NEW JERSEY REDEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

BASIC FINANCIAL STATEMENTS AND
MANAGEMENT'S DISCUSSION AND ANALYSIS AND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Years Ended December 31, 2020 and 2019

(with Independent Auditors' Reports Thereon)

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

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

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying 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 December 31, 2020 and 2019 and for the years then ended and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 auditors' 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 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 opinion.

PKF O'CONNOR DAVIES, LLP
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Opinion

In our opinion, the 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, 2020 and 2019, and changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America, require that management's discussion and analysis on pages 4-7 and schedules related to accounting and reporting for pensions and other postemployment benefits on pages 35-38 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 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 an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Authority's 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 Authority's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Cranford, New Jersey
April 20, 2022, except for our report
on the Schedule of Expenditures of Federal
Awards for which date is December 13, 2022

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, 2020 and 2019, 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, 2020 and 2019. 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,		
	2020	2019	2018
Current assets	$ 20,466,493	$ 1,328,009	$ 1,428,961
Non-current assets	36,817,832	37,043,762	36,279,965
Capital assets	61,648	43,246	74,649
Total assets	$ 57,345,973	$ 38,415,017	$ 37,783,575
Deferred outflows of resources	$ 932,645	$ 787,251	$ 1,303,069
Current liabilities	$ 16,692,335	$ 551,725	$ 765,538
Non-current liabilities	4,407,057	4,454,589	5,231,729
Total liabilities	$ 21,099,392	$ 5,006,314	$ 5,997,267
Deferred inflows of resources	$ 2,465,544	$ 2,614,386	$ 2,365,220
Net investment in capital assets	$ 61,648	$ 43,246	$ 74,649
Restricted	20,169,314	20,055,875	20,338,238
Unrestricted	14,482,720	11,482,447	10,311,270
Total net position	$ 34,713,682	$ 31,581,568	$ 30,724,157

2019-2020

During 2020, the Authority was a subrecipient of federal Coronavirus Relief Funds of $10,000,000 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.

2018-2019

In 2019, the Authority received three (3) WINN applications in the total amount of $4,000,000 for predevelopment and permanent financing costs for a 33-story residential project in Newark located at 760-781 McCarter Highway, a 7,000 square foot restaurant and training facility in Newark located at 304-306 Lyon Avenue, and a speakeasy style restaurant in Newark located at 11 Clinton Street. These loan applications were underwritten for approval in 2020.

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

	Years Ended December 31,		
	2020	**2019**	**2018**
Operating revenues	$ 910,504	$ 1,384,055	$ 752,285
Operating expenses	2,442,777	1,858,551	2,946,663
Loss from operations	(1,532,273)	(474,496)	(2,194,378)
Non-operating revenue	4,664,387	1,331,907	208,283
Change in net position	3,132,114	857,411	(1,986,095)
Net position, beginning of year	31,581,568	30,724,157	32,710,252
Net position, end of year	$ 34,713,682	$ 31,581,568	$ 30,724,157

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.

2018 – 2019

The Authority has experienced an approximately $857,000 increase in net position during 2019. A majority of this increase is due to a re-assessment of the collectability of notes receivable, which increased the loan recovery revenue in 2019. Additionally, in 2019 the Authority has reduced its operating expenses and worked towards continuing to reduce operating expenses in the future.

