed through the State of New Jersey, Department of the Treasury. The State of New Jersey specified the funds were to be utilized for a Small Business Lease Emergency Assistance Grant Program (SBLEAGP) in which the Authority was to assist small businesses that are unable to pay their lease payments due to the mandatory closure of their businesses due to the COVID-19 pandemic. If the Authority were unable to provide the assistance specified in the agreement with the State of New Jersey, the funds would be refundable back to the State of New Jersey, Department of the Treasurer.

9. Employee Retirement System

Description of Plans

The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan's designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the Public Employees' Retirement System (PERS), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions.

9. Employee Retirement System (continued)

However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at www.state.nj.us/treasury/pensions, or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Public Employees' Retirement System

The Public Employees' Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund.

Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2021 and 2020:

	2021	2020
Inactive plan members of beneficiaries currently receiving benefits	184,775	182,492
Inactive plan members entitled to but not yet receiving benefits	877	942
Active plan members	246,776	249,045
	432,428	432,479

Contributing Employers – 1,683

9. Employee Retirement System (continued)

Significant Legislation – For State of New Jersey contributions to the PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven year period beginning in the fiscal year ended June 30, 2012.

Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

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

For the years ended December 31, 2021 and 2020 the Authority's total payroll for all employees was $1,092,560 and $1,070,883, respectively, and the Authority's covered PERS payroll was $897,748 and $942,781, respectively.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. Members contribute at a uniform rate. The member contribution rate was 7.50% in State fiscal year 2020 and State fiscal year 2021. Employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Authority contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

It is assumed that the local employers will contribute 100% of their actuarially determined contribution, except for fiscal year 2021 and fiscal year 2022 when the impact of the recent demographic assumption changes is phased in, and 100% of their Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution. The State will contribute 107.91% of its actuarially determined contribution for fiscal year ending June 30,2022 at the beginning of the fiscal year. This contribution has been included in the projections. In subsequent years, it is assumed that the State will contribute 100% of their actuarially determined contribution and NCGIPF contribution. The 100% contribution rate is the actual total State contribution rate paid in fiscal year ending June 30, 2023, with respect to the actuarially determined contribution for the fiscal year ending June 30, 2023 for all State administered retirement systems.

9. Employee Retirement System *(continued)*

In accordance with Chapter 98, P.L. 2017, PERS receives 21.02% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from lottery proceeds are assumed to be contributed to the System on a monthly basis.

Authority payments to PERS for the years ending December 31, 2021 and 2020, which equaled the Authority's required contributions, consisted of the following:

	2021	2020
Total Regular Billing	$ 154,189	$ 150,702

The Authority recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

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

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 8, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members with 25 years or more of service credit before age 62 and tier 5 members 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 his/her respective tier.

Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the Authority's proportionate share of the net pension liability for the Non-State Employer Member Group was $1,559,708 or 0.0131659862% which was a decrease of 0.0006099688% from its

9. Employee Retirement System *(continued)*

proportion measured as of June 30, 2020. For the year ended December 31, 2021, the Authority recognized a full accrual pension benefit of $169,453.

At June 30, 2020, the proportionate share of the State of New Jersey's net pension liability for the Non-State Employer Member Group that is attributable to the Authority was $2,246,498 or 0.0131659862%. For the year ended December 31, 2020, the Authority recognized a full accrual pension expense of $184,217.

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 24,599	$ 11,166
Changes in assumptions	8,123	555,266
Net difference between projected and actual earnings on pension plan investments	-	410,868
Changes in proportion and differences between Authority contributions and proportionate share of contributions	485	300,015
Authority contributions subsequent to the measurement date	77,094	
	$ 110,301	$ 1,277,315

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 40,905	$ 7,945
Changes in assumptions	72,879	940,630
Net difference between projected and actual earnings on pension plan investments	76,787	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	148,873	268,342
Authority contributions subsequent to the measurement date	75,351	
	$ 414,795	$ 1,216,917

9. Employee Retirement System *(continued)*

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	Amount
2022	$ (487,243)
2023	(365,362)
2024	(231,644)
2025	(157,525)
2026	(2,334)
Total	$ (1,244,108)

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

	2021	2020
Inflation-Prices	2.75%	2.75%
Inflation-Wages	3.25%	3.25%
Salary Increases		
Through 2026	2.00% - 6.00% Based on years of service	2.00% - 6.00% Based on years of service
Thereafter	3.00% - 7.00% Based on years of service	3.00% - 7.00% Based on years 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. Mortality improvement is based on Scale MP-2021.

