

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE COUNTY OF BERGEN)
COUNTY OF BERGEN, NEW JERSEY
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
WITH INDEPENDENT AUDITOR'S REPORT

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BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)

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(A Component Unit of the County of Bergen)

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Introductory Section

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**BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)**

**ROSTER OF OFFICIALS
DECEMBER 31, 2020**

<u>COMMISSIONERS</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Cesar Gamio	Chairperson	2/1/2023
John H. Bang	Vice Chairperson	2/1/2024
Matthew Capilli	Commissioner	2/1/2021
Elizabeth Randall	Commissioner	2/1/2022
Jason Some	Commissioner	2/1/2025

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Financial Section

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WIELKOTZ & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Chairperson and Commissioners
Bergen County Improvement Authority
Paramus, New Jersey

Report on the Financial Statements

We have audited the accompanying statements of net position of the Bergen County Improvement Authority as of December 31, 2020 and 2019, and the related statements of revenues, expenses, and changes in net position and cash flows 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 accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to 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 of material misstatement.



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

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

Basis for Modified Opinion

Due to a delay of the release of the other post-employment benefit obligation report by the State of New Jersey Division of Pensions, management has not updated the net other post-employment benefit obligation, deferred outflow, deferred inflow accounts to a measurement date acceptable under current accounting standards for the year ended December 31, 2020. Government Accounting Standards Board Statement No.75 requires a state or local government employer to recognize a net other post-employment benefit obligation measured as of a date no earlier than one year prior to the end of its fiscal year. The amount by which this departure would affect the deferred outflows of resources, liabilities, deferred inflows of resources, net post-employment benefit obligation cannot be determined or updated from the June 30, 2019 State GASB 75 Report.

Modified Opinion

In our opinion, except for the effects of the matter described in the "*Basis for Modified Opinion*" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Bergen County Improvement Authority as of December 31, 2020, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of the Matter

Prior Period Adjustments

As discussed in Note 27 to the financial statements, a restatement was made to the Authority's prior year financial statements. Our opinions are not modified with respect to this matter.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, schedule of the Authority's proportionate share of the net OPEB contribution and liability, and the schedule of the Authority's proportionate share of the net pension contribution and liability as listed in the table of contents 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bergen County Improvement Authority's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

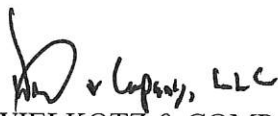


Honorable Chairperson and Commissioners
Bergen County Improvement Authority
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2022 on our consideration of the Bergen County Improvement Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bergen County Improvement 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 Bergen County Improvement Authority's internal control over financial reporting and compliance.

Very truly yours,


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

January 12, 2022



Management Discussion and Analysis

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BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As management of the Bergen County Improvement Authority, we offer the Authority's financial statements this narrative overview and analysis of the Authority's financial performance during the fiscal year ended December 31, 2020 and 2019. Please read this analysis in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- The Authority's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$(3,266,944) (net position) for the fiscal year reported. This compares to the restated previous year when assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$(10,379,449).

- Total net position is comprised of the following:
 - (1) Capital assets, net of related debt of \$(43,591,407) includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net position of \$35,189,701 are restricted by constraints imposed from outside the Authority such as debt covenants, grantors, laws or regulations.
 - (3) Unrestricted net position of \$5,134,762 represent the portion available to maintain the Authority's continuing obligations to citizens and creditors.

- Total liabilities of the Authority decreased by \$31,898,680 to \$87,703,910 during the fiscal year largely due to decreases in amounts due to the County of Bergen and escrow deposits.

Overview of the Financial Statements

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

Required Financial Statements

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

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

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

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

Notes to the Financial Statements

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

Other Information

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

Financial Analysis of the Authority

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

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

Net Position

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

The Authority's net position at fiscal year-end is \$(3,266,944). This is \$7,112,505 increase over last year's restated net position of \$(10,379,449). A summary of the Authority's statement of net position is presented in the following table:

Condensed Statement of Net Position

	<u>FY 2020</u>	<u>FY 2019 (Restated)</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Asset:				
Current and Other Assets	\$44,416,787	\$70,772,597	\$(26,355,810)	(37.24)%
Capital Assets	<u>39,809,285</u>	<u>38,193,938</u>	<u>1,615,347</u>	4.23%
Total Assets	<u>84,226,072</u>	<u>108,966,535</u>	<u>(24,740,463)</u>	(22.70)%
Deferred Outflows of Resources	<u>210,894</u>	<u>256,546</u>	<u>(45,652)</u>	(17.79)%
Liabilities:				
Long-term Debt Outstanding	80,153,487		80,153,487	100.00%
Other Liabilities	<u>6,916,050</u>	<u>118,968,217</u>	<u>(112,052,167)</u>	(94.19)%
Total Liabilities	<u>87,069,537</u>	<u>118,968,217</u>	<u>(31,898,680)</u>	(26.81)%
Deferred Inflows of Resources	<u>634,373</u>	<u>634,313</u>	<u>60</u>	.0094%
Net Position:				
Invested in Capital Assets, Net of Related Debt	(43,591,407)	(54,334,390)	10,742,983	(19.77)%
Restricted	35,189,701	41,202,546	(6,012,845)	(14.59)%
Unrestricted	<u>5,134,762</u>	<u>2,752,395</u>	<u>2,382,367</u>	86.56%
Total Net Position	<u>\$(3,266,944)</u>	<u>\$(10,379,449)</u>	<u>\$7,112,505</u>	(68.52)%

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

Net Position (Continued)

A summary of the Authority's prior year statement of net position is presented with comparative restated FY 2018 balances in the following table:

Condensed Statement of Net Position

	<u>FY 2019</u>	<u>FY 2018 (Restated)</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Asset:				
Current and Other Assets	\$130,842,963	\$96,682,727	\$34,160,236	35.33%
Capital Assets	<u>38,193,938</u>	<u>36,250,735</u>	<u>1,943,203</u>	5.36%
Total Assets	<u>169,036,901</u>	<u>132,933,462</u>	<u>36,103,439</u>	27.16%
Deferred Outflows of Resources	<u>256,546</u>	<u>176,613</u>	<u>79,933</u>	45.26%
Liabilities:				
Long-term Debt Outstanding	50,140,000	14,978,257	(35,161,743)	234.75%
Other Liabilities	<u>119,310,867</u>	<u>110,523,779</u>	<u>8,787,088</u>	7.95%
Total Liabilities	<u>169,450,867</u>	<u>125,502,036</u>	<u>43,948,831</u>	35.02%
Deferred Inflows of Resources	<u>10,877,846</u>	<u>513,906</u>	<u>10,363,940</u>	2,016.70%
Net Position:				
Invested in Capital Assets, Net of Related Debt	(114,717,923)	(58,386,480)	(56,331,443)	96.48%
Restricted	101,272,912	57,327,960	43,944,952	76.66%
Unrestricted	<u>2,409,745</u>	<u>8,152,653</u>	<u>(5,742,908)</u>	(70.44)%
Total Net Position	<u>\$(11,035,266)</u>	<u>\$7,094,133</u>	<u>\$(18,129,399)</u>	(255.55)%

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

Net Position (Continued)

While the *Statement of Net Position* shows the change in financial position of net position, the *Statement of Revenues, Expenses and Changes in Net Position* provides answers as to the nature and source of these changes. As can be seen in the following table, net position increased by \$7,112,505.

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

	<u>FY 2020</u>	<u>FY 2019 (Restated)</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	\$257,569,229	\$218,447,938	\$39,121,291	17.91%
Non-operating Revenues	<u>4,868,359</u>	<u>3,004,538</u>	<u>1,863,821</u>	62.03%
Total Revenues	<u>262,437,588</u>	<u>221,452,476</u>	<u>40,985,112</u>	18.51%
Depreciation and Amortization	5,126,609	4,423,237	703,372	15.90%
Other Operating Expense	246,630,653	219,683,879	26,946,774	12.27%
Other Non-Operating Expense	<u>3,666,755</u>	<u>15,474,759</u>	<u>(11,808,004)</u>	(76.30)%
Total Expenses	<u>255,424,017</u>	<u>239,581,875</u>	<u>15,842,142</u>	6.61%
Contributions	<u>98,934</u>	<u> </u>	<u>98,934</u>	100.00%
Change in Net Position	7,112,505	(18,129,399)	25,241,904	(139.23)%
Beginning Net Position (Restated)	(10,379,449)	<u>7,749,950</u>	<u>(18,129,399)</u>	(233.93)%
Ending Net Position	<u>\$(3,266,944)</u>	<u>\$(10,379,449)</u>	<u>\$14,862,455</u>	143.19%

The Authority's operating revenues increased by \$39,121,291 to \$257,569,229 in fiscal year 2020 from \$218,447,938 in 2019. This increase is primarily due to increases in rent from Bergen Regional Medical Center and County contributions. Non-operating revenues increased by \$1,863,821 to \$4,868,359 from \$3,004,538 largely due to premiums on short-term notes and interest on a working capital loan to the Medical Center. Operating expenses increased by \$26,946,774 largely due to increases in expenses relating to management of the Authority's hospital operating lease.

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

Net Position (Continued)

A summary of the Authority's prior year statement of revenues, expenses and change in net position is presented with comparative restated FY 2018 figures in the following table:

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

	<u>FY 2019</u>	<u>FY 2018 (Restated)</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	\$218,447,938	\$230,100,233	\$(11,652,295)	(5.06)%
Non-operating Revenues	<u>3,004,538</u>	<u>1,170,192</u>	<u>1,834,346</u>	156.76%
Total Revenues	<u>221,452,476</u>	<u>231,270,425</u>	<u>(9,817,949)</u>	(4.24)%
Depreciation and Amortization	4,423,237	2,592,331	1,830,906	70.63%
Other Operating Expense	219,683,879	220,239,636	(555,757)	(.25)%
Other Non-Operating Expense	<u>15,474,759</u>	<u>473,858</u>	<u>15,000,901</u>	3,165.69%
Total Expenses	<u>239,581,875</u>	<u>223,305,825</u>	<u>16,276,050</u>	7.29%
Change in Net Position	(18,129,399)	7,964,600	(26,093,999)	(327.62)%
Beginning Net Position (Restated)	<u>7,094,133</u>	<u>(870,467)</u>	<u>7,964,600</u>	914.98%
Ending Net Position	<u>\$(11,035,266)</u>	<u>\$7,094,133</u>	<u>\$(18,129,399)</u>	(255.55)%

Budgetary Highlights

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

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

Budgetary Highlights (Continued)

The following tables provides a FY 2020 and FY 2019 budget comparison:

Budget vs. Actual
FY 2020

Hospital Fund:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Operating	\$230,262,195	\$257,598,664	\$27,336,469
Non-Operating	<u>700,000</u>	<u>1,688,985</u>	<u>988,985</u>
Total Revenues	<u>230,962,195</u>	<u>259,287,649</u>	<u>28,325,454</u>
Expenses:			
Operating	217,307,877		(28,891,276)
Non-Operating	<u>13,654,318</u>	<u>246,199,153</u>	<u>2,500,000</u>
Total Appropriations	<u>230,962,195</u>	<u>11,154,318</u>	<u>(26,391,276)</u>
Budgetary Income/(Loss)	<u>\$</u>	<u>\$1,934,178</u>	<u>\$1,934,178</u>

General Fund:

Revenues:			
Operating	313,000	376,333	63,333
Non-Operating	<u>300,000</u>	<u>1,462</u>	<u>(298,538)</u>
Total Revenues	<u>613,000</u>	<u>377,795</u>	<u>(235,205)</u>
Expenses:			
Operating	<u>548,000</u>	<u>419,179</u>	<u>128,821</u>
Total Appropriations	<u>548,000</u>	<u>419,179</u>	<u>128,821</u>
Budgetary Income/(Loss)	<u>\$65,000</u>	<u>\$(41,384)</u>	<u>\$(106,384)</u>

Overpeck Landfill Project:

Revenues:			
Operating	\$1,218,232	\$1,218,232	\$
Non-Operating	<u> </u>	<u>87</u>	<u>87</u>
Total Revenues	<u>1,218,232</u>	<u>1,218,319</u>	<u>87</u>
Expenses:			
Non-Operating	<u>1,218,232</u>	<u>1,218,232</u>	<u> </u>
Total Appropriations	<u>1,218,232</u>	<u>1,218,232</u>	<u> </u>
Budgetary Income/(Loss)	<u>\$</u>	<u>\$87</u>	<u>\$87</u>

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

Budgetary Highlights (Continued)

Budget vs. Actual
FY 2019

Hospital Fund:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Operating	\$230,553,547	\$221,331,661	\$(9,221,886)
Non-Operating	<u>500,000</u>	<u>935,099</u>	<u>435,099</u>
Total Revenues	<u>231,053,547</u>	<u>222,266,760</u>	<u>(8,786,787)</u>
Expenses:			
Operating	216,334,985	219,222,492	(2,887,507)
Non-Operating	<u>8,083,547</u>	<u>2,581,911</u>	<u>5,501,636</u>
Total Appropriations	<u>224,418,532</u>	<u>221,804,403</u>	<u>2,614,129</u>
Budgetary Income/(Loss)	<u>\$6,635,015</u>	<u>\$462,357</u>	<u>\$(6,172,658)</u>

General Fund:

Revenues:			
Operating	313,000	398,793	85,793
Non-Operating	<u>500,000</u>	<u>50,331</u>	<u>(449,669)</u>
Total Revenues	<u>813,000</u>	<u>449,124</u>	<u>(363,876)</u>
Expenses:			
Operating	<u>745,296</u>	<u>446,855</u>	<u>298,441</u>
Total Appropriations	<u>745,296</u>	<u>446,855</u>	<u>298,441</u>
Budgetary Income/(Loss)	<u>\$67,704</u>	<u>\$2,269</u>	<u>\$(65,435)</u>

Overpeck Landfill Project:

Revenues:			
Operating	\$1,217,377	\$1,217,484	\$107
Non-Operating	<u> </u>	<u>143</u>	<u>143</u>
Total Revenues	<u>1,217,377</u>	<u>1,217,627</u>	<u>250</u>
Expenses:			
Non-Operating	<u>1,217,377</u>	<u>1,217,377</u>	<u> </u>
Total Appropriations	<u>1,217,377</u>	<u>1,217,377</u>	<u> </u>
Budgetary Income/(Loss)	<u>\$ </u>	<u>\$250</u>	<u>\$250</u>

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

Capital Assets and Debt Administration

Capital Assets

The following schedule summarized the Capital Assets as of December 31, 2020 and 2019:

Bergen Regional Medical Center

	<u>2020</u>	<u>2019</u>
Leasehold Improvements	\$109,936,699	\$101,696,261
Accumulated Depreciation	(78,473,406)	(73,363,021)
Construction in Progress		<u>1,498,482</u>
Subtotal	<u>31,463,293</u>	<u>29,831,722</u>

Emerson Golf Course

Land	8,037,723	8,037,723
Leasehold Improvements	324,493	
Accumulated Depreciation	(16,224)	
Construction in Progress		<u>324,493</u>
Subtotal	<u>8,345,992</u>	<u>8,362,216</u>
Capital Assets, Net	<u>\$39,809,285</u>	<u>\$38,193,938</u>

The Authority's capital assets increased \$6,741,956 from the previous year. Amortization expense for 2020 was \$5,126,609.

Additional information on the BCIA's capital assets can be found in the Notes to the Basic Financial Statements.

Debt Administration

While the Authority has been aggressive in attracting conduit debt issues, it has two loans under the PSE&G Hospital Efficiency Program for projects at the New Bridge Medical Center that are its obligation. The first loan is for a Chiller plant upgrade in the amount of \$983,625, of which \$786,900 is outstanding at December 31, 2020. The second loan is for lighting and steam trap replacement projects in the amount of \$1,516,640, of which the entire balance is outstanding as of December 31, 2020. In addition, the Authority has \$78,350,000 in Project Notes for the Medical Center Project outstanding as of December 31, 2020.

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
(UNAUDITED)

Debt Administration (Continued)

The following schedule summarized the Long Term Capital Debt, net of unamortized discounts and premiums, as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u> <u>(Restated)</u>
<u>Golf Course</u>		
Project Notes	\$ -0-	\$3,800,000
<u>Medical Center</u>		
Project Notes	78,350,000	83,540,000
Loans Payable	2,303,540	
<u>Overpeck Landfill</u>		
Project Bonds Payable	<u>-0-</u>	<u>1,160,000</u>
Project Bonds Payable, Net	<u>\$80,653,540</u>	<u>\$88,500,000</u>

Economic Factors, Future Years' Budgets and Rates

The Commissioners and management of the Authority consider many factors when preparing each year's budget. Two of the main factors are the hospital operations and new regulations issued by the State and Federal Governments. Subsequent to year-end, the COVID-19 (coronavirus) pandemic has resulted in substantial economic volatility on a global scale. As a result, the Authority's economically sensitive operations might be negatively impacted. Hospital operations are hampered as non-COVID hospitalizations are curtailed. Meanwhile, the Authority's expenditures to comply with both State of New Jersey and CDC guidelines concerning safety regulations will have a negative effect on operations. In addition, other costs such as IT are expected to increase sharply. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the coronavirus and around the imposition or relaxation of protective measures, management cannot reasonably estimate the actual impact on the Authority's financial position at this time.