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, 2020	December 31, 2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Unrestricted cash and cash equivalents	$ 430,098	$ 194,405
Restricted cash and cash equivalents	16,071,208	
Notes receivable, net of allowance of $528,804 and $557,506, respectively	3,940,023	1,111,779
Prepaid expenses and other current assets	25,164	21,825
Total Current Assets	20,466,493	1,328,009
Non-Current Assets		
Unrestricted cash	7,707,632	3,577,829
Restricted cash	20,169,314	20,055,875
Notes receivable, net of current portion	8,806,715	13,300,352
Interest receivable	132,171	107,706
New Market Tax Credit	2,000	2,000
Capital Assets	61,648	43,246
Total Non-Current Assets	36,879,480	37,087,008
Total Assets	57,345,973	38,415,017
Deferred Outflows of Resources		
Deferred Amount on Net Pension Liability	414,795	786,054
Deferred Amount on OPEB Liability	517,850	1,197
Total Deferred Outflows of Resources	$ 932,645	$ 787,251
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities		
Accounts payable and accrued expenses	$ 323,767	$ 254,365
Refundable advances	15,840,356	
Due to subrecipients	297,360	297,360
Unearned revenue	230,852	
Total Current Liabilities	16,692,335	551,725
Long-Term Liabilities		
Compensated absences	93,827	55,901
Due to Department of Community Affairs		337,225
Net OPEB liability	2,066,732	1,453,493
Net pension liability	2,246,498	2,607,970
Total Long-Term Liabilities	4,407,057	4,454,589
Total Liabilities	21,099,392	5,006,314
Deferred Inflows of Resources		
Deferred Amount on Net Pension Liability	1,216,917	1,188,232
Deferred Amount on OPEB Liability	1,248,627	1,426,154
Total Deferred Inflows of Resources	2,465,544	2,614,386
Net Position		
Net investment in capital assets	61,648	43,246
Restricted	20,169,314	20,055,875
Unrestricted	14,482,720	11,482,447
Total Net Position	$ 34,713,682	$ 31,581,568

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, 2020	2019
OPERATING REVENUES		
Interest income on notes receivable	$ 639,565	$ 774,652
Small Business Lease Emergency Assistance Grant Program county administration income	189,308	
Fee income	81,221	107,161
Other	410	502,242
Total Operating Revenues	910,504	1,384,055
OPERATING EXPENSES		
Salaries and benefits	1,452,472	1,278,890
General and administrative	771,648	343,348
Rent	192,232	204,909
Depreciation	26,425	31,404
Total Operating Expenses	2,442,777	1,858,551
Operating Loss	(1,532,273)	(474,496)
NON-OPERATING REVENUES (EXPENSES)		
Coronavirus Relief Fund grant income	8,622,711	
Coronavirus Relief Fund program expenses	(8,372,871)	
Recovery of loans	4,333,996	1,100,770
Interest income on cash	80,551	231,137
Total Non-Operating Revenues (Expenses)	4,664,387	1,331,907
Change in Net Position	3,132,114	857,411
NET POSITION		
Beginning of year	31,581,568	30,724,157
End of year	$ 34,713,682	$ 31,581,568

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, 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash disbursed to borrowers	$ -	$ (1,831,250)
Cash received from borrowers	2,361,714	482,134
Cash received from other sources	420,410	502,242
Cash disbursed for goods and services	(859,891)	(744,290)
Cash disbursed for personnel costs	(1,494,941)	(1,300,130)
Net Cash From Operating Activities	427,292	(2,891,294)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(44,827)	
Net Cash From Capital Financing Activities	(44,827)	-
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipt of County funds for small business lease program	20,760,000	
Payment of County funds for small business lease program	(6,546,773)	
Coronavirus Relief Fund grant receipts	10,250,000	
Coronavirus Relief Fund program disbursements	(8,372,871)	
Payments to Department of Community Affairs	(337,225)	(8,448)
Net Cash From Non-Capital Financing Activities	15,753,131	(8,448)
CASH FLOWS FROM INVESTING ACTIVITIES		
Recovery of loans	4,333,996	1,100,770
Interest income on cash	80,551	231,137
Net Cash From Investing Activities	4,414,547	1,331,907
Net Change in Cash and Cash Equivalents	20,550,143	(1,567,835)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning of year	23,828,109	25,395,944
End of year	$ 44,378,252	$ 23,828,109
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Unrestricted current cash and cash equivalents	$ 430,098	$ 194,405
Restricted current cash and cash equivalents	16,071,208	
Unrestricted non-current cash and cash equivalents	7,707,632	3,577,829
Restricted non-current cash	20,169,314	20,055,875
	$ 44,378,252	$ 23,828,109
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Loss from operations	$ (1,532,273)	$ (474,496)
Adjustments to reconcile loss from operations to net cash from operating activities:		
Depreciation	26,425	31,404
Changes in operating assets and liabilities:		
Notes receivable	1,665,393	(4,033,956)
Prepaid expenses and other current assets	(3,339)	248
Deferred outflows of resources	(145,394)	515,818
Interest receivable	(24,465)	1,803,027
Accounts payable and compensated absences	107,328	(196,281)
County administration fee unearned revenue	230,692	
Net pension liability	(361,472)	(424,426)
Net OPEB liability	613,239	(361,798)
Deferred inflows of resources	(148,842)	249,166
	1,959,565	(2,416,798)
Net Cash From Operating Activities	$ 427,292	$ (2,891,294)