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

9. Employee Retirement System *(continued)*

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 and 2020 are summarized in the following table:

2021			2020		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.09%	US Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.71%	Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.96%	Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.30%	Private Equity	13.00%	11.42%
Real Assets	8.00%	9.15%	Real Assets	3.00%	9.73%
Real Estate	3.00%	7.40%	Real Estate	8.00%	9.56%
High Yield	2.00%	3.75%	High Yield	2.00%	5.95%
Private Credit	8.00%	7.60%	Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	1.68%	Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%	Cash Equivalents	4.00%	0.50%
U.S Treasuries	5.00%	0.95%	U.S Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.35%	Risk Mitigation Strategies	3.00%	3.40%
	100.00%			100.00%	

Discount Rate – The discount rate used to measure the total pension liability as of June 30, 2021 and June 30, 2020 was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all 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.

9. Employee Retirement System *(continued)*

Sensitivity of Net Pension Liability – the following presents the net pension liability of the Authority calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	June 30, 2021		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
PERS	$ 2,124,006	$ 1,559,708	$ 1,080,821

	June 30, 2020		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
PERS	$ 2,827,966	$ 2,246,498	$ 1,753,106

Plan Fiduciary Net Position – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2021 and 2020 were $35,707,804,636 and $29,045,369,302, respectively. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2021 and 2020 was $28,386,785,177 and $22,997,176,445, respectively.

Additional information

Collective Local Group balances at June 30, 2021 are as follows:

Collective deferred outflows of resources	$ 1,164,738,169
Collective deferred inflows of resources	8,339,123,762
Collective net pension liability	11,972,782,878
Authority's proportion	0.0131659862%

Collective pension expense (benefit) for the Local Group for the measurement period ended June 30, 2021 and 2020 was ($1,599,574,464) and $407,705,399, respectively. The average of the expected remaining service lives of all plan members is 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for the 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

State Contribution Payable Dates

Consistent with Chapter 83, P.L. 2016, it is assumed that the State will make pension contributions in equal amounts at the end of each quarter. This assumption does not apply to the fiscal year ending June 30, 2022 contribution that was paid in full at the beginning of the fiscal year.

10. Post-Retirement Benefits Other Than Pension

The New Jersey Redevelopment Authority provides healthcare to its employees and retirees through its participation in the State Health Benefits Program (SHBP), a cost sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical and prescription drugs to retirees and their covered dependents. All active full-time employees are covered by the SHBP. Employees become eligible for these benefits upon retirement after 25 years of creditable service in the PERS.

Benefit provisions for the plan are established and amended by the Authority's Members, and there is no statutory requirement for the Authority to continue this plan for future Authority employees. The Plan is a non-contributory plan with all payments for plan benefits being funded by the Authority. 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 (ACFR), which can be found at https://www.state.nj.us/treasury/pensions/financial-reports.shtml.

At June 30, 2021 and 2020, twelve (12) plan members (active and retiree) were receiving postretirement health care benefits in which the Authority was billed $151,641 and $139,092, respectively. Participating employers are contractually required to provide for their contributions based on the amount of premiums attributable to their retirees.

Plan Description and Benefits Provided:

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer

10. Post-Retirement Benefits Other Than Pension *(continued)*

at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

Contributions

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Total OPEB Liability

Nonspecial Funding Situation - The State of New Jersey's Total OPEB Liability for nonspecial funding situation at June 30, 2021 and 2020 were $14,138,423,345 and $12,484,309,814, respectively.

The amounts of the State's Non-employer OPEB Liability that are attributable to employees and retirees of the Authority at June 30, 2021 and 2020 were $2,217,033 and $2,066,732, respectively. These allocated liabilities represent 0.012317% and 0. 011516% of the State's Total Non-employer OPEB Liability for June 30, 2021 and 2020, respectively.