Contacting the Authority

This financial report is designed to provide our customers and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the fees it receives. If you have any questions about this report or need additional information, contact the Bergen County Improvement Authority, 327 E. Ridgewood Avenue, 3rd Floor, Paramus, New Jersey 07652.

Basic Financial Statements

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BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
COMPARATIVE STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u> <u>(Restated)</u>
ASSETS		
Unrestricted Current Assets		
Operating Accounts		
Cash and Cash Equivalents	\$ 4,953,369	\$ 4,791,035
Accounts Receivable	247,346	200,714
Due From Restricted Accounts	1,327,059	1,327,059
Due From Medical Center	855,464	855,464
Due From County of Bergen	1,154,482	1,610,718
Total Unrestricted Current Assets	8,537,720	8,784,990
Restricted Current Assets		
Debt Service Fund		
Cash and Cash Equivalents	688,850	1,072,306
Due From County of Bergen		347,117
Construction Fund		
Cash and Cash Equivalents	1,918	2,954
Project Fund		
Cash and Cash Equivalents	11,370,002	18,011,975
Cost of Issuance Fund		
Cash and Cash Equivalents	28,215	0
Working Capital Fund		
Cash and Cash Equivalents	1,829,833	1,753,363
Accrued Interest Receivable	1,131,234	267,722
Working Capital Loan Receivable	20,823,681	20,823,681
River Street Escrow		
Cash and Cash Equivalents	515	512
Medical Center Escrow		
Cash and Cash Equivalents	1	19,703,459
Unemployment Trust Fund		
Cash and Cash Equivalents	4,818	4,518
Total Restricted Current Assets	35,879,067	61,987,607
Total Current Assets	44,416,787	70,772,597
Non-Current Assets		
Capital Assets		
Land	8,037,723	8,037,723
Leasehold Improvements-Bergen Regional Medical Center	110,261,192	101,696,261
Accumulated Amortization	(78,489,630)	(73,363,021)
Construction in Progress		1,822,975
Total Non-Current Assets	39,809,285	38,193,938
Total Assets	84,226,072	108,966,535
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pension Related	80,339	125,991
Deferred Outflows - OPEB Related	130,555	130,555
Total Deferred Outflows of Resources	210,894	256,546
Total Assets and Deferred Outflows of Resources	\$ 84,436,966	\$ 109,223,081

See accompanying Notes to Financial Statements

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
COMPARATIVE STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u> <u>(Restated)</u>
LIABILITIES		
Current Liabilities (Payable from Unrestricted Assets)		
Accounts Payable	\$ 144,329	\$ 211,266
Accounts Payable - PERS	29,896	26,536
Due to Medical Center	1,219,324	246,663
Due to County of Bergen	495,683	3,845,683
Accrued Liabilities - Landfill Closure/Postclosure		191,037
Total Current Liabilities Payable from Unrestricted Assets	<u>1,889,232</u>	<u>4,521,185</u>
Current Liabilities (Payable from Restricted Assets)		
Revenue Bonds Payable		1,160,000
Project Notes Payable		87,340,000
Loans Payable	500,053	
Contracts Payable	1,250,054	1,250,054
Accounts Payable	170,039	102,595
Escrow Deposit Payable	516	19,703,971
Due to Unrestricted Accounts	1,327,059	1,327,059
Prepaid Revenue		1,341,050
Accrued Interest on Bonds and Notes	688,850	1,081,090
Total Current Liabilities Payable from Restricted Assets	<u>3,936,571</u>	<u>113,305,819</u>
Total Current Liabilities	<u>5,825,803</u>	<u>117,827,004</u>
Non-Current Liabilities		
Compensated Absences Payable	38,946	44,013
Net Pension Liability	445,656	491,555
Net OPEB Liability	605,645	605,645
Project Notes Payable	78,350,000	
Loans Payable	1,803,487	
Total Non-Current Liabilities	<u>81,243,734</u>	<u>1,141,213</u>
Total Liabilities	<u>87,069,537</u>	<u>118,968,217</u>
DEFERRED INFLOWS OF RESOURCES		
Unamortized Bond Premiums		7,570
Deferred Inflows - Pension Related	188,177	180,547
Deferred Inflows - OPEB Related	446,196	446,196
Total Deferred Inflows of Resources	<u>634,373</u>	<u>634,313</u>
Total Liabilities and Deferred Inflows of Resources	<u>87,703,910</u>	<u>119,602,530</u>
NET POSITION		
Net Investment in Capital Assets	(43,591,407)	(54,334,390)
Restricted For:		
Debt Service		338,333
Construction Fund	11,388,417	18,011,000
Unemployment Trust	4,818	4,518
Working Capital Fund	23,784,748	22,844,766
Golf Course Project	11,718	3,929
Unrestricted:		
Designated - Medical Center	6,723,254	4,327,300
Undesignated	<u>(1,588,492)</u>	<u>(1,574,905)</u>
Total Net Position	<u>\$ (3,266,944)</u>	<u>\$ (10,379,449)</u>

See accompanying Notes to Financial Statements

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Exhibit B

	<u>2020</u>	<u>2019</u> <u>(Restated)</u>
OPERATING REVENUES		
Service Charges - Bergen Regional Medical Center	\$ 244,238,441	\$ 216,082,259
Bergen County Contributions	12,954,455	1,966,886
Miscellaneous	376,333	398,793
	<hr/>	<hr/>
Total Operating Revenues	<u>257,569,229</u>	<u>218,447,938</u>
OPERATING EXPENSES		
Administration		
Salaries and Wages	393,578	400,561
Fringe Benefits	206,287	205,526
Other Expenses	388,969	436,654
Cost of Providing Services		
Other Expenses	245,641,819	218,641,138
Depreciation/Amortization of Leasehold Improvements	5,126,609	4,423,237
	<hr/>	<hr/>
Total Operating Expenses	<u>251,757,262</u>	<u>224,107,116</u>
OPERATING INCOME (LOSS)	<u>5,811,967</u>	<u>(5,659,178)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	327,082	718,244
Interest on Working Capital Loan	863,512	267,722
Cancellation of Prior Year Items	(304,451)	15,393
Premium on Notes	3,170,195	1,885,790
Other Non-Operating Income - Retainer Refund	500,000	
Rent Applied to NBMC Debt Service		(10,293,635)
Note Issuance Costs	(465,993)	(955,651)
Interest Expense	(2,896,311)	(4,225,473)
Amortization of Discounts, Premiums, Deferred Losses	7,570	117,389
	<hr/>	<hr/>
Total Non-Operating Income (Expenses)	<u>1,201,604</u>	<u>(12,470,221)</u>
Income (Loss) Before Contributions and Transfers:	7,013,571	(18,129,399)
Contributions	98,934	
CHANGE IN NET POSITION	<u>7,112,505</u>	<u>(18,129,399)</u>
Net Position, January 1, as previously reported	(10,379,449)	7,094,133
Prior Period Adjustment - Error Correction		655,817
Net Position, January 1, as restated	<u>(10,379,449)</u>	<u>7,749,950</u>
Net Position, December 31,	<u>\$ (3,266,944)</u>	<u>\$ (10,379,449)</u>

See accompanying Notes to Financial Statements

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BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
COMPARATIVE STATEMENTS OF CASH FLOWS
AS OF DECEMBER 31, 2020 AND 2019

Exhibit C
Page 1 of 2

	<u>2020</u>	<u>2019</u> <u>(Restated)</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 244,238,441	\$ 216,082,259
Cash Received from Bergen County	9,254,047	1,285,022
Cash Received from Landfill Fund		
Cash Received from Medical Center	972,661	3,836,218
Cash Received from Miscellaneous Fees	305,595	310,093
Escrow Deposits Received	3	305,048
Other Operating Receipts	500,000	
Escrow Deposits Returned	(19,703,458)	
Cash Paid to Suppliers and Others	(245,425,183)	(231,441,141)
Cash Paid to Employees	(393,578)	(400,561)
Cash Paid for Employee Benefits	(206,287)	
	<u>(10,457,759)</u>	<u>(10,023,062)</u>
Net Cash Provided by Operating Activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Project Bonds Issued		
Premium Received	3,170,195	1,885,790
Issuance Costs Paid	(465,993)	(494,603)
Principal Payments on Bonds and Notes	(10,150,000)	(2,500,000)
Interest Paid on Bonds	(3,288,551)	(3,492,748)
	<u>(10,734,349)</u>	<u>(4,601,561)</u>
Net Cash Used for Capital and Related Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Contributions	98,934	
Repayment of Working Capital Loans		4,176,972
Acquisition of Capital Assets	(8,000,049)	(5,838,680)
Loans Received	2,303,540	
Interest Received	327,082	803,025
	<u>(5,270,493)</u>	<u>(858,683)</u>
Net Cash Provided by Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	(26,462,601)	(15,483,306)
Cash and Cash Equivalents, January 1 - Restated	<u>45,340,122</u>	<u>60,823,428</u>
Cash and Cash Equivalents, December 31,	<u>\$ 18,877,521</u>	<u>\$ 45,340,122</u>
ANALYSIS OF BALANCE AT DECEMBER 31		
Unrestricted - Cash and Cash Equivalents	4,953,369	4,791,035
Restricted - Cash and Cash Equivalents	13,924,152	40,549,087
	<u>\$ 18,877,521</u>	<u>\$ 45,340,122</u>

See accompanying Notes to Financial Statements

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
COMPARATIVE STATEMENTS OF CASH FLOW
AS OF DECEMBER 31, 2020 AND 2019

Exhibit C
Page 2 of 2

	<u>2020</u>	<u>2019</u> <u>(Restated)</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ <u>5,811,967</u>	\$ <u>(5,659,178)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation/Amortization of Leasehold Improvements	5,126,609	4,423,237
Adjustment to Pension Expense	7,383	24,837
Adjustment to OPEB Expense		(15,276)
Rent Applied to Debt Service Payments		(10,293,635)
Other Non-Operating Income	500,000	
Cancellation of Prior Year Payables		15,393
Cancellation of Prior Year Receivables	(40,304)	
(Increase)/Decrease in Accounts Receivable	(46,632)	(88,700)
(Increase)/Decrease in Due From Bergen County	332,656	2,518,136
(Increase)/Decrease in Due From Medical Center		3,836,218
Increase/(Decrease) in Due To General Fund	59,985	
Increase/(Decrease) in Accounts Payable	(63,577)	(136,631)
Increase/(Decrease) in Compensated Absences Payable	(5,067)	5,067
Increase/(Decrease) in Due To Hospital	(59,985)	
Increase/(Decrease) in Escrow Deposits	(19,703,455)	305,048
Increase/(Decrease) in Due to Bergen County	(3,350,000)	(3,200,000)
Increase/(Decrease) in Due to Medical Center	<u>972,661</u>	<u>(1,757,578)</u>
Total Adjustments	<u>(16,269,726)</u>	<u>(4,363,884)</u>
Net Cash Provided by Operating Activities	\$ <u>(10,457,759)</u>	\$ <u>(10,023,062)</u>

See accompanying Notes to Financial Statements

Notes to Basic Financial Statements

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BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Bergen County Improvement Authority (the "Authority") is a public body politic, corporate, organized and existing under the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 160, as Amended and Supplemented (the "Act"), N.J.S.A. 40:37A-1, et. seq., and was created by virtue of an ordinance of the County of Bergen, New Jersey (the "County"), adopted June 10, 1986. Prior to 1993, the Authority was inactive, and did not adopt a budget or have any transactions.

The Authority has broad powers under the Act including, among others, the following: to retain, operate and administer its property; to provide for bonds and to secure their payment and rights of holders thereof; to charge and collect service charges for the use of its facilities and to revise such service charges to ensure that the revenues of the Authority will at all times be adequate to pay all operating and maintenance and expenses, including reserves, insurance, extensions and replacements, and to pay the principal of and the interest on any bonds or loans, and to maintain such reserves or sinking funds therefore as may be required by the terms of any contract of the Authority; and to make and enforce rules and regulations for the management of its business and affairs.

The Authority is governed by a Board of Commissioners (the "Board") consisting of five members appointed by the County of Bergen Board of Chosen Freeholders. An Executive Director is appointed by the Board and functions as Chief Executive Officer responsible for the daily operations of the Authority. A Chief Financial Officer is appointed by the Board and oversees the fiscal affairs of the Authority.

Component Unit

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

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Component Unit, (continued)

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

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

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

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounts of the Authority are organized on the basis of funds, in accordance with the various Bond Resolutions (see Note 3), each of which is considered a separate accounting activity. The operations of each system are accounted for with a separate set of self-balancing accounting records that comprise its assets, deferred inflows and outflows, liabilities, net position, revenues and expenses. Government resources are allocated and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various activities are grouped into one generic fund type and one broad fund category, as follows:

Proprietary Fund Type

Enterprise Fund - The Enterprise Fund is used to account for governmental operations which are financed and operated in a manner similar to private enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to its users on a continuing basis be financed or recovered primarily through user charges.

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(CONTINUED)

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

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation, (continued)

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

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

The Authority's financial transactions are recorded in accounts that are created by various resolutions adopted by the Authority to meet bond or note covenant requirements (more fully defined in Note 3).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Authority to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used to determine useful lives of leasehold improvements and certain claims and judgment liabilities, among other accounts. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the December 31, 2019 balances to conform to the December 31, 2020 presentation.

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(CONTINUED)

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

Cash, Cash Equivalents and Investments

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

Inventory

The costs of inventories are deemed immaterial and are recognized as expenses when purchased rather than when consumed. The Authority does not record inventory on its statement of net position.

Accounts Receivable

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

Interfunds Receivable and Payable

During the course of its operations, the Authority has numerous transactions between funds (accounts) to finance operations, provide services, construct assets, and retire debt. At December 31, 2020, the Authority has the following interfund receivables and payables outstanding:

\$1,779,504	Due from the General Fund to the Hospital Fund for unreimbursed expenses.
\$1,327,059	Due from the Hospital Fund to the General Fund for unreimbursed expenses.
\$ 33,519	Due from the General Fund to the Equestrian Center Fund for unreimbursed expenses.

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Restricted Assets

Certain assets are classified as restricted on the statement of net position because they are maintained in separate bank accounts and their use is limited by the various Bond Resolutions as amended and supplemented thereto or are held in trust for state unemployment compensation insurance benefits.

Capital Assets

All capital assets acquired or constructed by the Authority are reported as expenses in the account that finances the acquisition of the assets and are capitalized in the Operating Accounts. Capital assets are defined by the Authority as assets with an individual cost of \$2,000 and an estimated useful life, of at least two years. Such capital assets are valued at historical costs.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Construction costs are charged to construction in progress until such time as they are completed and certified by the Authority's consulting engineers, at which time they are transferred to their respective asset category and are then depreciated over their useful lives.

All capital assets are depreciated on the straight-line method based on their asset class and estimated useful lives as follows:

IT Upgrades	7 Years
Infrastructure	30 Years
Plant Upgrades	20 Years

Depreciation is charged as an expense against operations.

Deferred Outflows and Deferred Inflows of Resources

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

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(CONTINUED)

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

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

Deferred Outflows and Deferred Inflows of Resources, (continued)

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

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

Bond Premiums - Premiums received in connection with the issuance of long-term debt are recorded as deferred inflows of resources. The premiums are amortized in a systematic and rational method as a component of interest expense.

Compensated Absences

Sick leave, personnel time, compensatory time and salary related payments and in certain instances vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the Authority will compensate the employee for the benefits.

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds.

Net Position

Restricted net position is limited to outside third-party restrictions either by law or by other organizations or persons external to the Authority. Unrestricted net position represents the net position neither restricted nor invested in capital assets, net of related debt.

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)

NOTES TO FINANCIAL STATEMENTS
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(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Net Position Flow Assumption

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

D. Revenues and Expenses

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The Authority annually prepares operating budgets for the General Fund, Bergen Regional Medical Center, Overpeck Landfill, and Golf Course. The budgets are prepared in accordance with the Budget Manual for Local Public Authorities as promulgated by the Division of Local Government Services, Bureau of Authority Regulation, which differs in certain respects from accounting principles generally accepted in the United States of America. The budgets serve as a plan for expenses and the proposed means for financing them. Budgetary control is exercised within the respective system. Unexpended appropriations lapse at year end.

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(CONTINUED)

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, (continued)

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

Six Year Capital budgets are also prepared for each system. Included within the budgets are individual projects along with their estimated cost, completion date and source of funding.

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

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

Designated Unrestricted Net Position

The Authority is permitted under budgetary accounting practices promulgated by the Division of Local Government Services to designate unrestricted net position. The Authority Board of Commissioners may formally dedicate net position to establish designations of unrestricted net position to meet policy adopted by the Board. As of December 31, 2020 and 2019, the Authority has \$6,723,254 and \$4,327,300 of net position designated for the Medical Center.

BERGEN COUNTY IMPROVEMENT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(CONTINUED)

3. CREATION OF FUNDS

In accordance with the bond resolution, the Authority has established the following accounts for the following restricted purposes:

<u>Account</u>	<u>Use for Which Restricted</u>
<u>General Fund:</u>	
Debt Service Fund	Principal and interest on the Authority's bonds.
Construction Fund	Various capital projects of the Authority.
<u>Hospital Fund:</u>	
Debt Service Fund	Principal and interest on the Authority's bonds and notes.
Construction fund	Various capital projects of the Authority.
Working Capital Fund	Working capital loans to Medical Center facilities.