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. 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. 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, 2020 and 2019, the allowance approximated $529,000 and $558,000.

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, 2020 and 2019, are as follows:

	2020		2019	
	Book Balance	Bank Balance	Book Balance	Bank Balance
NJRA	$ 40,139,468	$ 40,151,655	$ 20,527,648	$ 20,537,476
WINN	4,238,784	4,238,784	3,300,461	3,300,461
	$ 44,378,252	$ 44,390,439	$ 23,828,109	$ 23,837,937

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 for each account. Cash exposed to risk is $44,140,439 and $23,587,937 for 2020 and 2019, 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. Significant Accounting Policies *(continued)*

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

Non-current cash at December 31, 2020 and 2019 consists of the following:

	2020	2019
Urban Site Acquisition	$ 9,846,738	$ 10,313,876
Redevelopment Investment Fund	13,684,747	9,813,366
WFNJ Entrepreneur Development	200,731	200,291
WFBD	88,251	99,975
Working in Newark's Neighborhoods	4,056,479	3,206,196
	$ 27,876,946	$ 23,633,704
Restricted Cash	(20,169,314)	(20,055,875)
Unrestricted Cash	$ 7,707,632	$ 3,577,829

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, 2020 and 2019 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

Consistent with GASB 34, 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 assets are available, the nature of the expense (i.e. restricted) determines what resource is applied first.

Reclassifications

Certain amounts in 2019 have been reclassified to conform with the 2020 presentation.

2. 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 position 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 position 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. 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.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which is effective for fiscal years beginning after December 15, 2020. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The Authority has not yet completed the process of evaluating the impact of GASB 91 on its financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics and the majority of topics are effective for fiscal years beginning after June 15, 2020. The Authority has not yet completed the process of evaluating the impact of GASB 92 on its financial statements.

2. Significant Accounting Policies *(continued)*

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 April 20, 2022. A significant event was noted on January 27, 2021 when the Authority approved a resolution to accept an additional $5,250,000 federal Coronavirus Relief Funds to extend the Small Business Lease Emergency Assistance Grant Program through March 31, 2021. Another significant event occurred on February 24, 2022 when 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, 2020 and 2019, notes receivable, net of allowances or participations, were as follows:

	2020	2019
Notes Receivable:		
Urban Site Acquisition ("USA")	$ 3,462,607	$ 3,503,129
Redevelopment Investment Fund ("RIF")	7,594,915	7,918,058
Predevelopment Loan Fund - CDBG	330,322	330,322
Working in Newark's Neighborhoods	1,887,698	3,218,128
	13,275,542	14,969,637
Less: allowances and reserves	528,804	557,506
	$ 12,746,738	$ 14,412,131

The maturity dates for notes receivable for future years subsequent to December 31, 2020 are as follows:

Current	$ 3,940,023
2-5 years	3,398,384
6-10 years	2,629,945
11-15 years	2,935,749
16-20 years	120,000
Thereafter	251,441
	13,275,542
Less: allowances	(528,804)
	12,746,738
Less: current portion	(3,940,023)
Non-current portion	$ 8,806,715

3. Notes Receivable *(continued)*

Concentration

At December 31, 2020 and 2019, there are four borrowers' loans that represent approximately 86% and 85% of outstanding loans, respectively.