Components of Net OPEB Liability – The components of the collective net OPEB liability for PERS, including the State of New Jersey, is as follows:

	June 30, 2021	June 30, 2020
Total OPEB Liability	$ 18,050,052,887	$ 18,111,475,228
Plan Fiduciary Net Position	50,271,652	164,862,282
Net OPEB Liability	$ 17,999,781,235	$ 17,946,612,946
Plan fiduciary net position as a percentage of the total OPEB liability	0.28%	0.91%

Actuarial Assumptions and Other Inputs:

The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The total liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in.

10. Post-Retirement Benefits Other Than Pension *(continued)*

These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases*:	
Public Employees' Retirement Systems (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00 - 6.00%
Rate thereafter	3.00 - 7.00%
Mortality:	
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

* Salary increases are based on years of service within the respective plan.

Actuarial assumptions used in the July 1, 2020 valuation were based on the results of the PERS experience study prepared for July 1, 2014 to June 30, 2018, respectively.

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

Healthcare Trend Assumptions – For pre-Medicare medical benefits, the trend 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.

Discount Rate - The discount rate for June 30, 2021 and 2020 was 2.16% and 2.21%, 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.

Sensitivity of the State's Net OPEB Liability to Changes in the Discount Rate:

The following presents the net OPEB liability of the Authority and the collective participating employers as of June 30, 2021 and 2020, 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-percentage point lower or 1-percentage- point higher than the current rate:

10. Post-Retirement Benefits Other Than Pension *(continued)*

	June 30, 2021		
	1% Decrease (1.16%)	At Discount Rate (2.16%)	1% Increase (3.16%)
Total Net OPEB Liability	$ 21,182,289,882	$ 17,999,781,235	$ 15,477,574,697
Authority's Share	$ 2,609,023	$ 2,217,033	$ 1,906,373

	June 30, 2020		
	1% Decrease (1.21%)	At Discount Rate (2.21%)	1% Increase (3.21%)
Total Net OPEB Liability	$ 21,216,688,254	$ 17,946,612,946	$ 15,358,051,000
Authority's Share	$ 2,443,314	$ 2,066,732	$ 1,768,633

Sensitivity of the State's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following presents the net OPEB liability as of June 30, 2021 and 2020, 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-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2021		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total Net OPEB Liability	$15,017,879,689	$ 17,999,781,235	$ 21,890,793,528
Authority's Share	$ 1,849,752	$ 2,217,033	$ 2,696,289

	June 30, 2020		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total Net OPEB Liability	$14,850,840,718	$ 17,946,612,946	$ 22,000,569,109
Authority's Share	$ 1,710,223	$ 2,066,732	$ 2,533,586

10. Post-Retirement Benefits Other Than Pension *(continued)*

At June 30, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2021	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Changes of assumptions	$ 318,927	$ 391,887
Changes in proportion	285,179	322,298
Difference between expected and actual experience	49,748	463,836
Net difference between projected and actual investment earnings on OPEB plan investments	1,060	-
	$ 654,914	$ 1,178,021

	June 30, 2020	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Changes of assumptions	$ 309,118	$ 459,609
Changes in proportion	152,984	404,154
Difference between expected and actual experience	54,436	384,864
Net difference between projected and actual investment earnings on OPEB plan investments	1,312	-
	$ 517,850	$ 1,248,627

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending	Amount
2022	$ (164,660)
2023	(164,819)
2024	(164,946)
2025	(93,024)
2026	17
Thereafter	64,325
Total	$ (523,107)

As of December 31, 2021 and 2020, the Authority recognized a full accrual OPEB (benefit) of ($12,673) and ($43,236), respectively.

10. Post-Retirement Benefits Other Than Pension *(continued)*

Changes in Proportion - The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 7.82, 7.87, 8.05, 8.14, and 8.04 years for the 2021, 2020, 2019, 2018, and 2017 amounts, respectively.

11. Federal Appropriations and Program Payments

In 2021 and 2020, the Authority received appropriations from the United States Department of the Treasury, as part of the CARES Act of 2021, via the State of New Jersey, for purposes of administering an emergency grant program for businesses adversely impacted by the COVID-19 pandemic. The Authority recognizes the disbursement of these funds to grantees as program payments. For the year ended December 31, 2021, federal appropriations were $13,925,600, program payments totaled $13,508,981, and the Authority recognized $416,619 in administrative expenses in connection with the program. For the year ended December 31, 2020, federal appropriations were $8,622,711, program payments totaled $8,372,871, and the Authority recognized $249,840 in administrative expenses in connection with the program. A separate report will be issued as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”).