In addition, the Authority has established trust accounts to be held in reserve for payroll and related liabilities, such as State Unemployment Insurance.

4. DEPOSITS AND INVESTMENTS

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2020 and 2019, the book value of the Authority's deposits were \$72,996,107 and \$105,410,488, respectively, and bank balances of the Authority's cash and deposits amounted to \$73,041,002 and \$103,049,757, respectively.

BERGEN COUNTY IMPROVEMENT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
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(CONTINUED)

4. DEPOSITS AND INVESTMENTS, (continued)

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

<u>Depository Account</u>	<u>2020</u>	<u>2019</u>
Insured:		
Restricted	\$13,924,152	\$40,549,087
Unrestricted	<u>4,953,369</u>	<u>4,791,035</u>
	<u>\$18,877,521</u>	<u>\$45,340,122</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2020 and 2019, none of the Authority's bank balances were exposed to custodial credit risk.

Investments

The Authority's investment practices are governed by New Jersey State Statute 40A:5-15, Statutes authorize the Authority to invest in certificates of deposit, repurchase agreements, passbooks, and other available bank investments provided that approved securities are pledged to secure those funds on deposit in an amount equal to the amount of those funds and a maturity date not greater than 12 months from the date of purchase. In addition, the Authority can invest in direct debt securities of the United States or obligations guaranteed by the United States, bonds and other obligations of the local municipality or bonds or obligations of school districts of which the Authority is a part or within which the Authority is located unless such investments are expressly prohibited by law.

Monies in the funds established under the Bond Resolutions may be invested at the Authority's direction in Investment Securities, which are defined by the Bond Resolutions as:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(CONTINUED)

4. DEPOSITS AND INVESTMENTS, (continued)

Investments, (continued)

- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located.
- (5) Bonds or other obligations having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the State Department of the Treasury for investment by local units.
- (6) Local government investment pools.
- (7) Deposits with the State Cash Management Fund established pursuant to Section 1 of P.L. 1977, c.281 (N.J.S.A. 52:18A-90.4).
- (8) Certain agreements for the repurchase of fully collateralized securities, as defined in the Bond Resolutions.

As of December 31, 2020 and 2019, the Authority had no investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment maturities are limited by its bond indenture as a means of managing its exposure to interest rate risk. Additionally, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Monies in the funds established under the Resolutions may be invested at the Authority's discretion in Investment Obligations, which are defined by the Resolutions.

Credit Risk - The Bond Resolution and State law (N.J.S.A. 40A:5-15.1) limits investments as noted above. The Authority does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk - The Authority places no limit in the amount the Authority may invest in any one issuer.

BERGEN COUNTY IMPROVEMENT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(CONTINUED)

5. RESTRICTED ASSETS

Bond covenants of the Authority require portions of the debt proceeds as well as other resources to be set aside for various purposes under the control of the Bond Trustee. These amounts are reported as restricted assets, Cash and investments restricted for debt service payment on bonds are segregated in the "Debt Service Fund" accounts. Cash and investments restricted for use in construction are segregated in the "Construction Fund" accounts.

In addition, the Authority has established trust accounts to be held in reserve for payroll and related liabilities, such as State Unemployment Insurance.

The Authority's Project Notes establish the following restricted accounts:

<u>Construction Fund</u> --	Restricted for the portion of the costs of the Project pertaining to various capital improvements to the facilities.
<u>Working Capital Fund</u> --	Restricted for the portion of the costs of the Project pertaining to working capital loans to the Medical Center facilities.
<u>Debt Service Fund</u> --	Restricted for interest and principal payments on the Notes.
<u>Cost of Issuance Fund</u> --	Restricted for payment of the costs of issuance on the Notes.

6. USER CHARGES AND OTHER FEES RECEIVABLE

User charges and other fees receivable at December 31, 2020 and 2019 consisted of the following:

	December 31, <u>2020</u>	December 31, <u>2019</u>
Accounts Receivable - Financing Fees	\$230,744	\$200,310
Other Fees Receivable	<u>16,602</u>	<u>404</u>
Gross Accounts Receivable	<u>\$247,346</u>	<u>\$200,714</u>
	December 31, <u>2019</u>	December 31, <u>2018</u>
Accounts Receivable - Financing Fees	\$200,310	\$111,610
Other Fees Receivable	<u>404</u>	<u>404</u>
Gross Accounts Receivable	<u>\$200,714</u>	<u>\$112,014</u>

BERGEN COUNTY IMPROVEMENT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(CONTINUED)

7. CAPITAL ASSETS

The Authority has acquired a Leasehold Interest in the Bergen Regional Medical Center. The Leasehold Interest is being amortized on a straight-line basis, over a 19 year period.

Capital asset activity for the years ended December 31, 2020 and 2019 was as follows:

<u>2020</u>	Balance January 1, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2020</u>
Capital assets, not being depreciated:				
Land	\$8,037,723	\$	\$	\$8,037,723
Construction in Progress	<u>1,822,975</u>	<u> </u>	<u>1,822,975</u>	<u> 0</u>
Total Capital Assets, not being depreciated	<u>9,860,698</u>	<u> 0</u>	<u>1,822,975</u>	<u>8,037,723</u>
Capital assets, being depreciated:				
Leasehold Improvements	66,347,453			66,347,453
IT Upgrades	16,693,516	61,667		16,755,183
Infrastructure	4,012,766		61,667	3,951,099
Elevator Project	1,696,102			1,696,102
Wave 2 Improvements	134,549			134,549
Wave III Modernization	1,524,361			1,524,361
Phase III Upgrades	8,059,720	2,946,431		11,006,151
Golf Course Improvements		324,493		324,493
Chiller Plant Upgrade		2,371,040		2,371,040
Lighting Controls		2,861,134		2,861,134
Hospital Equipment	<u>3,227,794</u>	<u>61,833</u>		<u>3,289,627</u>
Total capital assets being depreciated	<u>101,696,261</u>	<u>8,626,598</u>	<u>61,667</u>	<u>110,261,192</u>
Less accumulated depreciation for:				
Leasehold improvements	(66,347,453)			(66,347,453)
IT Upgrades	(4,766,267)	(2,381,479)		(7,147,746)
Infrastructure	(267,518)	(133,759)		(401,277)
Elevator Project	(113,073)	(56,537)		(169,610)
Wave 2 Improvements	(38,442)	(19,222)		(57,664)
Wave III Modernization	(217,766)	(217,766)		(435,532)
Phase III Upgrades	(1,160,222)	(1,578,900)		(2,739,122)
Golf Course Improvements		(16,224)		(16,224)
Chiller Plant Upgrade		(118,552)		(118,552)
Lighting Controls		(143,057)		(143,057)
Hospital Equipment	<u>(452,280)</u>	<u>(461,113)</u>		<u>(913,393)</u>
Total accumulated depreciation	<u>(73,363,021)</u>	<u>(5,126,609)</u>		<u>(78,489,630)</u>
Total capital assets, being depreciated, net	<u>28,333,240</u>	<u>3,499,989</u>	<u>61,667</u>	<u>31,771,562</u>
Total capital assets, net	<u>\$38,193,938</u>	<u>\$3,499,989</u>	<u>\$1,884,642</u>	<u>\$39,809,285</u>

BERGEN COUNTY IMPROVEMENT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(CONTINUED)

7. CAPITAL ASSETS

<u>2019</u>	<u>Balance</u> <u>January 1,</u> <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31,</u> <u>2019</u>
Capital assets, not being depreciated:				
Land	\$8,037,723	\$	\$	\$8,037,723
Construction in Progress	<u>8,291,572</u>	<u>6,366,440</u>	<u>12,835,037</u>	<u>1,822,975</u>
Total Capital Assets, not being depreciated	<u>16,329,295</u>	<u>6,366,440</u>	<u>12,835,037</u>	<u>9,860,698</u>
Capital assets, being depreciated:				
Leasehold Improvements	66,347,453			66,347,453
IT Upgrades	16,670,354	23,162		16,693,516
Infrastructure	4,012,766			4,012,766
Elevator Project	1,696,102			1,696,102
Wave 2 Improvements	134,549			134,549
Wave III Modernization		1,524,361		1,524,361
Phase III Upgrades		8,059,720		8,059,720
Hospital Equipment		<u>3,227,794</u>		<u>3,227,794</u>
Total capital assets being depreciated	<u>88,861,224</u>	<u>12,835,037</u>		<u>101,696,261</u>
Less accumulated depreciation for:				
Leasehold improvements	(66,347,453)			(66,347,453)
IT Upgrades	(2,381,479)	(2,384,788)		(4,766,267)
Infrastructure	(133,759)	(133,759)		(267,518)
Elevator Project	(57,872)	(55,201)		(113,073)
Wave 2 Improvements	(19,221)	(19,221)		(38,442)
Wave III Modernization		(217,766)		(217,766)
Phase III Upgrades		(1,160,222)		(1,160,222)
Hospital Equipment		<u>(452,280)</u>		<u>(452,280)</u>
Total accumulated depreciation	<u>(68,939,784)</u>	<u>(4,423,237)</u>		<u>(73,363,021)</u>
Total capital assets, being depreciated, net	<u>19,921,440</u>	<u>8,411,800</u>		<u>28,333,240</u>
Total capital assets, net	<u>\$36,250,735</u>	<u>\$14,778,240</u>	<u>\$12,835,037</u>	<u>\$38,193,938</u>

8. CONDUIT DEBT OBLIGATIONS

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

BERGEN COUNTY IMPROVEMENT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(CONTINUED)

8. CONDUIT DEBT OBLIGATIONS, (continued)

The Authority's conduit debt activity for the year ending December 31, 2020 is as follows:

	Balance <u>Dec.31, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Adjustments</u>	Balance <u>Dec.31, 2020</u>
	\$	\$	\$	\$	\$
Series 2001 Bonds (Note 8A)	\$21,000,000				\$21,000,000
Series 2002 Bonds (Note 8B)	155,000		50,000		105,000
Series 2003 Bonds (Note 8C)	215,000				215,000
Series 2005 Bonds (Note 8D)	110,645,000		2,695,000		107,950,000
Series 2006 Bonds (Note 8E)	1,750,000		115,000		1,635,000
Series 2007 Bonds (Note 8F)	24,355,000		7,800,000		16,555,000
Series 2008 Bonds (Note 8G)	25,405,000		955,000		24,450,000
Series 2009 Bonds (Note 8H)	11,787,852		2,100,278		9,687,574
Series 2010 Bonds (Note 8I)	48,585,000		19,615,000		28,970,000
Series 2011 Bonds (Note 8J)	2,280,000		205,000		2,075,000
Series 2012 Bonds (Note 8K)	34,815,000		5,060,000		29,755,000
Series 2013 Municipal Banc Leasing Program (Note 8L)	15,000,000				15,000,000
Series 2014 Pooled Bonds - Series A&B (Note 8M)	57,655,000		2,655,000		55,000,000
Series 2014 School District Revenue Bonds (Note 8N)	23,125,000		1,640,000		21,485,000
Series 2014 Saddle Brook Refunding (Note 8O)	13,170,000		945,000		12,225,000
Series 2015 (Felician College) (Note 8P)	27,620,000		900,000		26,720,000
Series 2016C Bonds (Note 8R)	64,630,000		7,010,000		57,620,000
Series 2016 Bonds (Note 8Q)	36,770,000		2,590,000		34,180,000
Series 2016 (CAP Project) Bonds (Note 8S)	12,225,000		435,000		11,790,000
Series 2017 Gov't Loan Revenue Bonds (Note 8T)	17,845,000		7,650,000		10,195,000
Series 2018C Gov't Loan Revenue Bonds (Note 8U)	14,405,000		375,000		14,030,000
Series 2019 Lease Revenue Bonds (Note 8V)	4,365,000		250,000	50,140,000	54,255,000
Series 2019 Gov't Revenue Bonds (Note 8W)	14,735,000		955,000		13,780,000
Series 2020 Felician University		2,700,000			2,700,000
Series 2020 Lease Revenue Bonds - Ridgefield		18,460,000			18,460,000
Series 2020 Lease Revenue Bonds - Saddle Brook		24,635,000			24,635,000
	<u>\$582,537,852</u>	<u>\$45,795,000</u>	<u>\$64,000,278</u>	<u>\$50,140,000</u>	<u>\$614,472,574</u>

A. Series 2001 Bonds

In September, 2001 the BCIA issued bonds in the amount of \$21,000,000 with a final maturity of March 15, 2034.

The Bonds were issued to provide funding for a loan, the proceeds of which are to be used to pay: (i) costs of a redevelopment project, specifically the development of a 160-unit multifamily residential project (the Kentshire Apartment Project) which will be located in Midland Park, New Jersey, (ii) certain costs of issuance of the Bonds, and (iii) capitalized interest on the Bonds through April 1, 2003.

The Authority is to receive 10 basis points per year on the bonds outstanding in accordance with this bond issuance.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(CONTINUED)

8. **CONDUIT DEBT OBLIGATIONS, (continued)**

B. Series 2002 Bonds

In March, 2002, the BCIA issued bonds in the amount of \$7,305,000, with a final maturity date of March 1, 2022, and an interest rate varying from 2.00% to 5.00%. The Bond consists of the \$2,575,000 County Guaranteed Capital Equipment Lease Revenue Bonds, Series 2002A (the "Series 2002A Bonds"), \$730,000 County Guaranteed Revenue Bonds, Series 2002B (the "Series 2002B Bonds") and the \$4,000,000 County Guaranteed Governmental Loan Revenue Bonds, Series 2002C (the "Series 2002C Bonds").

Proceeds of the Series 2002A Bonds were used to: (i) finance the acquisition and installation of certain items of equipment to be simultaneously leased to certain governmental units, which include the Borough of Wood-Ridge, the Borough of Lodi, the Garfield Board of Education, the Pascack Valley Board of Education, the Dumont Board of Education, the Maywood Board of Education, the Ramapo-Indian Hills Regional Board of Education, and the Fair Lawn Board of Education; and (ii) pay certain costs incurred in connection with the issuance and delivery of the Series 2002A Bonds.

The Series 2002B Bonds were issued to provide funds to make a loan to the Housing Development Corporation of Bergen County to: (i) refinance a portion of the costs of the construction of a low income residential building and; (ii) pay certain costs of issuance incurred in connection with the issuance and delivery of the Series 2002B Bonds.

The Series 2002C Bonds were issued to provide funds to make loans to the County of Bergen to finance improvements to the Bergen Regional Medical Center.

C. Series 2003 Bonds

In September 2003, the BCIA issued bonds in the amount of \$19,395,000 with a final maturity date of May 1, 2009 and various interest rates. The \$19,395,000 principal amount of Revenue Bonds, Series 2003 (the "Bonds") consists of the \$1,480,000 County Guaranteed Capital Equipment Lease Revenue Bonds, Series 2003A (the "Series 2003A Bonds") and the \$17,915,000 County Taxable Project Revenue Bonds, Series 2003B (the "Series 2003B Bonds").

The Series 2003A Bonds were issued for the purposes of: (i) financing the acquisition and installation, as applicable, of certain equipment to be simultaneously leased to the municipalities; and (ii) paying certain costs incurred in connection with the issuance and delivery of the Series 2003A Bonds.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(CONTINUED)

8. CONDUIT DEBT OBLIGATIONS, (continued)

D. Series 2005 Bonds

In January 2005, the Authority issued \$8,380,000 principal amount of Village of Ridgewood, New Jersey guaranteed Revenue Bonds. The \$8,380,000 principal amount of Revenue Bonds, Series 2005 consists of \$8,205,000 Village of Ridgewood Guaranteed Revenue Bonds, Series 2005 A and \$175,000 Taxable Village of Ridgewood Guaranteed Revenue Bonds, Series 2005 B (Ridgewood Senior Citizens Housing Corporation, Inc. Project). The Series A Bonds consist of \$8,205,000 serial bonds having a final maturity of February 1, 2025 and interest rates ranging from 2.50% to 4.60%. The Series B Bonds consist of \$175,000 3.36% Term Bonds due February 1, 2006.

The bonds were issued to make a loan to the Ridgewood Senior Citizens Housing Corporation for the purpose of (1) refinancing an outstanding mortgage between the Ridgewood Senior Citizens Housing Corporation and the United States Department of Housing and Urban Development relating to a project consisting of the acquisition of land and the construction of a 130 unit residential apartment complex for low-income handicapped persons and senior citizens in the Village of Ridgewood, New Jersey; (2) financing certain capital improvements to the Ridgewood Senior Citizens Housing Corporation's facility, and (3) paying certain costs of issuance with respect to the Bonds. To evidence its obligation to repay such loan, the Ridgewood Senior Citizens Housing Corporation and the Authority will enter into a loan agreement dated January 1, 2005. Payment of the principal and interest on the Bonds are further secured by a full, unconditional and irrevocable guaranty of the Village of Ridgewood, New Jersey.

In August 2005, the Authority issued \$30,075,000 principal amount of County of Guaranteed Revenue Bonds, Series 2005 (County Administration Complex). These bonds are serial bonds having a final maturity date of November 15, 2026 and interest rates ranging from 4.00% to 5.00%. These bonds were issued for the purpose of (1) advance refunding all of the New Jersey Economic Development Authority's Lease Revenue Bonds (Bergen County Administration Complex), Series 1998, and (2) paying costs and expenses associated with the issuance of the Bonds. Payment of principal and interest on the Bonds are further secured by a full, unconditional and irrevocable guaranty of the County of Bergen to pay, when due, the principal (including sinking fund installments, if any) and interest on the Bonds.