4. Capital Assets

Capital assets at December 31, 2020 and 2019 consist of the following:

	2020	2019
Automobiles	$ 118,461	$ 118,461
Other	51,648	27,366
Computers and equipment	621,303	600,758
	791,412	746,585
Less accumulated depreciation	729,764	703,339
	$ 61,648	$ 43,246

For the years ended December 31, 2020, and 2019 depreciation expense was $26,425 and $31,404, respectively.

5. Long Term Liabilities

During 2020 and 2019 the following changes in the components of long-term liabilities were:

	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

	Balance 12/31/2018	Issued	Retired	Balance 12/31/2019
Compensated Absences	$ 38,369	$ 17,532	$ -	$ 55,901
Due to DCA	345,673	-	8,448	337,225
Net OPEB Liability	1,815,291	-	361,798	1,453,493
Net Pension Liability	3,032,396	-	424,426	2,607,970
	$ 5,231,729	$ 17,532	$ 794,672	$ 4,454,589

No liabilities are considered due within one year.

6. Due to Subrecipients

The Authority has a custodial capacity agreement with the Department of Human Services (DHS) Division of Family Development (DFD), in which the Authority will serve as trustee 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, 2020 and 2019 consists of the following:

	2020	2019
WFNJ	$ 198,000	$ 198,000
BDA	99,360	99,360
	$ 297,360	$ 297,360

7. Commitments and Contingencies

Loan Commitments

The following loan commitments are outstanding as of December 31, 2020 and 2019:

	2020	2019
USA, Inc.	$ -	$ 500,000

State of New Jersey Department of Community Affairs

In July 2013, the Authority and the DCA entered into a subrecipient agreement to fund programs through the U.S. Department of Housing and Urban Development Community Development Block Grant Program. The Authority's responsibilities under this program is to administer certain affordable housing predevelopment activities throughout the State of New Jersey.

Operating Lease

The Authority entered into a lease for its administrative office space, which expires in August 2024. The 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.

7. Commitments and Contingencies (continued)

Operating Lease *(continued)*

Future minimum lease payments subsequent to December 31, 2020 are as follows:

2021	$ 187,380
2022	190,559
2023	190,848
2024	111,328
Total	$ 680,115

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.

8. Refundable Advances

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

	2020
State of New Jersey, Department of the Treasury	$ 1,627,129
County of Ocean, New Jersey	5,819,839
County of Passaic, New Jersey	3,567,521
County of Essex, New Jersey	4,825,867
	$ 15,840,356

State of New Jersey, Department of the Treasury

During 2020, the Authority was a subrecipient of federal Coronavirus Relief Funds of $10,000,000 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. 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. The Authority intends to spend the balance of $1,627,129 in the subsequent year on the SBLEAGP.

8. Refundable Advances (continued)

Counties of Ocean, Passaic and Essex, New Jersey

During 2020, the Counties of Ocean, Passaic and Essex, New Jersey, entered into a subcontractor relationship with the Authority to provide administrative services for the facilitation of SBLEAGP programs for small businesses within their 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. Any unused funds are refundable back to the Counties upon discontinuation of the program or at the demand of the Counties.

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, 2020 and 2019:

	2020	2019
Inactive plan members of beneficiaries currently receiving benefits	182,492	178,748
Inactive plan members entitled to but not yet receiving benefits	942	609
Active plan members	249,045	252,598
	432,479	431,955

9. Employee Retirement System *(continued)*

Contributing Employers – 1,697

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, 2020 and 2019 the Authority's total payroll for all employees was $942,781 and $1,017,718, which approximates the covered PERS payroll.