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New Jersey Redevelopment Authority
(a component unit of the State of New Jersey)

Required Supplementary Information
Schedule of the Authority's Proportionate Share of Net Pension Liability

Last Ten Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Authority's % proportionate share of net pension liability	0.01316599%	0.01377596%	0.01447386%	0.01540108%	0.01551749%	0.01549203%	0.08241640%
Authority's proportionate share of net pension liability	$ 1,559,708	$ 2,246,498	$ 2,607,970	$ 3,032,396	$ 3,612,224	$ 4,588,296	$ 1,850,083
Authority's covered employee payroll	$ 897,748	$ 942,781	$ 1,017,718	$ 1,067,672	$ 1,166,714	$ 1,115,703	$ 1,032,317
Authority's proportionate share of net pension liability as a % of covered employee payroll	173.7%	238.3%	256.3%	284.0%	309.6%	411.2%	179.2%
Plan fiduciary net position as a % of total pension liability	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%

*Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

See independent auditors' report

New Jersey Redevelopment Authority
(a component unit of the State of New Jersey)

Required Supplementary Information
Schedule of Contributions

Last Ten Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Authority's required contribution	$ 154,189	$ 150,702	$ 140,788	$ 136,746	$ 137,629	$ 75,700	75,719
Authority's contributions in relation to the contractually required contribution	$ 154,189	$ 150,702	$ 140,788	$ 136,746	$ 137,629	$ 75,700	75,719
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered employee payroll	$ 942,781	$ 1,017,718	$ 1,067,672	$ 1,166,714	$ 1,115,703	$ 1,032,317	$ 1,032,317
Contributions as a % of covered employee payroll	16.35%	14.81%	13.19%	11.72%	12.34%	7.33%	7.33%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Required Supplementary Information

Public Employees' Retirement System

Change in benefit terms — There were none.

Change in Assumptions:	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Discount Rate	7.00%	7.00%	6.28%	5.66%	5.00%	3.98%	4.90%
Inflation Rate	2.75%	2.75%	2.75%	2.25%	2.25%	3.08%	3.04%
Long-term Rate of Return	7.00%	7.00%	7.00%	7.00%	7.00%	7.65%	7.90%

See independent auditors' report

New Jersey Redevelopment Authority
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Required Supplementary Information
Schedule of Authority's Proportionate Share of the Net OPEB Liability
State Health Benefit Local Government Retired Employees' plan

Last Ten Fiscal Years*

	2021	2020	2019	2018	2017	2016
Authority's proportion of the net OPEB liability	0.012317%	0.011516%	0.010730%	0.011587%	0.012391%	0.01457%
Authority's proportionate share of the net OPEB liability	$ 2,217,033	$ 2,066,732	$ 1,453,493	$ 1,815,291	$ 2,529,720	$ 2,973,772
Covered employee payroll	$ 897,748	$ 942,781	$ 1,017,718	$ 1,067,672	$ 1,166,714	$ 1,115,703
Authority's proportionate share of the net OPEB liability as a percentage of it's covered employee payroll	246.95%	219.22%	142.82%	170.02%	216.82%	266.54%
Plan Fiduciary net position as a percentage of the total OPEB liability	0.28%	0.91%	1.98%	1.97%	1.03%	0.69%

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

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditors' report

New Jersey Redevelopment Authority
(a component unit of the State of New Jersey)

Required Supplementary Information
Schedule of Authority's Contributions
State Health Benefit Local Government Retired Employees' Plan

Last Ten Fiscal Years*

	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 145,983	$ 139,092	$ 129,394	$ 147,664	$ 158,318	$ 136,339
Contributions in relation to the contractually required contribution	$ (145,983)	$ (139,092)	$ (129,394)	$ (147,664)	$ (158,318)	$ (136,339)
Contribution deficency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered employee payroll	$ 942,781	$ 1,017,718	$ 1,067,672	$ 1,166,714	$ 1,115,703	$1,115,703
Contributions as a percentage of covered-employee payroll	15.48%	13.67%	12.12%	12.66%	14.19%	12.22%

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Required Supplementary Information

Change in benefit terms	There were none.
Change in assumptions	The discount rate changed from 2.16% as of June 30, 2021 and 2.21% as of June 30, 2020.

See independent auditors' report