In November 2005, the Authority issued \$37,985,000 Senior Special Purpose Limited Obligation Revenue Bonds, Series 2005 B (EnCap Golf Holdings, LLC Project). The 2005 B bonds are special limited obligations of the Authority, the principal, purchase and/or redemption price of and interest on which are payable by the Authority solely from the 2005

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(CONTINUED)

8. CONDUIT DEBT OBLIGATIONS, (continued)

D. Series 2005 Bonds, (continued)

A & B Trust Estate, which includes the payments to be made by EnCap Golf Holdings, LLC. under a loan agreement dated the date of delivery of the 2005 B Bonds. EnCap Golf Holdings, LLC's payment obligations under the 2005 B Loan Agreement are (1) as they relate to the payment of the principal, purchase and/or redemption price, if any, on the 2005 B Bonds, obligations of the borrower payable from the Series 2005 B Bonds pledged rights and revenues, (2) as they relate to the payment of interest on the 2005 B Bonds, obligations of the borrower defined Company Revenues, and (3) as they relate to the payment of administrative expenses. The Payment of principal, purchase price and/or redemption price of or interest on the 2005 B Bonds are supported by an irrevocable direct pay letter of credit issued in favor of the BCIA Bond Trustee by Wachovia Bank National Association.

The Authority also issued \$26,770,000 Subordinate Purpose Limited Obligation Revenue Bonds, Series C and \$38,230,000 Subordinate Special Purpose Limited Obligation Revenue Bonds, Series 2005 D (EnCap Golf Holdings, LLC Project). The 2005 C & D Bonds are special, limited obligations of the Authority, the principal, purchase and/or redemption price of and interest on which are payable by the Authority solely from the 2005 C & D Trust Estate, which includes the payments to be made by EnCap Golf Holdings, LLC, a limited liability company established pursuant to the laws of the State of Delaware (the "Borrower"), under a Loan Agreement dated the date of delivery of the 2005 C & D Bonds (the "2005 C & D Loan Agreement"), by and between the Authority and the Borrower. The Borrower's payment obligations under the 2005 C & D Loan Agreement are, (1) as they relate to the payment of principal, purchase and/or redemption price, if any, on the 2005 C & D Bonds, obligations of the Borrower payable from the Series 2005 C & D Bonds pledged rights and revenues, (2) as they relate to the payment of interest on the 2005 C & D Bonds, obligations of the Borrower payable from the hereinafter defined Company Revenues, and (3) as they relate to the payment of administrative expenses, a general obligation of the Borrower. The payment of the principal, purchase and/or redemption price of or interest on each series of the 2005 C & D Bonds are supported by a corresponding irrevocable, direct pay letter of credit (each, a "Letter of Credit" and together, the "Letters of Credit") issued in favor of the BCIA Bond Trustee by Wachovia Bank, National Association.

Additionally, the Authority issued \$49,136,016 principal amount of County of Bergen Guaranteed Governmental Loan Revenue Bonds consisting of \$24,100,000 Current Interest Bonds (Series 2005A); \$15,316,016 Capital Appreciation Bonds (Series 2005B); and \$9,720,000 Current Interest Bonds (Series 2005C). Proceeds of the Series 2005A, B and C Bonds were used to provide funds to make loans to certain municipalities which include the

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8. CONDUIT DEBT OBLIGATIONS, (continued)

D. Series 2005 Bonds, (continued)

Borough of North Arlington, the City of Englewood, and the Borough of Paramus (Borrowers). The Authority has entered into Borrower Purchase Agreements to secure the Borrowers Loans. Pursuant to the Borrower Purchase Agreements, the Authority purchased a Borrower Bond in the principal amount equal to the loan that the Authority makes to each borrower. Each borrower is required to make the loan repayments to the Authority pursuant to its Borrower Bond. The aggregate of the Loan Repayments made by the Borrowers will be sufficient to enable the Authority to pay the principal or Redemption Price, if any, of and interest on each series of the Bonds. The payment of the principal of (including sinking fund installments, if any) and interest on the Bonds are further secured by the County Guaranty, an unconditional and irrevocable obligation of the County. The County has the power and obligation, if necessary, to cause the levy of ad valorem taxes upon all the taxable property within the County without limitation as to rate or amount for the payment of its obligations under the County Guaranty.

E. Series 2006 Bonds

In June of 2006, the Authority issued \$2,900,000 principal amount of County Guaranteed Governmental Loan Bonds, Series 2006. The bonds bear interest at a rate of 5.00% and have a final maturity of December, 2031.

These bonds were issued to provide funds to permanently finance the bonds of the Township of Lyndhurst, County of Bergen, New Jersey, which were issued simultaneously with the Governmental Loan bonds. The bonds will be issued to finance the construction of a shared services building between the Township of Lyndhurst and the Lyndhurst Board of Education, as well as other capital improvement projects. The Township issued bonds and sold the bonds directly to the Authority. The Authority funded the purchase through the sale of Governmental Loan Bonds.

The Governmental Loan Bonds are secured by the general obligation payments of the Township of Lyndhurst pursuant to the Township of Lyndhurst's Bond. Payments of principal and interest on the Governmental Loan Bonds are fully, unconditionally and irrevocably guaranteed by the County of Bergen, New Jersey.

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8. CONDUIT DEBT OBLIGATIONS, (continued)

F. Series 2007 Bonds

In May 2007, the Authority issued \$31,855,000 principal amount of County of Bergen Guaranteed Revenue Bonds, Series 2007A and \$33,955,000 County of Bergen Guaranteed Revenue Bonds, Series 2007B. The Series 2007 Bonds were issued to make a loan to the Bergen County Utilities Authority for the purpose of financing (1) the current refunding of \$31,235,000 principal amount of the Utilities Authority's 1997 Water Pollution Control System Revenue Bonds, Series A which are callable on June 15, 2007 (the "2007A Project"); (2) the current refunding of \$35,455,000 principal amount of the Authority's 1998 Water Pollution Control System Revenue Bonds, Series A on a forward delivery basis, which bonds are callable on December 15, 2007 (the "2007B Project"); and (3) the payment of certain costs of issuing the Bonds.

To evidence its obligation to repay such loan, the Utilities Authority issued and delivered to the Authority \$31,855,000 principal amount of its 2007 Water Pollution Control System Revenue Refunding Bonds, Series A and \$33,955,000 principal amount of its 2007 Water Pollution Control System Revenue Refunding Bonds, Series B (Forward Delivery). Simultaneously, when the issuance of the Utilities Authority Revenue Refunding Bonds, the Utilities Authority and the Authority entered into a loan agreement dated May 1, 2007. Payment of the principal and interest on the Bonds are further secured by a full, unconditional and irrevocable guaranty of the County of Bergen, New Jersey.

G. Series 2008 Bonds

In April 2008, the Authority issued \$29,600,000 principal amount of County of Bergen Guaranteed Revenue Bonds, Series 2008. The bonds were issued to make a loan to Bergen County Utilities Authority for the purpose of financing (i) the cost of various improvements to the Utilities Authority water pollution control system; (ii) capitalized interest on the bonds; and (iii) the payment of certain costs of issuing the bonds.

To evidence its obligation to repay such loan, the Utilities Authority has issued and delivered to the Bergen County Improvement Authority \$29,600,000 principal amount of its 2008 Water Pollution Control System Revenue Bonds. Simultaneously with the issuance of the Utilities Authority Bonds, the Utilities Authority and the Authority entered into a Loan Agreement setting forth the rights and obligations of the parties thereto. Payment of the principal and interest on the Bonds are further secured by a full, unconditional and irrevocable guaranty of the County of Bergen, New Jersey.

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8. CONDUIT DEBT OBLIGATIONS, (continued)

H. Series 2009 Bonds

In February 2009, the Authority issued \$7,095,000 principal amount of County of Bergen Guaranteed Governmental Loan Revenue Bonds. The bonds are serial bonds that bear interest at various rates between 2.00% and 4.11% and have a final maturity of August 15, 2024. These bonds were issued to provide funds to make a loan to the Northwest Bergen County Utilities Authority to (1) finance various improvements to the Northwest Bergen County Utilities Authority's sewer system; (2) fund capitalized interest on the Series 2009 Bonds; and (3) pay certain costs of issuance of the Series 2009 Bonds. The Series 2009 Bonds will be payable from and are secured by payments made on Revenue Bonds of the Northwest Bergen County Utilities Authority. The Northwest Bergen County Utilities Authority Bonds will be sold to the Authority pursuant to a Bond Purchase Agreement entered into between the Bergen County Improvement Authority and the Northwest Bergen County Utilities Authority. As additional security for the Series 2009 Bonds, payment of the principal and interest on the Series 2009 Bonds is fully, unconditionally and irrevocably guaranteed by the County of Bergen, New Jersey.

In June 2009, the Authority issued \$26,944,000 principal amount of County of Bergen Guaranteed Loan Revenue Bonds, Series 2009A. The bonds are serial bonds that bear interest at various rates between 1.50% and 5.00% and have a final maturity of August 15, 2024.

The Bonds were issued to provide funds to make loans to the Borough of Fairview in the County of Bergen, New Jersey ("Fairview"), the Borough of Little Ferry in the County of Bergen, New Jersey ("Little Ferry"), the Borough of Upper Saddle River in the County of Bergen, New Jersey ("Upper Saddle River"), the Village of Ridgefield Park in the County of Bergen, New Jersey ("Ridgefield Park"), the Borough of Edgewater in the County of Bergen, New Jersey ("Edgewater"), the Haworth Board of Education in the Borough of Haworth, County of Bergen, New Jersey ("Haworth BOE"), and the Borough of Rutherford in the County of Bergen, New Jersey ("Rutherford" and together with Fairview, Little Ferry, Upper Saddle River, Ridgefield Park, Edgewater and Haworth BOE, the "Borrowers") to (i) refund certain outstanding bonds of Fairview, Little Ferry, Upper Saddle River, Ridgefield Park, Edgewater and Haworth BOE; (ii) finance certain projects in Edgewater and Rutherford; and (iii) pay certain costs of issuance of the Bonds and Borrower Bonds.

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8. CONDUIT DEBT OBLIGATIONS, (continued)

H. Series 2009 Bonds, (continued)

The Bonds constitute direct and special obligations of the Authority and are secured only by those revenues of the Authority which are derived by the Authority from the loan repayments (the "Loan Repayments") made by the Borrowers pursuant to the general obligation bond of each Borrower purchased by the Authority pursuant to each Bond Purchase Agreement between the Authority and each Borrower, to evidence each respective loan from the Authority to such Borrower. The Loan Repayments made pursuant to the Borrower Bonds are pledged by the Authority for the payment of the principal of, redemption premium, if any, and interest on the Bonds.

The Bonds are further secured by a full, irrevocable and unconditional guaranty from the County of Bergen, New Jersey to pay, when due, the principal of and interest on the Bonds. The County has the power and the obligation to cause the levy of ad valorem taxes upon all taxable property within the County without limitation as to rate or amount for the payment of its obligations under the County Guaranty.

In November of 2009, the Authority issued \$10,200,000 Revenue Bonds (Yeshivat Noam, Yeshiva of Bergen County, Inc. Project), Series 2009. The Bonds are initially issued in a single denomination of \$10,200,000. The bond is dated November 9, 2009 and has a final maturity of December 31, 2034.

The Bonds were issued for the purpose of (1) refinancing existing debt which was originally incurred to finance or refinance costs of the acquisition, construction, renovation and equipping of certain of the Borrower's facilities located in the Borough of Paramus and the Borough of Bergenfield, County of Bergen and State of New Jersey; and (2) to fund the costs of issuance of the Bonds. The Authority, the Borrower and TD Bank, N.A. (the Purchaser"), have entered into a Bond Agreement dated as of November 1, 2009 (the "Agreement") providing, among other things, for the making of a loan (the "Loan") to the Borrower in order to finance the Project. The Authority, the Borrower and the Purchaser have also executed the Authority's Assignment dated November 9, 2009 (the "Assignment"), pursuant to which the Authority has assigned to the Purchaser, as security for the payment of the Bonds, certain of its rights under the Agreement (subject to the Authority's Reserved Rights) and the other loan documents executed by the Borrower in conjunction with the Agreement, which are made a part of the record of proceedings (the "Loan Documents").

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8. CONDUIT DEBT OBLIGATIONS, (continued)

H. Series 2009 Bonds, (continued)

The Series 2009 Bonds are secured by a Mortgage and Security Agreement dated November 9, 2009 from the Borrower to the Authority, creating a lien upon the Borrower's interest in the premises and certain other collateral.

I. Series 2010 Bonds

In March of 2010, the Authority issued \$20,555,000 County Secured Lease Revenue Bonds, Series 2010 (Bergen County Community College Building Project). The Bonds consist of \$5,335,000 County Secured Lease Revenue Bonds, Series 2010A and \$15,220,000 County Secured Lease Revenue Bonds, Series 2010B. The Bonds have a final maturity of June 1, 2040 and pay interest semiannually on June 1 and December 1 of each year commencing June 1, 2010.

The Bonds were issued to provide funds for various improvements to the facilities of The Bergen Community College including (1) the acquisition, reconstruction, alteration and renovation of a building in the Township of Lyndhurst, New Jersey to be used as a satellite campus for the College and for financing other capital projects of the College; and (2) the payment of certain costs of issuance of the Bonds.

The Bonds constitute special obligations of the Authority and are secured primarily by revenues derived by the Authority from rentals to be paid by the Bergen Community College pursuant to a lease agreement by and between the Authority and the College dated as of March 1, 2010.

As additional security for the Bonds, payment of principal and interest on the Bonds is fully, unconditionally and irrevocably guaranteed by the County of Bergen, New Jersey pursuant to a guaranty resolution adopted on August 12, 2009 by the County. The County guarantee shall remain in effect until the Bonds have been paid in full.

In April of 2010, the Authority issued \$17,000,000 County of Bergen Guaranteed Revenue Bonds, Series 2010 (East Rutherford Project). The Bonds bear interest at various rates between 2.00% and 5.00% and have a final maturity of June 1, 2039.

The Bonds were issued to make a loan to the Borough of East Rutherford in the County of Bergen, New Jersey for the purpose of financing the cost associated with the construction of a new police headquarters and municipal court building for use by the Borough and the acquisition of all materials and equipment and completion of all work related thereto, and to fund certain costs associated with the issuance of the Bonds.

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8. CONDUIT DEBT OBLIGATIONS, (continued)

I. Series 2010 Bonds, (continued)

To evidence its obligation to pay such loan, the Borough issued and delivered to the Authority \$17,000,000 principal amount of its General Obligation Bonds which the Borough shall be obligated to levy ad valorem taxes upon all taxable property within the Borough for the payment of principal and interest on the Borough Bonds.

Payment of the principal of and interest on the Authority Bonds are further secured by a full, unconditional and irrevocable guaranty of the County of Bergen, New Jersey.

In April of 2010, the Authority issued \$30,165,000 Governmental Loan Revenue Bonds, Series 2010. The Bonds bear interest at various rates between 2.00% and 5.00% payable February 15 and August 15 of each year commencing February 15, 2011 and have a final maturity of 2025.

The Series 2010 Bonds were issued to provide funds to make loans to the Borough of Closter, the Borough of Fort Lee and the Borough of Oradell to (1) finance general improvements of the borrowers; (2) refinance certain outstanding bond anticipation notes of the borrowers; and (3) pay certain costs of issuance of the Series 2010 Bonds.

The Series 2010 Bonds are payable and are secured by payments made on general obligation bonds of each of the borrowers. The Borrower Bonds were sold to the Authority pursuant to separate Bond Purchase Agreements entered into between the Authority and each of the borrowers. The Borrower Bonds shall be direct and general obligations of each of the Borrowers payable from ad valorem taxes levied upon all the taxable property within the jurisdiction of each borrower.

As additional security for the Series 2010 Bonds, payment of the principal and interest on the Series 2010 Bonds is fully, unconditionally and irrevocably guaranteed by the County of Bergen, New Jersey which shall remain in effect until the Series 2010 Bonds have been paid in full.

J. Series 2011 Bonds

In July 2011, the Authority issued \$2,800,000 County of Bergen Guaranteed Revenue Bonds, Series 2011 (Bergen County Community Action Partnership, Inc. Project). The Bonds bear interest at various rates between 2.00% and 4.625% and have a final maturity of December 1, 2034.

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8. CONDUIT DEBT OBLIGATIONS, (continued)

J. Series 2011 Bonds, (continued)

The Bonds were issued to make a loan to the Bergen County Community Action Partnership, Inc., a New Jersey non-profit corporation, for the purpose of (1) permanently financing the costs of construction and expansion of a Head Start facility located at the Borrower's Garfield, New Jersey site, including all necessary materials, improvements, appurtenances, and site work related thereto; (2) paying the costs of the construction and upgrading of certain classroom facilities located in Garfield, New Jersey site, for occupational and educational training, including all necessary materials, improvements, appurtenances, and site work related thereto; and (3) paying the costs of issuance with respect to the issuance and sale of the 2011 Bonds.