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 2019 and State fiscal year 2020. 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 and 100% of their Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution while the State will contribute 78% of its actuarially determined contribution and 100% of its NCGIPF contribution. The 78% contribution rate is the actual total State contribution rate paid in fiscal year ending June 30, 2020 with respect to the actuarially determined contribution for the fiscal year ending June 30, 2020 for all State administered retirement systems.

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.

9. Employee Retirement System *(continued)*

Authority payments to PERS for the years ending December 31, 2020 and 2019 consisted of the following:

	2020	2019
Total Regular Billing	$ 150,702	$ 140,788

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, 2020, the PERS reported a net pension liability of $16,435,616,426 for its Non-State Employer Member Group. The Authority's proportionate share of the net pension liability for the Non-State Employer Member Group was $2,246,498 or 0.0137759550% which was a decrease of 0.0006979026% from its proportion measured as of June 30, 2019. For the year ended December 31, 2020, the Authority recognized a full accrual pension expense of $184,217.

9. Employee Retirement System *(continued)*

At June 30, 2019, the PERS reported a net pension liability of $18,143,832,135 for its Non-State Employer Member Group. 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 $2,607,970 or 0.0144738576%. For the year ended December 31, 2019, the Authority recognized a full accrual pension expense of $263,028.

	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

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 46,810	$ 11,521
Changes in assumptions	260,415	905,218
Net difference between projected and actual earnings on pension plan investments		41,168
Changes in proportion and differences between Authority contributions and proportionate share of contributions	408,435	230,325
Authority contributions subsequent to the measurement date	70,394	
	$ 786,054	$ 1,188,232

The $75,351 shown as deferred outflows of resources related to the PERS is resulting from the Authority contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

9. Employee Retirement System *(continued)*

Year Ended December 31,	Amount
2021	$ (199,660)
2022	(346,253)
2023	(224,372)
2024	(90,654)
2025	(16,534)
Total	$ (877,473)

Actuarial Assumptions- The collective 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. This actuarial valuation used the following assumptions:

	2020	2019
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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2020) 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, 2020 and 2019 are summarized in the following table:

2020			2019		
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%	7.71%	Risk Mitigation Strategies	3.00%	4.67%
Non-U.S. Devloped Markets Equity	13.50%	8.57%	Cash Equivalents	5.00%	2.00%
Emerging Market Equity	5.50%	10.23%	U.S. Treasuries	5.00%	2.68%
Private Equity	13.00%	11.42%	Investment Grade Credit	10.00%	4.25%
Real Assets	3.00%	9.73%	High Yield	2.00%	5.37%
Real Estate	8.00%	9.56%	Private Credit	6.00%	7.92%
High Yield	2.00%	5.95%	Real Assets	2.50%	9.31%
Private Credit	8.00%	7.59%	Real Estate	7.50%	8.33%
Investment Grade Credit	8.00%	2.67%	U.S Equity	28.00%	8.26%
Cash Equivalents	4.00%	0.50%	Non-U.S. Devloped Markets Equity	12.50%	9.00%
U.S Treasuries	5.00%	1.94%	Emerging Markets Equitiies	6.50%	11.37%
Risk Mitigation Strategies	3.00%	3.40%	Private Equity	12.00%	10.85%
	100.00%			100.00%	

Discount Rate – The discount rate used to measure the total pension liability as of June 30, 2020 was 7.00% and as of June 30, 2019 was 6.28%. 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 78% 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 PERS 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, 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

	June 30, 2019		
	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
PERS	$ 3,294,290	$ 2,607,970	$ 2,029,648

Plan Fiduciary Net Position – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2020 and 2019 were $29,045,369,302 and $29,847,977,666, respectively. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2020 and 2019 was $22,997,176,445 and $23,347,631,751, respectively.