To purchase its obligations to repay such 2011 loan, the Borrower and the Authority entered into a Trust Amendment to Loan Agreement dated as of August 1, 2011.

K. Series 2012 Bonds

In May 2012, the Authority issued \$19,410,000 County Guaranteed Loan Refunding Revenue Bonds, Taxable Series 2012 (Pooled ERI Unfunded Liability Project— Federally Taxable). The Bonds bear interest at various rates between .430% and 3.259% and have a final maturity of September 15, 2023.

The Refunding Bonds were issued to provide funds to make a loan to the County of Bergen, New Jersey (the "County") and certain municipalities and school districts in the County (together with the County, the "Series 2012 Local Units") (i) to fund an escrow the proceeds of which are to be used for the purpose of advance refunding a portion of the Authority's County Guaranteed Governmental Loan Revenue Bonds, Taxable Series 2003A (Pooled ERI Unfunded Liability Project) originally issued in the aggregate principal amount of \$31,210,000 (the "Refunded Bonds"), which Refunded Bonds were issued to provide funds to make loans to the Series 2012 Local Units to raise funds sufficient to retire the present value of the Series 2012 Local Units' respective unfunded accrued liability for early retirement incentive benefits previously granted by the State to each Series 2012 Local Unit, and (ii) to pay certain of the costs of issuance of the Refunding Bonds and the Series 2012 Local Unit Refunding Bonds (as hereinafter defined).

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8. CONDUIT DEBT OBLIGATIONS, (continued)

K. Series 2012 Bonds, (continued)

The Refunding Bonds are payable from and are secured by payments made on general obligation refunding bonds of each of the Series 2012 Local Units (each a "Series 2012 Local Unit Refunding Bond" and, collectively, the "Series 2012 Local Unit Refunding Bonds"). The Series 2012 Local Unit Refunding bonds were sold to the Authority pursuant to separate Bond Purchase Agreements entered into between the Authority and each of the Series 2012 Local Units. The Series 2012 Local Unit Refunding Bonds shall be direct and general obligations of each of the Series 2012 Local Units.

In August 2012, the Authority issued \$18,450,000 County Guaranteed School District Revenue Bonds (Fort Lee Board of Education Project) Series 2012. The Bonds bear interest at various rates between 1.25% and 4.00% and have a final maturity of December 1, 2031.

The proceeds thereof were used to make a loan to the Board of Education of the Borough of Fort Lee, in the County of Bergen, a school district of the State of New Jersey, for the purpose of (i) financing the School Project; and (ii) paying the costs of issuance with respect to the issuance and sale of the 2012 Bonds.

To evidence its obligation to repay such 2012 Loan, the Borrower and the Authority entered into a Loan Agreement, dated as of August 16, 2012, setting forth the rights and obligations of the parties thereto. In order to secure and evidence its payment obligations under the Loan Agreement, the Borrower has delivered or will deliver, to secure the repayment obligation under the Loan Agreement, its general obligation bond under which it irrevocably pledges its full faith and credit for the payment of the principal of and interest on the Board Bond, which Board Bond is additionally secured by the New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended.

In August 2012, the Authority issued \$14,970,000 County Guaranteed Refunding Bonds (Englewood Board of Education Refunding Project) Series 2012. The Bonds bear interest at various rates between 1.50% and 5.00% and have a final maturity of April 1, 2024.

The Refunding Bonds were issued to: (i) advance refund and redeem \$15,360,000 of the Authority's County of Bergen Guaranteed School District Revenue Bonds, Series 2004 (Englewood City Board of Education Project) maturing on April 1 in the years 2015 through 2024, inclusive, which 2004 Refunded Bonds are callable on April 1, 2014; and (ii) pay certain

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8. CONDUIT DEBT OBLIGATIONS, (continued)

K. Series 2012 Bonds, (continued)

costs and expenses incidental to the issuance, sale and delivery of the Refunding Bonds. The principal of and interest on the Refunding Bonds shall be secured by the pledge of the Trust Estate (as defined in the Bond Resolution) by the Authority to the Trustee, which Trust Estate shall include, among other things: a portion of the loan payments made by the Board of Education of the City of Englewood, in the County of Bergen, New Jersey, pursuant to an Amended and Restated Loan Agreement, dated as of September 6, 2012 by and between the Authority and the Board of Education, which Loan Payments are secured by a General Obligation Bond issued by the Board of Education to the Authority dated July 14, 2004, as amended on the date of delivery of the Refunding Bonds. Payment of the School District Bond shall be made from the levy of ad valorem taxes upon all the taxable property within the jurisdiction of the School District, without limitation as to rate or amount, and which Loan Payments shall be assigned by the Authority to the Trustee for the payment of the principal (including sinking fund payments, if any) of and interest on the Refunding Bonds in accordance with the terms of the Bond Resolution and the Amended and Restated Loan Agreement.

In August 2012, the Authority issued \$10,515,000 of County Guaranteed Refunding Revenue Bonds, Series 2012 (Fair Lawn Community Center, Inc. Project). The Bonds bear interest at various rates between 1.50% and 5.00% and have a final maturity of September 15, 2034.

The Refunding Bonds were issued to (i) advance refund \$10,115,000 outstanding principal amount of County of Bergen Guaranteed Revenue Bonds, Series 2004 (Fair Lawn Community Center, Inc. Project) maturing on September 15, in the years 2015 through 2021, inclusive, 2025 and 2034 (the "Refunded Bonds"); and (ii) pay certain costs of issuing the Refunding Bonds. The Refunded Bonds were issued to make a loan to the Fair Lawn Community Center, Inc. for the purpose of financing (a) the construction and equipping of an approximately 42,000 square foot recreational and community center, located in the Borough of Fair Lawn, New Jersey; and (b) the payment of certain costs of issuing the Refunded Bonds. To evidence its obligation to repay such loan and secure the Refunding Bonds, the Borrower and the Authority entered into a First Amendment to Loan Agreement dated as of September 1, 2012, setting forth the rights and obligations of the parties thereto. The Borough will make payments under the First Amendment to Lease Agreement dated as of September 1, 2012 between the Borough and the Borrower in amounts sufficient to enable the Borrower to meet its payment obligations under the Amended Loan Agreement. Payment of the principal of (including sinking fund payments, if any) and interest on the Refunding Bonds are further secured by a full, unconditional and irrevocable guaranty of the County of Bergen, New Jersey.

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8. CONDUIT DEBT OBLIGATIONS, (continued)

L. Series 2013 Municipal Banc Leasing Program

In October 2013 the Bergen County Improvement Authority entered into a Master Lease Purchase Agreement with the Bank of America Public Capital Corp. to provide financing in the amount not to exceed \$15,000,000, which includes the full faith and credit guarantee of the County of Bergen.

The program provides tax-exempt lease financing for various local governments which includes municipalities, school districts, utility authorities and sewerage authorities in the County of Bergen in order to fund for certain capital equipment and other personal or real property.

Under the program the Authority enters into a sublease with participants, whereby the participant would make lease payments under the sublease. Upon the expiration of the lease term, the Authority sells the capital items financed thereby to the participant for \$1.

M. Series 2014 Bonds Pooled Loan Revenue Bonds Series A & B

On April 30, 2014, the Authority issued \$10,125,000 County Guaranteed Pooled Loan Revenue Bonds, Series 2014A and \$59,995,000 County Guaranteed Pooled Loan Revenue Bonds, Series 2014B. The Bonds bear interest at various rates between 2.00% and 5.00% and have final maturity of February 15, 2039.

The Series 2014 Bonds were issued to provide funds to make loans to the County of Bergen (the "County"), the Bergen County Utilities Authority (the "Utilities Authority Borrower"), and the Borough of East Rutherford, New Jersey (the "Municipal Borrower") and together with the County and the Utilities Authority Borrower, (the "Borrowers") to (i) advance refund certain outstanding bonds of the Utilities Authority Borrower; (ii) permanently finance certain general improvements of the Borrowers; and (iii) pay certain of the costs of issuance of the Series 2014 Bonds, and the Borrower Bonds.

N. Series 2014 School District Revenue Bonds

In July 2014, the Authority issued \$30,565,000 County Guaranteed School District Revenue Bonds (Elmwood Park Board of Education Project), Series 2014. The Bonds bear interest at various rates between 1.00% and 5.00% and have final maturity of August 1, 2034.

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8. CONDUIT DEBT OBLIGATIONS, (continued)

N. Series 2014 School District Revenue Bonds, (continued)

The Series 2014 Bonds were issued to provide funds to make a loan to the Elmwood Park Board of Education (the "Borrower"). The Borrower is using the proceeds of the bonds (i) to make improvements to the Board's Schools in Elmwood Park, NJ; (ii) to currently refund the Board's 2004 School Bonds outstanding in the amount of \$23,382,000 maturing on or after August 1, 2015; and (iii) pay certain costs of issuance of the Series 2014 Bonds.

O. Series 2014 Saddle Brook Refunding

In December 2014, the Authority issued \$16,030,000 County Guaranteed Governmental Loan Refunding Bonds, Series 2014. The bonds bear interest of rates ranging from 2.00% to 5.00% and have a final maturity of September 1, 2030.

The Refunding Bonds are being issued to provide funds to the Authority to make a loan to the Township of Saddle Brook (the "Borrower") in the County of Bergen, New Jersey (the "County") to (i) fund an escrow, the proceeds of which are to be used to advance refund a portion of the Authority's outstanding County Guaranteed Governmental Loan Bonds, Series 2006 (Saddle Brook Township Project) issued March 14, 2006 (the "Series 2006 Bonds"), specifically all of the Series 2006 Bonds maturing on September 1 in the years 2017 through 2030, inclusive, and (ii) pay certain of the costs of issuance of the Refunding Bonds.

P. Series 2015 County Guaranteed Revenue Bonds (Felician Services, Inc.)

On September 17, 2015, the Authority issued \$30,000,000 Revenue Bonds, Series 2015 (Felician Services, Inc.). The proceeds of the sale of the Series 2015 Bonds will be loaned by the Authority to Felician Services, Inc. The Bonds are being issued to (i) pay all or a portion of the costs of the project consisting of financing various capital improvements at the Lodi, New Jersey campus and at the Rutherford, New Jersey campus of the College, (ii) to pay all or a portion of the costs of refinancing/restructuring the Borrower's outstanding New Jersey Educational Facilities Authority Revenue Refunding Bonds, Felician College Issue, Series I, (iii) to pay the termination fee on swap entered into at the time of issuance of the 2006 Bonds, (iv) to pay off a line of credit to the College that was used to finance various capital projects of the College, and (v) to pay certain costs associated within the issuance of the bonds.

To evidence its obligation to repay the loan, the Borrower issued to the Authority its Promissory Note, Series 2015-1, dated September 17, 2015, in the principal amount of \$30,000,000 pursuant to the loan agreement.

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8. CONDUIT DEBT OBLIGATIONS, (continued)

Q. Series 2016 County of Bergen Guaranteed Governmental Loan Revenue Bonds

In March of 2016, the Authority issued \$49,580,000 principal amount of County Guaranteed Governmental Loan Revenue Bonds, Series 2016. The Bonds are serial bonds that bear interest in varying rates from 2.00% to 5.00% and have a final maturity of August 15, 2037.

The Bonds are being issued to provide funds to make loans to the Borough of North Arlington, in the County of Bergen, New Jersey (“North Arlington”), the Borough of Ridgefield, in the County of Bergen, New Jersey (“Ridgefield”), and the Borough of Rutherford, in the County of Bergen, New Jersey (“Rutherford” and together with North Arlington and Ridgefield, the “Municipal Borrowers”), and the Bergen County Utilities Authority, County of Bergen, New Jersey (the “BCUA”; and together with the Municipal Borrowers, the “Borrowers”) to (i) refund certain outstanding bonds of the Borrowers; and (ii) pay certain costs of issuance of the Bonds and the Borrower Bonds.

R. Series 2016C County of Bergen Guaranteed Governmental Loan Revenue Bonds

In October of 2016, the Authority issued \$65,150,000 principal amount of County Guaranteed Governmental Loan Revenue Bonds, Series 2016C. The Bonds are serial bonds that bear interest in varying rates from 2.00% to 5.00% and have a final maturity of August 15, 2026.

The Bonds are being issued to provide funds to make loans to the County of Bergen, New Jersey, the Borough of Edgewater, New Jersey, the Borough of Fort Lee, New Jersey, and the Northwest Bergen County Utilities Authority, County of Bergen, New Jersey to (i) refund certain outstanding bonds of the Borrowers; and (ii) pay certain costs of issuance of the Bonds and the Borrower Bonds.

Pursuant to the Bond Purchase Agreements, and in accordance with applicable law, each of the Borrowers will issue and sell its Borrower Bond to the Authority in the principal amounts shown below. The Borrower Bonds will be purchased by the Authority and the Loan Repayments will be pledged by the Authority to secure the Bonds.

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8. CONDUIT DEBT OBLIGATIONS, (continued)

S. Series 2016 County Guaranteed Revenue Bonds (CAP Project)

In December of 2016, the Authority issued \$13,380,000 principal amount of County Guaranteed Revenue Bonds (CAP Project), Series 2016. The Bonds are serial bonds that bear interest in varying rates from 2.00% to 5.00% and have a final maturity of December 1, 2046.

The 2016 Bonds are being issued by the Authority and the proceeds from the sale thereof are being used by the Authority to provide a loan to the Greater Bergen Community Action, Inc. for the purpose of: (a) paying the costs of the construction of new classroom facilities and parking lot improvements; (b) financing improvements for the development of an early childhood education school for low-income children at the Borrower's facility at 529 Midland Avenue in Garfield, New Jersey and the acquisition of real property and facility improvements thereon to be used for non-profit direct-client service activities and administrative purposes, located at 392 Main Street, in Hackensack, New Jersey ((a) and (b) being referred to as the "Project"); (c) refinancing and defeasing all of the Authority's outstanding County Guaranteed Revenue Bonds (Bergen County Community Action Program, Inc. Project), Series 2004A and all of the Authority's outstanding County Guaranteed Revenue Bonds (Bergen County Community Action Partnership, Inc. Project), Series 2011; (d) funding capitalized interest on the 2016A Bonds related to the Project; (e) funding of working capital to provide transition funds until the Project is placed in service; (f) funding of a bond reserve fund for the 2016A Bonds; and (g) payment of certain costs incidental to the issuance and sale of the 2016 Bonds.

T. Series 2017C County Guaranteed Governmental Loan Revenue Bonds

During 2017, the Authority issued \$32,680,000 principal amount of County Guaranteed Governmental Loan Revenue Bonds, Series 2017. The Bonds bear interest in varying rates from 2.00% to 4.00% and have a final maturity of February 15, 2030.

The Bonds are being issued to provide funds to make loans to the Township of Lyndhurst, New Jersey ("Lyndhurst"), the Borough of Oradell, New Jersey ("Oradell", and together with Lyndhurst, the "Municipal Borrowers"), and the Bergen County Utilities Authority, County of Bergen, New Jersey (the "BCUA", and together with the Municipal Borrowers, the "Borrowers") to (i) refund certain outstanding bonds of the Borrowers; and (ii) pay certain costs of issuance of the Bonds.

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8. **CONDUIT DEBT OBLIGATIONS, (continued)**

T. **Series 2017C County Guaranteed Governmental Loan Revenue Bonds, (continued)**

The Bonds constitute special obligations of the Authority and are secured only by those revenues of the Authority which are derived by the Authority from the loan repayments (the "Loan Repayments") made by the Borrowers pursuant to the general obligation bond of each Municipal Borrower purchased by the Authority (collectively, the "Municipal Bonds") and a revenue bond of the BCUA purchased by the Authority (the "BCUA Bonds", and together with the Municipal Bonds, the "Borrower Bonds") pursuant to each Bond Purchase Agreement between the Authority and each Borrower (collectively, the "Bond Purchase Agreements"), to evidence each respective loan from the Authority to such Borrower. The Loan Repayments made pursuant to the Borrower Bonds are pledged by the Authority for the payment of the principal of, redemption premium, if any, and interest on the Bonds.

The Bonds are further secured by a full, irrevocable and unconditional guaranty (the "County Guaranty") from the County of Bergen, New Jersey (the "County"), to pay, when due, the principal of and interest on the Bonds. The County has the power and the obligation, if necessary, to cause the levy of *ad valorem* taxes upon all taxable property within the County without limitation as to rate or amount for the payment of the principal of and interest on the Bonds.

U. **Series 2018 County Guaranteed Government Loan Revenue Bonds**

On September 20, 2018, the Authority issued \$14,825,000 principal amount of County Guaranteed Governmental Loan Revenue Bonds, Series 2018. The bonds bear interest at 5.00% and have a final maturity of August 15, 2034.

The Bonds are being issued to provide funds to make loans to the Borough of East Rutherford and The Bergen County Utilities Authority, County of Bergen, New Jersey to (i) finance certain capital improvements for the Borrowers; and (ii) pay certain costs of issuance of the Bonds and the Borrower Bonds.

The Bonds constitute special obligations of the Authority and are secured only by those revenues of the Authority which are derived by the Authority from the loan repayments made by the Borrowers pursuant to the general obligation bond of the Municipal Borrower purchased by the Authority and a revenue bond of the BCUA purchased by the Authority pursuant to each Bond Purchase Agreement between the Authority and each Borrower, to evidence each respective loan from the Authority to the Borrowers. The Loan Repayments made pursuant to the Borrower Bonds are pledged by the Authority for the payment of the principal of, redemption premiums, if any, and interest on the Bonds.

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8. CONDUIT DEBT OBLIGATIONS, (continued)

U. Series 2018 County Guaranteed Government Loan Revenue Bonds, (continued)

The Bonds are further secured by a full, irrevocable and unconditional guaranty from the County of Bergen, New Jersey, to pay, when due, the principal of and interest on the Bonds. The County has the power and the obligation, if necessary, to cause the levy of *ad valorem* taxes upon all taxable property within the county without limitation as to rate or amount for the payment of the principal of and interest on the Bonds.

V. Series 2019 County Guaranteed Lease Revenue Bonds

Valley Program Project

On September 11, 2019, the Authority issued \$4,365,000 principal amount of County Guaranteed Lease Revenue Bonds, Series 2019. The Bonds bear interest at 5.00% and have a final maturity of March 1, 2032. The Bonds are being issued to provide funds, along with other sources of funds, to finance a capital project undertaken by The Board of Education of the Northern Valley Regional High School District consisting of: (i) the acquisition of the Immaculate Conception School located in Norwood, New Jersey to facilitate the Board's administration of a county-wide, special education program focusing on educating children on the autism spectrum; and (ii) paying certain costs incurred in connection with the issuance, sale and delivery of the Bonds. The Bonds will be direct, special and limited obligations of the Authority and will be payable solely from Revenues and secured by a lien on the Pledged Property under the General Bond Resolution. The Pledged Property includes, but is not limited to (i) the Revenues, including the Authority's right to receive Basic Rent from the Board under a Ground Lease and Lease Agreement between the Authority and the Board to be dated September 26, 2019, (ii) the Authority's right and interest in the Land and the Facilities pursuant to the Lease Agreement, (iii) the funds and Accounts (other than the Rebate Fund and the Operating Fund) held and established under the General Bond Resolution, including Investment Securities (as defined in the General Bond Resolution) held in such funds or Accounts, and (iv) all other moneys, securities or funds pledged under the General Bond Resolution to the payment of the principal or Redemption Price, if any, of and interest on the Bonds.

The Bonds are further secured by a full and unconditional guaranty of the County of Bergen, State of New Jersey to pay, when due, the principal of and interest on the Bonds. The County has the power and the obligation, if necessary, to cause the levy of *ad valorem* taxes upon all the taxable property in the County, without limitation as to rate or amount, for the payment of its obligations under the County Guaranty.

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8. CONDUIT DEBT OBLIGATIONS, (continued)

V. Series 2019 County Guaranteed Lease Revenue Bonds, (continued)

County of Bergen Project

On October 31, 2019, the Authority issued \$50,140,000 principal amount of County Guaranteed Governmental Lease Revenue Bonds, Series 2019.

The County Bonds are being issued for the benefit of the County of Bergen to provide funds to (i) finance capital improvements to certain County buildings, including the reconstruction and rehabilitation of the County courthouse (the "County Project"), and (ii) pay certain costs of issuance of the County Bonds. The County Bonds constitute direct and special obligations of the Authority payable from and secured by the herein defined Revenues of the Authority, which are derived primarily from the lease of the County Project pursuant to the provisions of a lease agreement by and between the Authority and the County, dated as of October 1, 2019, pursuant to which the County is obligated to make lease payments sufficient, among other things, to pay debt service on the County Bonds. The timely payment of principal of, redemption premium, if any, and interest on the County Bonds is secured by the provisions of the Lease Agreement. The County's Obligation to make lease payments under the lease payments under the Lease Agreement is a valid and binding obligation of the County for which the County is obligated to make the lease payments under the Lease Agreement, and if such payments are not made from other sources, such payments shall be payable from the levy of *ad valorem* upon all the taxable property in the County without limitation as to rate or amount.

The Bonds are further secured by a full, irrevocable and unconditional guaranty from the County to pay, when due, the principal of and interest on the Bonds. The County has the power and the obligation, if necessary, to cause the levy of *ad valorem* taxes upon all taxable property within the County without limitation as to rate or amount for the payment of the principal of and interest on the Bonds.

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8. **CONDUIT DEBT OBLIGATIONS, (continued)**

W. Series 2019 County Guaranteed Governmental Loan Revenue Bonds

On October 31, 2019, the Authority issued \$14,735,000 principal amount of County Guaranteed Governmental Loan Revenue Bonds, Series 2019. The Bonds bear interest rates between 4.00% to 5.00% and have a final maturity of October 15, 2031. The Bonds are being issued for the benefit of the Borough of Fort Lee (the "Borough") and together with the County, the "Borrowers", to (i) provide funds to permanently finance outstanding bond anticipation notes of the Borough which were issued to finance certain capital improvements for the Borough; and (ii) pay certain costs of issuance of the Fort Lee Bonds. The Fort Lee Bonds constitute special obligations of the Authority and are secured only by those revenues of the Authority which are derived by the Authority from the loan repayments made by the Borough pursuant to the general obligation bonds of the Borough purchased by the Authority pursuant to a Bond Purchase Agreement between the Authority and the Borough, to evidence the respective loan from the Authority to the Borough. The Loan Repayments made pursuant to the Borough Bond are pledged by the Authority for the payment of the principal of, redemption premium, if any, and interest on the Fort Lee Bonds.

The Bonds are further secured by a full, irrevocable and unconditional guaranty from the County to pay, when due, the principal of and interest on the Bonds. The County has the power and the obligation, if necessary, to cause the levy of *ad valorem* taxes upon all taxable property within the County without limitation as to rate or amount for the payment of the principal of and interest on the Bonds.

X. Series 2020 County Guaranteed Lease Revenue Bonds

In April of 2020, the Authority issued \$24,635,000 principal amount of County Guaranteed Lease Revenue Bonds (Township of Saddle Brook Project). The Bonds bear interest at rates between 4.00% and 5.00% and have a final maturity of August 1, 2048.

The Bonds are being issued for the benefit of a redevelopment project in the Township of Saddle Brook, in the County of Bergen, State of New Jersey (the "Township") to provide funds to (i) acquire certain real property located in the Township having a street address of 55 Mayhill Street and designated as Block 801, Lots 5.02 and 5.03 on the Tax Assessment Map of the Township, comprising approximately 5.3 acres and an existing building thereon, for the construction of a new municipal complex for the Township (the municipal complex construction together with the acquisition of the Facility are referred to herein as the "Project"), (ii) pay certain costs of

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8. CONDUIT DEBT OBLIGATIONS, (continued)

X. Series 2020 County Guaranteed Lease Revenue Bonds, (continued)

issuance of the Bonds, and (iii) pay capitalized interest on the Bonds. The Bonds constitute special obligations of the Authority payable from and secured by the herein defined Revenues of the Authority, which are derived primarily from the lease of the Project pursuant to the provisions of a Lease Purchase Agreement by and between the Authority and the Township, dated as of May 1, 2020, pursuant to which the Township is obligated to make lease payments sufficient; among other things, to pay debt service on the Bonds. The timely payment of principal of, redemption premium, if any, and interest on the Bonds is secured by the provisions of the Lease Agreement. The Township's obligation to make lease payments under the Lease Agreement is a valid and binding obligation of the Township for which the Township is obligated to make the lease payments under the Lease Agreement, and if such payments are not made, such payments shall be payable from the levy of *ad valorem* taxes upon all the taxable property in the Township without limitation as to rate or amount.

The Bonds are further secured by a full, irrevocable and unconditional guaranty from the County of Bergen, State of New Jersey to pay, when due, the principal of and interest on the Bonds. The County has the power and the obligation, if necessary, to cause the levy of *ad valorem* taxes upon all taxable property within the County without limitation as to rate or amount for the payment of the principal of and interest on the Bonds.

In September of 2020, the Authority issued \$18,460,000 principal amount of County Guaranteed Lease Revenue Bonds (Borough of Ridgefield Project). The Bonds bear interest at rates between 4.00% and 5.00% and have a final maturity of October 15, 2042.

The Bonds are being issued for the benefit of a redevelopment project in the Borough of Ridgefield, in the County of Bergen, State of New Jersey (the "Borough") to provide funds to: (i) pay for the construction of a new municipal complex for the Borough, (ii) pay capitalized interest on the Bonds, and (iii) pay certain costs of issuance of the Bonds. The Bonds constitute direct and special obligations of the Authority payable solely from the Pledged Property, as defined herein, including without limitation, rental payments which are derived primarily from the lease of the Project pursuant to the provisions of a Lease and Agreement by and between the Authority and the Borough, dated as of September 1, 2020, pursuant to which the Borough is obligated to make Rental payments sufficient, among other things, to pay debt service on the Bonds. The timely payment of principal of, redemption premium, if any, and interest on the

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8. CONDUIT DEBT OBLIGATIONS, (continued)

X. Series 2020 County Guaranteed Lease Revenue Bonds, (continued)

Bonds is secured by the provisions of the Lease Agreement. The Borough's obligation to make rental payments under the Lease Agreement is a valid and binding obligation of the Borough for which the Borough is obligated to make the rental payments under the Lease Agreement, and if such payments are not made, such payments shall be payable from the levy of *ad valorem* taxes upon all the taxable property in the Borough without limitation as to rate or amount.

The Bonds are further secured by a full, irrevocable and unconditional guaranty from the County of Bergen, State of New Jersey to pay, when due, the principal of and interest on the Bonds. The County has the power and the obligation, if necessary, to cause the levy of *ad valorem* taxes upon all taxable property within the County without limitation as to rate or amount for the payment of the principal of and interest on the Bonds.

9. LONG-TERM DEBT

**COUNTY GUARANTEED TAXABLE REVENUE BONDS (OVERPECK PROJECT),
SERIES 2005**

On September 8, 2005, the Authority issued County-Guaranteed Taxable Revenue Bonds, Series 2005, in the amount of \$12,000,000. The bonds have a final maturity date of September 15, 2020 and bear interest rates ranging from 4.80% to 5.375%. The proceeds of the Series 2005 Bonds will be used, together with other available funds to pay: (1) the principal and interest on the Authority's 2004 Notes at maturity and (2) certain costs incidental to the issuance of the Series 2005 Bonds. The 2004 Notes were issued to pay the Authority's 2003 Notes at maturity, the proceeds of which were used to finance a capital improvement program for the Overpeck Project (Described further in Note 17 to the financial statements). The Bonds are direct and special obligations of the Authority payable solely from the revenues (as defined in the Trust Indenture dated as of September 1, 2005 between the Authority and the Trustee. The Bonds are further secured by a full, irrevocable and unconditional guaranty from the County of Bergen, New Jersey.

A summary for the activity for the Authority's County Guaranteed Taxable Revenue Bonds Series 2005 is presented below:

Balance December 31 <u>2019</u>	<u>Issued</u>	<u>Refunded/ Retired</u>	Balance December 31, <u>2020</u>
<u>\$1,160,000</u>	<u>\$</u>	<u>\$1,160,000</u>	<u>\$0</u>

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9. LONG-TERM DEBT, (continued)

**COUNTY GUARANTEED TAXABLE REVENUE BONDS (OVERPECK PROJECT),
SERIES 2005, (continued)**

Revenue Bonds

Revenue Bonds outstanding at December 31, 2020 and 2019, consist of the following:

	<u>2020</u>	<u>2019</u>
<u>Overpeck Landfill</u>		
\$12,000,000 County Guaranteed Taxable Revenue Bonds, Series 2005, 4.80% to 5.375%, \$1,160,000 due on September 15, 2020	\$ <u>-0-</u>	<u>\$1,160,000</u>

Loans Payable

The Authority has outstanding loans under the PSE&G Hospital Efficiency Program. This program requires the repayment to PSE&G of the Hospital's share of the costs of certain project costs advanced by PSE&G. The outstanding loans at December 31, 2020 are as follows:

\$983,625 for the Hospital's share of the Chiller Plant Upgrade Project payable at \$16,393.75 per month for sixty (60) months.

\$1,516,640 for the Hospital's share of the Interior, Exterior Lighting and Controls, and the Steam Trap Replacement Projects payable at \$25,277.34 per month for sixty (60) months.

A summary of the activity for these loans is presented below:

	Balance December 31 <u>2019</u>	<u>Issued</u>	<u>Payments</u>	Balance December 31, <u>2020</u>
Chiller Plant Upgrade	\$	\$983,625	\$196,725	\$786,900
Lighting/Steam Trap Replacement	_____	<u>1,516,640</u>	_____	<u>1,516,640</u>
	<u>\$</u>	<u>\$2,500,265</u>	<u>\$196,725</u>	<u>\$2,303,540</u>

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9. LONG-TERM DEBT, (continued)

Changes in Long-Term Liabilities

The Authority's long-term liability activity for the years ended December 31, 2020 and 2019 are as follows:

<u>2020</u>	Balance January 1, <u>2020</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2020</u>	Due Within <u>One Year</u>
Compensated Absences Payable	\$44,013	\$	\$5,067	\$38,946	\$
Net Pension Liability	491,555		35,899	455,656	
Net OPEB Liability	605,645			605,645	
Project Notes Payable	87,340,000	78,350,000	87,340,000	78,350,000	
Revenue Bonds Payable	1,160,000		1,160,000	0	
Loans Payable		<u>2,500,265</u>	<u>196,725</u>	<u>2,303,540</u>	<u>500,053</u>
Total Bonds Payable	<u>\$89,641,213</u>	<u>\$80,850,265</u>	<u>\$88,737,691</u>	<u>\$81,753,787</u>	<u>\$500,053</u>
<u>2019</u>	Balance January 1, <u>2019</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2019</u>	Due Within <u>One Year</u>
Compensated Absences Payable	\$38,946	\$5,067	\$	\$44,013	\$
Net Pension Liability	515,498		23,943	491,555	
Net OPEB Liability	605,045	600		605,645	
Project Notes Payable	88,735,000	83,540,000	84,935,000	87,340,000	87,340,000
Revenue Bonds Payable	<u>2,265,000</u>		<u>1,105,000</u>	<u>1,160,000</u>	<u>1,160,000</u>
Total Bonds Payable	<u>\$92,159,489</u>	<u>\$83,545,667</u>	<u>\$86,063,943</u>	<u>\$89,641,213</u>	<u>\$88,500,000</u>

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10. PROJECT NOTES PAYABLE

NEW BRIDGE MEDICAL CENTER PROJECT

On February 28, 2019, the Authority issued \$53,575,000 principal amount of County Guaranteed Project Notes (New Bridge Medical Center Project), Series 2019A and \$29,965,000 County Guaranteed Project Notes (New Bridge Medical Center Project), Series 2019B. The Series 2019A Note is being issued for the purpose of refunding, on a current basis, the Authority's outstanding County Guaranteed Project Note, Series 2017A dated September 1, 2017 and maturing on March 1, 2019. The Series 2017A Note was originally issued to provide funding for (i) the cost, acquisition and construction of various capital improvements to Bergen New Bridge Medical Center (the "Medical Center"); and (ii) paying the cost of issuance of the Series 2017A Note.

The Series 2019B Note is being issued for the purpose of refunding, on a current basis, the Authority's outstanding (i) County Guaranteed Project Note, Series 2017B dated September 1, 2017 and maturing on March 1, 2019; and (ii) County Guaranteed Project Note (New Bridge Medical Center Project), Series 2018 dated October 10, 2018 and maturing on March 1, 2019. The Series 2017B Note and Series 2018 Note were originally issued to provide funding for (i) working capital for the Authority with respect to the Medical Center; and (ii) paying the cost of issuance of the Series 2017B Note and Series 2018 Note.

The Series A Notes have an interest rate of 4.00% and mature on September 20, 2020. The Series B Notes have an interest rate of 3.375% and mature on September 20, 2020.

On August 31, 2020, the Authority issued \$78,350,000 principal amount of County Guaranteed Project Notes (Bergen New Bridge Medical Center Project), Series 2020 consisting of \$49,955,000 County Guaranteed Project Note, Series 2020A and \$28,395,000 County Guaranteed Project Note, Series 2020B.

The Series 2020A Note is being issued, together with other available funds, for the purpose of refunding, on a current basis, the Authority's outstanding County Guaranteed Project Note (Bergen New Bridge Medical Center Project) Series 2019A, dated February 28, 2019 and maturing on September 1, 2020. The 2019A Note refunded the Authority's County Guaranteed Project Note (Medical Center Project) Series 2017A. The Series 2017A Note was originally issued to provide funding for (i) the cost, acquisition and construction of various capital improvements to Bergen New Bridge Medical Center (the "Medical Center"); and (ii) paying the cost of issuance of the Series 2017A Note.

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10. PROJECT NOTES PAYABLE, (continued)

The Series 2020B Note is being issued, together with other available funds, for the purpose of refunding, on a current basis, the Authority's outstanding (i) County Guaranteed Project Note (Bergen New Bridge Medical Center Project) Series 2019B, dated February 28, 2019 and maturing on September 1, 2020. The Series 2019B Note refunded the Authority's County Guaranteed Project Note (Medical Center Project) Series 2017B and the Authority's County Guaranteed Project Note (New Bridge Medical Center Project), Series 2018. The Series 2018 Note and Series 2017B Note were originally issued to provide funding for (i) working capital for the Authority with respect to the Medical Center; and (ii) paying the cost of issuance of the Series 2018 Note and Series 2017B Note.