Additional information

Collective Local Group balances at June 30, 2020 are as follows:

Collective deferred outflows of resources	$ 2,347,583,337
Collective deferred inflows of resources	7,849,949,467
Collective net pension liability	16,435,616,426
Authority's proportion	0.0137759550%

Collective pension expense for the Local Group for the measurement period ended June 30, 2020 and 2019 was $407,705,399 and $974,471,686, respectively. The average of the expected remaining service lives of all plan members is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2020, 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

State Contribution Payable Dates

Prior to July 1, 2019 valuation, it is assumed the State will make pension contributions the June 30th following the valuation date. Effective with the July 1, 2019 valuation Chapter 83 P.L. 2016 requires the State to make pension contributions on a quarterly basis at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30.

9. Employee Retirement System *(continued)*

Receivable Contributions

The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the years ended June 30, 2020 and 2019 are $1,144,889,253 and $1,038,892,124, respectively.

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 (CAFR), which can be found at https://www.state.nj.us/treasury/pensions/financial-reports.shtml.

At June 30, 2020 and 2019, twelve (12) and twelve (12) plan members (active and retiree) were receiving postretirement health care benefits in which the Authority was billed $139,092 and $129,394, 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, 2020 and 2019 were $12,484,309,814 and $8,020,352,361, respectively.

The amounts of the State's Non-employer OPEB Liability that are attributable to employees and retirees of the Authority at June 30, 2020 and 2019 were $2,066,732 and $1,453,493, respectively. These allocated liabilities represent 0.011516% and 0. 010730% of the State's Total Non-employer OPEB Liability for June 30, 2020 and 2019, 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, 2020	June 30, 2019
Total OPEB Liability	$ 18,111,475,228	$ 13,819,244,582
Plan Fiduciary Net Position	164,862,282	273,173,482
Net OPEB Liability	$ 17,946,612,946	$ 13,546,071,100
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%	1.98%

Actuarial Assumptions and Other Inputs:

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The total liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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-2020

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

Actuarial assumptions used in the July 1, 2019 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, 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.

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

The following presents the collective net OPEB liability of the participating employers as of June 30, 2020 and 2019, 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, 2020		
	1% Decrease (2.50%)	At Discount Rate (3.50%)	1% Increase (4.50%)
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

	June 30, 2019		
	1% Decrease (2.87%)	At Discount Rate (3.87%)	1% Increase (4.87%)
Total Net OPEB Liability	$ 15,662,704,137	$ 13,546,071,100	$ 11,826,026,995
Authority's Share	$ 1,680,608	$ 1,453,493	$ 1,268,932

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, 2020 and 2019, 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, 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

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total Net OPEB Liability	$ 11,431,214,644	$ 13,546,071,100	$ 16,243,926,531
Authority's Share	$ 1,226,569	$ 1,453,493	$ 1,742,973

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

At June 30, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	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

	June 30, 2019	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Changes of assumptions	$ -	$ 515,086
Changes in proportion	-	486,010
Difference between expected and actual experience	-	425,058
Net difference between projected and actual investment earnings on OPEB plan investments	1,197	-
	$ 1,197	$ 1,426,154

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
2021	$ (170,193)
2022	(170,302)
2023	(170,461)
2024	(170,588)
2025	(98,667)
Thereafter	49,434
Total	$ (730,777)

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 7.87, 8.05, 8.14, and 8.04 years for the 2020, 2019, 2018, and 2017 amounts, respectively.

11. Federal Appropriations and Program Payments

In 2020, the Authority received appropriations from the United States Department of the Treasury, as part of the CARES Act of 2020, 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 21, 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”).

* * * *

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

	2020	2019	2018	2017	2016	2015
Authority's % proportionate share of net pension liability	0.01377596%	0.01447386%	0.01540108%	0.01551749%	0.01549203%	0.08241640%
Authority's proportionate share of net pension liability	$ 2,246,498	$ 2,607,970	$ 3,032,396	$ 3,612,224	$ 4,588,296	$ 1,850,083
Authority's covered employee payroll	$ 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	238.3%	256.3%	284.0%	309.6%	411.2%	179.2%
Plan fiduciary net position as a % of total pension liability	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

	2020	2019	2018	2017	2016	2015
Authority's required contribution	$ 150,702	$ 140,788	$ 136,746	$ 137,629	$ 75,700	75,719
Authority's contributions in relation to the contractually required contribution	$ 150,702	$ 140,788	$ 136,746	$ 137,629	$ 75,700	75,719
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered employee payroll	$ 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	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:	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Discount Rate	7.00%	6.28%	5.66%	5.00%	3.98%	4.90%
Inflation Rate	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%	7.65%	7.90%

See independent auditors' report

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

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*

	2020	2019	2018	2017	2016
Authority's proportion of the net OPEB liability	0.011516%	0.010730%	0.011587%	0.012391%	0.01457%
Authority's proportionate share of the net OPEB liability	$ 2,066,732	$ 1,453,493	$ 1,815,291	$ 2,529,720	$ 2,973,772
Covered employee payroll	$ 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	219.22%	142.82%	170.02%	216.82%	266.54%
Plan Fiduciary net position as a percentage of the total OPEB liability	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.

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*

	2020	2019	2018	2017	2016
Contractually required contribution	$ 139,092	$ 129,394	$ 147,664	$ 158,318	$ 136,339
Contributions in relation to the contractually required contribution	$ (139,092)	$ (129,394)	$ (147,664)	$ (158,318)	$ (136,339)
Contribution deficency (excess)	$ -	$ -	$ -	$ -	$ -
Authority's Covered employee payroll	$ 1,017,718	$ 1,067,672	$ 1,166,714	$ 1,115,703	$1,115,703
Contributions as a percentage of covered-employee payroll	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 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020.

See independent auditors' report

NEW JERSEY REDEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

FEDERAL GRANTOR/PASS - THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL C.F.D.A. NUMBER	PASSED-THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
United States Department of the Treasury			
Passed through:			
State of New Jersey, Department of the Treasury:			
COVID-19 CARES Act Coronavirus Relief Fund	21.019	$ -	$ 8,622,711
Total Federal Awards		$ -	$ 8,622,711

See Accompanying Notes to Schedule of Expenditures of Federal Awards

NEW JERSEY REDEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

DECEMBER 31, 2020

NOTE 1. GENERAL

The accompanying schedule of expenditures of federal awards include federal award activity of the Authority. The Authority is defined in Note 1 of the basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies is included on the schedule of expenditures of federal awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. This basis of accounting is described in Note 2 to the Authority's basic financial statements. The information in this schedule is presented in accordance with requirements of OMB Uniform Guidance, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

NOTE 3. INDIRECT COST RATE

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

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

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*

INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 20, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

PKF O'CONNOR DAVIES, LLP
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Management and Members of the
New Jersey Redevelopment Authority
Trenton, New Jersey

Compliance and Other Matters

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

We noted other matters involving internal control over financial reporting that we have reported to management of the Authority in separate communications.

Purpose of this Report

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
April 20, 2022

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

We have audited the New Jersey Redevelopment Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2020. The Authority's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement*s of *Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 program occurred. An audit includes examining, on a test basis, evidence about the Authority'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 program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Authority 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 Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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 program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Authority'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 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 a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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 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 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

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

Page 3

The Authority's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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. Accordingly, this report is not suitable for any other purposes.