The Series A Notes have an interest rate of 3.00% and mature on August 15, 2022. The Series B Notes have an interest rate of 2.00% and mature on August 15, 2022.

EMERSON/ORADELL LAND ACQUISITION PROJECT

On December 6, 2018, the Authority issued \$3,800,000 principal amount of County Guaranteed Project Notes (Emerson/Oradell Land Acquisition Project), Series 2018. The Notes were issued for the purpose of (i) refunding, on a current basis, a portion of the Authority's \$8,500,000 County Guaranteed Project Notes (Emerson/Oradell Land Acquisition Project) Series 2017, dated December 14, 2017, and maturing December 12, 2018 (the "Prior Notes") and (ii) paying the cost of issuance of the Notes. The Prior Notes were issued for the purpose of providing funding for (i) the acquisition of approximately 135 acres within the Boroughs of Emerson and Oradell, in the County of Bergen; and (ii) paying the cost of issuance of the Prior Notes.

The Series 2018 Notes were retired on June 1, 2020.

A summary of the Authority's Project Notes for the years ended December 31, 2020 and 2019 is as follows:

	Balance Jan. 1, 2020	Issued	Retired	Balance Dec. 31, 2020	Due Within One Year
<u>Medical Center</u> Project Notes	\$83,540,000	\$78,350,000	\$83,540,000	\$78,350,000	\$
<u>Golf Course</u> Project Notes	<u>3,800,000</u>	_____	<u>3,800,000</u>	_____	_____
Total Notes Payable	<u>\$87,340,000</u>	<u>\$78,350,000</u>	<u>\$87,340,000</u>	<u>\$78,350,000</u>	<u>\$</u>

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10. PROJECT NOTES PAYABLE, (continued)

EMERSON/ORADELL LAND ACQUISITION PROJECT, (continued)

	Balance Jan. 1, 2019	Issued	Retired	Balance Dec. 31, 2019	Due Within One Year
<u>Medical Center</u> Project Notes	\$84,935,000	\$83,540,000	\$84,935,000	\$83,540,000	\$83,540,000
<u>Golf Course</u> Project Notes	<u>3,800,000</u>	_____	_____	<u>3,800,000</u>	<u>3,800,000</u>
Total Notes Payable	<u>\$88,735,000</u>	<u>\$83,540,000</u>	<u>\$84,935,000</u>	<u>\$87,340,000</u>	<u>\$87,340,000</u>

11. MEDICAL CENTER

Bergen New Bridge Medical Center

The County executed a Lease and Agreement, dated December 17, 1997 (the "County/Authority Agreement"), with the Authority, pursuant to which the County transferred the license for the operation of the Medical Center to the Authority, conveyed to the Authority a 19-year leasehold interest in the Medical Center, and delegated to the Authority the responsibility for managing, administering, operating and maintaining the Medical Center. The Authority thereupon executed a Lease and Operating Agreement, dated December 17, 1997, as amended and supplemented (collectively the "1997 Authority Lease and Operating Agreement") with Solomen Health Group, L.L.C. ("Solomen"), pursuant to which the Authority conveyed to Solomen a 19-year sub-leasehold interest in the Medical Center and delegated to Solomen the day to day responsibility for managing, administering, operating and maintaining, at its sole expense (except for capital improvements) and for and on behalf of the Authority and as its agent, the Medical Center. The County/Authority Agreement and the 1997 Authority Lease and Operating Agreement each became effective on March 15, 1998. Solomon thereupon assigned its interest in the 1997 Authority Lease and Operating Agreement to a related entity, Bergen Regional Medical Center, L.P. (the "Manager"), which assumed all of Solomen's rights and obligations under the Authority Lease and Operating Agreement. Under such Assignment, Solomon remained a guarantor of such entity's performance thereunder.

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11. MEDICAL CENTER, (continued)

Bergen New Bridge Medical Center, (continued)

The original expiration date of the 1997 Authority Lease and Operating Agreement of March 14, 2017 was extended by way of an amendment to the 1997 Authority Lease and Operating Agreement to September 30, 2017. By way of a separate agreement, the accounts receivable loan repayment by the Manager to the Authority, with an original maturity date of March 2020, was accelerated to December 31, 2017, with a corresponding discount and reduction in the principal and accrued interest due and owing by the Manager on the accounts receivable loan, so that the total amount due and owing on the accounts receivable loan in \$22,500,000. Payments by the Manager on the accounts receivable loan commenced on February 5, 2017 and all amounts due and owing to the Authority shall be paid by the Manager by the maturity date of December 31, 2017.

In anticipation of the expiration of the BCIA Lease and the LOA, on April 10, 2015 Executive Order No. 2015-03 was signed by the County Executive ordering and directing the establishment of a fifteen (15) member Healthcare Advisory Committee to explore how the BRMC may: (1) provide quality healthcare to residents of Bergen County and northern New Jersey; (2) provide a healthcare safety net for the elderly, indigent and those in need of emergency services; (3) provide for Veteran services; (4) adapt to changes in the healthcare market; and (5) provide quality healthcare services in a cost efficient manner.

On April 27, 2016, the Healthcare Advisory Committee issued the Healthcare Advisory Committee Report identifying guiding principles and establishing goals and objectives related to the future operations of BRMC and the selection of a tenant-operator or third-party operator, as follows:

- (i) Strong Capabilities in Acute Care, Behavioral Health and LTC,
- (ii) Maintenance, Improvement and Growth of Patient Services,
- (iii) Structure of Governance and Appropriate Oversight,
- (iv) Transparency & Collaboration with the BCIA and Other Stakeholders,
- (v) Alignment of Strategic Interests,
- (vi) Access for Bergen County Residents and the Underserved,
- (vii) Capital Commitments and Financial Considerations,
- (viii) Employee Retention, Advancement and Workplace Safety, and
- (ix) Sustainable and Viable Relationship

The BCIA and the County approved an amendment to the BCIA Lease on February 23, 2017, so that the Lease Term Closing Date would be coterminous with that of the LOA as changed by the Sixth Supplement.

BERGEN COUNTY IMPROVEMENT AUTHORITY
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11. MEDICAL CENTER, (continued)

Bergen New Bridge Medical Center, (continued)

The County and the BCIA desire to enter into this Agreement in order to establish the terms and conditions relating to the lease of the BRMC to the BCIA, who will then sublet BRMC through a Sublease, Lease and Operating Agreement with a Tenant-Operator.

By a Sublease, Lease and Operating Agreement dated July 14, 2017 between the Bergen County Improvement Authority (the "Sublessor") and Care Plus Bergen, Inc., a New Jersey nonprofit corporation (the "Tenant-Operator"), the Sublessor desires to sublease certain buildings located on the Property and lease certain assets to the Tenant-Operator and for the Tenant-Operator to operate the Facility, and the Tenant-Operator desires to sublease certain buildings located on the Property and lease certain assets from the Sublessor and to operate the Facility for a period of nineteen (19) years with a commencement date of October 1, 2017.

As of the Commencement Date, the Tenant-Operator assumed the full operation of the Facility, including the responsibility for the maintenance and repair of the facilities and equipment including, but not limited to, the heating, ventilation and air conditioning systems, plumbing, electrical systems, sprinkler systems and the IT Systems (which shall include updates and upgrades to hardware and software to maintain the same in accordance with the IT Standards throughout the Term).

Under Section 11.1 of the Lease and Operating Agreement, Rent shall be equal to ninety percent (90%) of EBITDAR (total operating revenue minus total operating expenses recorded pursuant the GAAP, plus interest expense, income taxes, depreciation, amortization and the lease expense for the Subleased Premises and the Leased Assets (not excluding any other operating lease expense), less interest income and investment income), payable on a monthly basis commencing October 31, 2017 and continuing on or before the last business day of each month thereafter during the term. Under Section 11.2 of the LOA, During the Term, the Tenant-Operator will pay all expenses associated with the operation of the Facility, including, but not limited to, all utilities, supplies, purchased services (including management fees), professional service fees, employee compensation and benefits, Pastoral Care Services, applicable property taxes (including payments in lieu of taxes or any other government impositions) and insurance costs.

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11. **MEDICAL CENTER, (continued)**

Bergen New Bridge Medical Center, (continued)

Under Section 11.3 of the LOA, The Tenant-Operator shall require up to Twenty Million (\$20,000,000) Dollars prior to and on the Commencement Date to fund all of the Tenant-Operator's working capital (including twenty-one (21) days of DCOH (Days Cash on Hand) and other transaction expenses (the "Initial Cash Requirements") as follows:

- (a) Up to Two Million (\$2,000,000) Dollars for transaction expenses actually incurred by the Tenant-Operator (the "Transaction Expense"); and
- (b) Working Capital of Eighteen Million (\$18,000,000) Dollars ("the Working Capital Escrow").

The Sublessor shall fund the Initial Cash Requirements through a loan in accordance with the terms of a promissory note made by the Tenant-Operator in favor of the Sublessor. Interest on the Sublessor Loan shall accrue at a rate equal to the Sublessor's actual interest expense. The Tenant-Operator shall not be permitted to borrow money other than through the Sublessor Loan or as otherwise approved by the Sublessor in writing.

Under Section 11.5 (a) of the LOA all cash receipts related to patient service revenue generated by the Tenant-Operator shall be collected by the Sublessor except for professional medical services provided by Rutgers Physicians and that are billed by Rutgers and/or its agent; (b) On each of (1) the fifteenth (15th) day of each month (or the first business day following the fifteenth (15th) day of the month) and (2) the last business day of each month, the Sublessor shall remit the lessor of: (i) actual cash receipts collected or (ii) fifty percent (50%) of monthly budgeted operating expenses (excluding Total Rent Payments, Accrued Rent Interest and interest expense related to the Sublessor Loan), net of budgeted professional fee collections that the Tenant-Operator is expected to receive from Rutgers.

The Authority (BCIA) has issued County Guaranteed Project Notes (Medical Center Project) to provide funds to the Authority to (i) finance various capital improvements and equipment for the Bergen Regional Medical Center including, but not limited to, parking lot improvements, assessment and improvements to electrical power supply systems, HVAC, electrical vault, and air ventilation shaft improvements, boiler replacement and information technology improvements; (ii) to provide funds to the Authority to provide working capital with respect to the Medical Center; and (iii) pay the costs of issuance.

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11. MEDICAL CENTER, (continued)

Bergen New Bridge Medical Center, (continued)

Under a Promissory Note dated October 2017, Care Plus Bergen, Inc. owes \$20,000,000 to the Authority for a "Working Capital Loan Receivable". The Borrower shall make principal and interest payments consisting of accrued and unpaid interest, in arrears, and the outstanding principal balance beginning on October 1, 2017 in accordance with Section 11 of the LOA, and the principal balance shall be paid no later than the termination date set forth in Section 15.1 of the LOA.

12. FUTURE CAPITAL PROJECTS

Certain types of capital projects of the Hospital will be the responsibility of the County or the Authority, under the terms of the Lease Agreement. Various capital projects are presently in progress funded by appropriations of the County. The Authority has engaged a Construction Manager to oversee all the capital projects at the Hospital. Additionally, a reserve is being established which is being contributed to by both the County and the Manager to finance certain joint projects in the future. Project requests for the year 2021 are being prepared by the Hospital for review by the Authority and the County.

13. EMERSON/ORADELL LAND ACQUISITION PROJECT

As described in Note 10, the Authority has issued notes to fund the purchase of certain real property, approximately 135 acres of which are located within the Boroughs of Emerson and Oradell, in the County of Bergen. The real property is currently the site of the Emerson Golf Club, a private 18-hole golf course, as well as other undeveloped parcels.

The Authority has leased the Property to the County pursuant to a Lease Agreement with the County (the "Lease Agreement"). The County intends to continue to use the Property as a County run 18-hole golf course.

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14. LITIGATION

We are advised by the Authority's Counsel of the following matters:

Bergen Regional Medical Center, L.P., Bergen County Improvement Authority, and Care Plus Bergen, Inc. v. Amerigroup New Jersey, Inc. d/b/a Amerigroup Community Care
Bergen County Superior Court, Docket No. BER-L-004107-19

Nature of Complaint: Breach of Contract/Unjust Enrichment

Claims Asserted: Plaintiffs assert that Defendant Amerigroup New Jersey, Inc. is in breach of contract for both custodial nursing care services and detoxification services and has underpaid plaintiffs in excess of \$670,000 (nursing care services) and \$1,000,000 (detoxification services), respectively.

Status: All parties have agreed to participate in mediation. It is anticipated that the BCIA will receive a portion of the settlement funds (which will be apportioned to each Plaintiff), without any contribution sought from BCIA.

15. CONTRIBUTIONS

Various expenses are paid by the County of Bergen on behalf of the Hospital including capital improvements which are recorded as capital contributions and medical insurance costs applicable to retired employees which are recorded as operating contributions. Capital and operating contributions recorded in the Hospital Fund for the years ended December 31, 2020 and 2019 are \$7,860,223 and \$4,921,748, respectively.

16. RELATED -PARTY TRANSACTIONS

As discussed in Note 11, the Authority entered into a lease and agreement for Bergen Pines County Hospital, now known as the Bergen New Bridge Medical Center, with the County, and a lease and operating agreement for Bergen Pines County Hospital, now known as the Bergen New Bridge Medical Center, with Care Plus Bergen, Inc. These agreements require the Authority to provide certain administrative and financial services in conjunction with the implementation of these agreements. The County provides personnel to act on behalf of the Authority in fulfillment of the obligations undertaken by the Authority pursuant to these agreements. During 2020 and 2019, the Authority reimbursed the County \$297,160 and \$296,921, respectively, for these personnel services.

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16. RELATED -PARTY TRANSACTIONS, (continued)

In addition, the County provides office space and various administrative services to the Authority. The County and the Authority have agreed that the Authority pay the cost for such services. For 2020 and 2019, the cost was \$75,000 and \$75,000, respectively.

The funds that County Nursing Facilities providers receive, as reimbursement for the services provided to Medicaid beneficiaries, come partly from the State and partly from the Federal government, and intergovernmental transfers may be used as a means of partially satisfying the State's share of Medicaid costs.

The County entered into the Agreement in order to provide additional Medical Assistance payments to qualifying County Nursing Facilities providers that participate in the Medicaid program. All expenses of these issuances including interest are paid for by the State of New Jersey.

During 2004, the County of Bergen has transferred the responsibility for implementing the operation of the Bergen County Equestrian Center to the Bergen County Improvement Authority. During 2012, the Authority transferred the responsibility for the operation of the Bergen Equestrian Center back to the County of Bergen – Parks Division.

Additionally, the County of Bergen, through a grant agreement with the Bergen County Improvement Authority, has transferred the responsibility for implementing the closure and redevelopment of the Overpeck County Park Landfill to the BCIA.

17. OVERPECK COUNTY PARK DEVELOPMENT AGREEMENT

The County of Bergen owns Overpeck County Park, which had been a municipal sanitary landfill from 1952 to 1975. Four hundred acres of the site remain undeveloped. The site was conveyed to the County by the Village of Ridgefield Park, Township of Teaneck, Borough of Leonia, Borough of Palisades Park and City of Englewood for the purpose of development as a public park. The site to be developed includes land in Ridgefield Park, Teaneck, Leonia, and Palisades Park.

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17. OVERPECK COUNTY PARK DEVELOPMENT AGREEMENT, (continued)

The County entered into an amended final judgement on October 1, 2002 that requires the redevelopment of portions of the site by September 30, 2009. The natural forces of erosion have caused the site to deteriorate. It is necessary to close the landfill under present D.E.P. requirements to develop the park facilities in the future.

The County had, by letter dated March 20, 2003, indicated to the BCIA its desire that the BCIA take on the responsibility, on behalf of the County, of engaging in such landfill operations at the Site of the Project as will ultimately enable the BCIA, on behalf of the County, to improve, further and promote the recreational attractiveness of the County through the planning, acquisition, construction, improvement, maintenance and operation, at the Site of the Project, of facilities for the recreation and entertainment of the citizens of the County.

By resolution dated March 31, 2003 (Resolution No. 03-19), the BCIA has authorized and directed its commissioners and officers, for and on behalf of the BCIA, to take such action, and to execute and deliver in the name of the BCIA such documents, as may be necessary or appropriate to cause the BCIA to undertake on behalf of the County the responsibility for such landfill redevelopment operations at the Site.

In connection with the BCIA's undertaking the Project at the Site, the BCIA will be required to retain professionals and/or contractors to provide bank stabilization; to install such environmental monitoring and control devices as may be necessary to close the former landfill; to provide wetlands mitigation as required; to obtain and deposit beneficially reusable material on Site and grade the same in accordance with the requirements of the Amended Final Judgment; to develop active and passive park facilities at the Site for use by the public; and to obtain all Federal, State and Local permits and approvals that may be required for the completion of such tasks.

In order to enable the BCIA to undertake the responsibilities of the County under the Amended Final Judgment, including the issuance of bonds that may be required in order to finance the closing of the landfill in accordance with law, the County and the BCIA entered into an agreement dated June 20, 2003 entitled "Overpeck County Park Development Agreement", a copy of which is on file with the BCIA.