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 13, 2022

NEW JERSEY REDEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified			
Internal control over financial reporting:				
1) Material weakness(es) identified?	___	Yes	√	No
2) Were significant deficiencies identified that are not considered to be material weaknesses?	___	Yes	√	None noted
Noncompliance material to basic financial statements noted?	___	Yes	√	No

Federal Awards Section

Internal control over major programs:				
1) Material weakness(es) identified?	___	Yes	√	No
2) Were significant deficiencies identified that are not considered to be material weaknesses?	√	Yes	___	No
Type of auditors' report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with OMB Uniform Guidance 2 CFR 200.516(a)?	√	Yes	___	No

Identification of Major Federal Programs:

C.F.D.A. Number	Name of Federal Program or Cluster
21.019	COVID-19 CARES Act Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B Programs:	$750,000			
Auditee qualified as low-risk auditee?	___	Yes	√	No

NEW JERSEY REDEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020

Section II - Financial Statement Findings

None reported.

Section III – Findings and Questioned Costs – Major Federal Program C.F.D.A. 21.019

Finding 2020-001 Allowable Costs (Significant Deficiency):

Criteria or Specific Requirement:

The grant is designed to provide necessary funding to address unforeseen financial needs and risks created by the COVID-19 public health emergency. Governments may use grant payments for eligible expenses subject to the restrictions set forth in section 601(d) of the Social Security Act. Payments must be used to cover costs that are:

- Necessary expenditures incurred due to the public health emergency with respect to COVID–19;
- Not accounted for in the governments' most recently approved budget as of March 27, 2020; and
- Incurred during the period that begins on March 1, 2020 and ends on December 30, 2021

Condition:

During our testing, we noted that the Authority did not have adequate internal controls designed to ensure all rental assistance amounts were properly calculated and reconciled to the supporting documents that were obtained as part of the Authority's review of applications in determining the eligibility of landlords receiving emergency rental assistance.

Questioned costs: $4,594 Known, $63,201 Likely.

Context:

71 files were selected from a population of over 250 approved landlord rental assistance payments. Exceptions noted in 2 out of 71 instances tested where the amount of rental assistance provided did not agree to the supporting documentation, resulting in an overpayment of assistance. An additional 3 exceptions were noted out of 71 instances tested where the amount of rental assistance provided was underpaid based on the examination of the supporting documentation.

Cause:

The Authority's internal controls over the review process of the rental assistance payments did not identify and correct the errors.

Effect:

The errors resulted in overpayment of rental assistance payments and questioned costs. Errors also occurred where applicants did not receive the full amount of assistance they were eligible for.

Recommendation:

The Authority should review its internal controls to ensure that all required eligibility documentation is properly reviewed and reconciled to the rental assistance payment prior to disbursement to the landlord.

NEW JERSEY REDEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020

Section III – Findings and Questioned Costs – Major Federal Program C.F.D.A. 21.019 (continued)

Finding 2020-001 Allowable Costs (Significant Deficiency) (continued):

Management's Response:

Your finding #2020-001 states "During our testing, we noted that the Authority did not have adequate internal controls designed to ensure all rental assistance amounts were properly calculated and reconciled to the supporting documents that were obtained as part of the Authority's review of applications in determining the eligibility of landlords receiving emergency rental assistance."

NJRA's process for reviewing and reconciling program's funds was detailed and performed on a regular basis. NJRA funded about $25 million, helping around 2,500 small businesses located within our eligible New Jersey communities.

We continuously modified and improved our processes and strengthened our controls to minimize these risks and to maintain the integrity of the program. Some of the modification and improvements included:

a) Hiring qualified and skilled individuals to oversee the program and to perform critical review tasks. Also, ensuring we had sufficient capacity to respond to the overwhelming number of applications received for the program.

b) Procuring highly capable technology.

c) Maintain open communication with our Deputy Attorney General for their guidance on matters of policy clarifications and issues with applicants.

d) Implementing a process for review, identify and recoup funds when and where necessary and for reviewing failed payments, while ensuring that communications with business owners is responsive, sensible, and professional.

e) Emphasizing transparency and accountability.

NJRA maintains that our internal controls were adequate considering the speed at which we needed to respond to meet crucial financial needs of our small business community impacted by the pandemic.

NEW JERSEY REDEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2020

Section IV:

Status of Prior Year Audit Findings

Not Applicable – No single audit in the prior year.