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18. RESERVES REQUIRED BY BOND RESOLUTION

The following accounts are required by the Authority's bond resolution:

		<u>Hospital Fund</u>			<u>Total</u>
<u>December 31, 2020</u>					
Required Balances		\$688,850			\$688,850
Cash and Receivables		<u>688,850</u>			<u>688,850</u>
Excess or (Deficit)		<u>\$0</u>			<u>\$0</u>
		<u>Debt Service Fund</u>			
<u>December 31, 2019</u>		<u>Overpeck Landfill</u>	<u>Hospital Fund</u>	<u>Golf Course</u>	<u>Total</u>
Required Balances	\$338,333	\$1,051,440	\$12,666		\$1,402,439
Cash and Receivables	<u>355,317</u>	<u>1,051,440</u>	<u>12,666</u>		<u>1,419,423</u>
Excess or (Deficit)	<u>\$16,984</u>	<u>\$0</u>	<u>\$0</u>		<u>\$16,984</u>

19. PENSION PLANS

Description of Plans:

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

Public Employees' Retirement System (PERS)

Plan Description

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

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19. PENSION PLANS, (continued)

Benefits Provided

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

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

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

Defined Contribution Retirement Program

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

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NOTES TO FINANCIAL STATEMENTS
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19. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

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

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

Contribution Requirements

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

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

<u>Year</u>	<u>PERS</u>	<u>DCRP</u>
2020	\$29,896	\$-0-
2019	26,536	-0-
2018	26,042	-0-

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19. PENSION PLANS, (continued)

Public Employees Retirement System (PERS)

At December 31, 2020, the Authority had a liability of \$445,656 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2020, the Authority's proportion was .0027328499 percent, which was an increase of .0000047887 percent from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Authority recognized pension expense of \$37,279. At December 31, 2020, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$8,115	\$1,576
Changes of assumptions	14,458	186,601
Net difference between projected and actual earnings on pension plan investments	15,233	
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	<u>42,533</u>	<u> </u>
Total	<u>\$80,339</u>	<u>\$188,177</u>

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19. PENSION PLANS, (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2020) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended December 31:	
2021	\$(55,922)
2022	(50,983)
2023	(29,136)
2024	(11,782)
2025	(2,548)

Changes in Proportion

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

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2020 and June 30, 2019 are as follows:

	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>
Collective deferred outflows of resources	\$2,347,583,337	\$3,149,522,616
Collective deferred inflows of resources	7,849,949,467	7,645,087,574
Collective net pension liability	16,435,616,426	18,018,482,972
Authority's Proportion	.0027328499%	.0027280612%

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19. PENSION PLANS, (continued)

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% (based on years of service)
Thereafter	3.00-7.00% (based on years of service)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2019. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

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

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19. PENSION PLANS, (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

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19. **PENSION PLANS, (continued)**

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the 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 projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2020		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Authority's proportionate share of the pension liability	\$565,418	\$445,656	\$350,513

Pension Plan Fiduciary Net Position

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

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20. OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the pension described in Note 19, the Authority provides post employment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan.

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the 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 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.

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 providing 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.

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20. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

Total OPEB Liability

At December 31, 2020, the Authority had a liability of \$605,645 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability was based on a projection of the Authority's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers in the plan. At June 30, 2020 the Authority's proportion was .004471 percent which was a decrease of -0- percent from its proportion measured as of June 30, 2019.

For the year ended December 31, 2019, the Authority recognized OPEB expense of \$14,108. At December 31, 2020, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$	\$177,114
Changes of assumptions		214,627
Net difference between projected and actual earnings on OPEB plan investments	499	
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	<u>130,056</u>	<u>54,455</u>
Total	<u>\$130,555</u>	<u>\$446,196</u>

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

Year ended June 30:	
2021	\$(63,721)
2022	(63,721)
2023	(63,759)
2024	(63,823)
2025	(63,881)
Thereafter	(72,337)

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(CONTINUED)

20. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

Changes in Proportion

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

Actual Assumptions and Other Inputs

The total OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation rate	2.50%
Salary increases*:	
Public Employees' Retirement System (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 15.25%
Mortality:	
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

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

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

BERGEN COUNTY IMPROVEMENT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(CONTINUED)

20. **OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)**

Health Care Trend Assumptions

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

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the Division. 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 Net OPEB Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net OPEB liability as of June 30, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2019		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>2.50%</u>	<u>3.50%</u>	<u>4.50%</u>
Authority's proportionate share of Net OPEB liability	\$700,279	\$605,645	\$528,742

BERGEN COUNTY IMPROVEMENT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(CONTINUED)

20. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rates:

The following presents the Authority's proportionate share of the net OPEB liability as of June 30, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2019		
	<u>1% Decrease</u>	<u>Healthcare Cost trend Rate</u>	<u>1% Increase</u>
Authority's proportionate share of Net OPEB liability	\$511,090	\$605,645	\$726,266

21. FEDERAL ARBITRAGE REGULATIONS

The Authority is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2020 and 2019, the Authority had no estimated arbitrage earnings due to the IRS.

22. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2019, the Government Accounting Standards Board issued GASB Statement No. 91, Conduit Debt Obligations. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates 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. This Statement is effective for reporting periods beginning after December 15, 2020. The Authority believes this Statement will impact the reporting and/or disclosures related to its conduit debt issues.

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(CONTINUED)

22. RECENT ACCOUNTING PRONOUNCEMENTS, (continued)

In May 2020, the Government Accounting Standards Board issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 83, *Certain Asset Retirement Obligations*; Statement No. 84, *Fiduciary Activities*; Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*; Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; Statement No. 90, *Majority Equity Interests*; Statement No. 91, *Conduit Debt Obligations*; Statement No. 92, *Omnibus 2020*; Statement No. 93, *Replacement of Interbank Offered Rates*; Implementation Guide No. 2017-3, *Accounting and Financial Reporting for postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*; Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*; Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*; Implementation Guide No. 2019-2, *Fiduciary Activities*. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, *Leases*; Implementation Guide No. 2019-3, *Leases*. The requirements of this Statement are effective immediately.

In May 2020, the Government Accounting Standards Board issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The Authority is still determining the effects, if any, this statement will have on future financial statements.

BERGEN COUNTY IMPROVEMENT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(CONTINUED)

22. RECENT ACCOUNTING PRONOUNCEMENTS, (continued)

In June 2020, the Government Accounting Standards Board issued GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The Authority is currently reviewing what effect, if any, this Statement might have on future financial statements.

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(CONTINUED)

23. OTHER INFORMATION

A. Local Finance Board Applications

The Authority is preparing several applications to the Local Finance Board to issue new conduit on behalf of several local governments.

B. Risk Management

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

The Authority has joined the County of Bergen self insured health and prescription benefits plan for its employees. The participating members fund the entire cost of the plan. Claims are paid directly by the plan.

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

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

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

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(CONTINUED)

23. OTHER INFORMATION, (continued)

C. New Jersey Unemployment Compensation Insurance

The Authority has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Authority is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Authority is billed quarterly for amounts due to the State. The following is a summary of Authority contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Authority's expendable trust fund for the current and prior year:

Fiscal Year	Employee Contributions	Amount	Ending
<u>Ending</u>	<u>and Interest</u>	<u>Reimbursed</u>	<u>Balance</u>
2020	\$300	\$	\$4,818
2019	290	275	4,518
2018	297	4	4,503

24. DESIGNATION OF UNRESTRICTED NET POSITION

As of December 31, 2020, the Authority's accounts maintain funds that, although may be spent for any lawful purpose by the Authority, have been designated by the Board for the following purposes and amounts:

	Hospital <u>Fund</u>	<u>Total</u>
Medical Center	<u>\$6,723,254</u>	<u>\$6,723,254</u>

At December 31, 2020, the Authority reported a total amount of \$6,723,254 of Unrestricted Net Position - Designated for the purposes described above.

BERGEN COUNTY IMPROVEMENT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(CONTINUED)

24. DESIGNATION OF UNRESTRICTED NET POSITION, (continued)

The remaining undesignated portion of the Authority's net position was comprised of the following at December 31, 2020 and 2019:

	<u>General Fund</u>	<u>Hospital Fund</u>	<u>Overpeck Landfill</u>	<u>Golf Course</u>	<u>Total</u>
<u>2020</u>					
Accrued Unfunded Pension Adjustments	\$(572,647)	\$	\$	\$	(\$572,647)
Accrued OPEB Adjustments	(921,286)				(921,286)
Available for Use in Future Budgets	<u>(423,622)</u>	<u> </u>	<u> </u>	<u> </u>	<u>(423,622)</u>
Total	<u>(\$1,917,555)</u>	<u> \$0</u>	<u> \$0</u>	<u> \$0</u>	<u>(\$1,917,555)</u>
	<u>General Fund</u>	<u>Hospital Fund</u>	<u>Overpeck Landfill</u>	<u>Golf Course</u>	<u>Total</u>
<u>2019</u>					
Accrued Unfunded Pension Adjustments	\$(572,647)	\$	\$	\$	(\$572,647)
Accrued OPEB Adjustments	(921,286)				(921,286)
Available for Use in Future Budgets	<u>(356,165)</u>	<u> </u>	<u>(67,457)</u>	<u> </u>	<u>(423,622)</u>
Total	<u>(\$1,850,098)</u>	<u> \$0</u>	<u>(\$67,457)</u>	<u> \$0</u>	<u>(\$1,917,555)</u>

25. OTHER MATTERS

On March 9, 2020, Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19) outbreak. At the time of this report, the overall effects of the COVID-19 pandemic are unknown. In efforts to reduce the spread of the virus, many companies and organizations have either reduced staff or closed down, thus creating a potential financial dilemma among many of the ratepayers in the municipalities serviced by the Bergen County Improvement Authority. The Authority has identified several risks as a result of this pandemic, including a possible delay in collection of administration fees and cash flow shortages as the result of these delayed collections. The Authority will continue to monitor the situation closely.

26. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through January 12, 2022, the date which the financial statements were available to be issued and the following items were noted for disclosure:

On May 13, 2020, the Authority issued \$24,635,000 County Guaranteed Lease Revenue Bonds, Series 2020 (Township of Saddle Brook Project).

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(CONTINUED)

27. PRIOR YEAR RESTATEMENT

The financial statements for the year ended December 31, 2019 erroneously reported the County of Bergen portion of the Series 2019 County Guaranteed Governmental Loan Revenue Bonds as an Authority project rather than a conduit debt issue. As a result, a restatement of the 2019 financial statements was necessary. The following adjustments have been made to the 2019 financial statements in order to restate the balances:

	Balance Dec. 31, 2019 as Previously <u>Reported</u>	<u>Restatement</u>	Balance Dec. 31, 2019 as <u>Restated</u>
<u>Current Assets:</u>			
Cash and Cash Equivalents	\$4,448,385	\$342,650	\$4,791,035
<u>Restricted Current Assets:</u>			
Debt Service Fund:			
Cash and Cash Equivalents	1,414,956	(342,650)	1,072,306
Project Fund:			
Cash and Cash Equivalents	78,053,085	(60,041,110)	18,011,975
Cost of Issuance Fund:			
Cash and Cash Equivalents	29,256	(29,256)	0
<u>Current Liabilities - Restricted:</u>			
Accrued Interest on Bonds	1,423,740	(342,650)	1,081,090
<u>Non-Current Liabilities:</u>			
Revenue Bonds Payable	50,140,000	(50,140,000)	0
<u>Deferred Inflows of Resources</u>			
Unamortized Bond Premiums	10,251,103	(10,243,533)	7,570
<u>Net Position:</u>			
Net Investment in Capital Assets	(114,717,923)	60,383,533	(54,334,390)
Restricted for:			
Construction Fund	78,081,366	(60,070,366)	18,011,000
Unrestricted for:			
Undesignated	(1,917,555)	342,650	(1,574,905)

Required Supplementary Information

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BERGEN COUNTY IMPROVEMENT AUTHORITY
Schedules of Required Supplementary Information
Schedule of Authority's Share of Net Pension Liability - PERS
*Last 10 Fiscal Years**

	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability (asset)	0.0027328499%	0.0027280612%	0.0026181400%	0.0025308908%	0.0023127342%	0.0021020509%
Authority's proportionate share of the net pension liability (asset)	\$ 445,656	\$ 491,555	\$ 515,498	\$ 589,151	\$ 684,966	\$ 471,868
Authority's covered payroll - PERS	\$ 216,174	\$ 199,760	\$ 195,810	\$ 186,360	\$ 178,460	\$ 160,268
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	206.16%	246.07%	263.26%	316.14%	383.82%	294.42%
Plan fiduciary net position as a percentage of the total pension liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

BERGEN COUNTY IMPROVEMENT AUTHORITY
Schedules of Required Supplementary Information
Schedule of Authority's Contributions - PERS
*Last 10 Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 29,896.00	\$ 26,536.00	\$ 26,042.00	\$ 23,446.00	\$ 20,546.00	\$ 18,072.00
Contributions in relation to the contractually required contribution	\$ (29,896.00)	\$ (26,536.00)	\$ (26,042.00)	\$ (23,446.00)	\$ (20,546.00)	\$ (18,072.00)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll - PERS	\$ 216,174	\$ 199,760	\$ 195,810	\$ 186,360	\$ 178,460	\$ 160,268
Contributions as a percentage of covered payroll	13.83%	13.28%	13.30%	12.58%	11.51%	11.28%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

BERGEN COUNTY IMPROVEMENT AUTHORITY
Note to Required Schedules of Supplementary Information
For the Year Ended December 31, 2020

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date to the current measurement date, resulting in a change in the discount rate from 6.28% to 7.00%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

BERGEN COUNTY IMPROVEMENT AUTHORITY
Schedules of Required Supplementary Information
Schedule of Authority's Share of Net OPEB Liability
*Last 10 Fiscal Years**

	2019	2018	2017
Authority's proportion of the net OPEB liability (asset)	0.004471%	0.003862%	0.003813%
Authority's proportionate share of the net OPEB liability (asset)	\$ 605,645	\$ 605,045	\$ 778,454
Authority's covered payroll	\$ 199,760	\$ 195,810	\$ 186,360
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	303.19%	309.00%	417.72%
Plan fiduciary net position as a percentage of the total OPEB liability	1.98%	1.97%	1.03%

* GASB requires that ten years of information be presented. However, since fiscal year 2017 was the first year of GASB 75 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

BERGEN COUNTY IMPROVEMENT AUTHORITY
Schedules of Required Supplementary Information
Schedule of Authority's OPEB Contributions
*Last 10 Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 21,722.00	\$ 37,633.00	\$ 38,777.00
Contributions in relation to the contractually required contribution	<u>\$ (21,722.00)</u>	<u>\$ (37,633.00)</u>	<u>\$ (38,777.00)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 3,153,643	\$ 195,810	\$ 186,360
Contributions as a percentage of covered payroll	0.69%	19.22%	20.81%

* GASB requires that ten years of information be presented. However, since fiscal year 2017 was the first year of GASB 75 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

BERGEN COUNTY IMPROVEMENT AUTHORITY
Schedules of Required Supplementary Information
Schedule of Changes in the Authority's Proportionate
Share of the State OPEB Contributions
*Last 10 Fiscal Years**

	2019	2018	2017
Total OPEB Liability:			
Service Cost	29,803	\$ 34,613	\$ 40,590
Interest Cost	28,439	29,509	24,724
Changes of Benefit Terms	(85)		
Difference Between Expected			
and Actual Experience	(62,590)	(140,051)	
Changes in Assumptions	(73,135)	(89,376)	(98,675)
Benefit Payments	(21,022)	(16,283)	(15,918)
Contributions - Members	1,934	2,085	2,043
Change in Allocation	97,325	10,108	
Net Change in Total OPEB Liability	669	(169,395)	(47,236)
Total OPEB Liability - Beginning	617,190	786,585	833,821
Total OPEB Liability - Ending	\$ 617,859	\$ 617,190	\$ 786,585
Plan Fiduciary Net Position:			
Contributions - Employer	15,488	\$ 16,266	\$ 14,559
Contributions - Non-Employer			
Contributing Entities	1,961	2,068	2,023
Contributions - Members	1,934	2,085	2,043
Net Investment Income	216	90	30
Benefit Payments	(21,022)	(16,283)	(15,919)
Administrative Expense	(424)	(317)	(339)
Change in Allocation	1,916	105	
Net Change in Plan Fiduciary Net Position	69	4,014	2,397
Plan Fiduciary Net Position - Beginning	12,145	8,131	5,734
Plan Fiduciary Net Position - Ending	12,214	12,145	8,131
Authority's Net OPEB Liability	\$ 605,645	\$ 605,045	\$ 778,454

* GASB requires that ten years of information be presented. However, since fiscal year 2017 was the first year of GASB 75 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

BERGEN COUNTY IMPROVEMENT AUTHORITY
Note to Required Schedules of Supplementary Information
For the Fiscal Year Ended December 31, 2019

Change in benefit terms

None

Change in assumptions

Assumptions used in calculating the OPEB liability are presented in Note 22.

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Supplementary Schedules

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BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
COMBINING SCHEDULE OF NET POSITION
AS OF DECEMBER 31, 2020

	General Fund	Hospital Fund	Bergen Equestrian Center	Overpeck Landfill	Golf Course	Total
ASSETS						
Unrestricted Current Assets						
Cash and Cash Equivalents	\$ 258,418	\$ 4,686,664	\$	\$ 8,287		\$ 4,953,369
Accounts Receivable (Net)	230,744	16,602				247,346
Due From New Bridge Medical Center		855,464				855,464
Due From County of Bergen	2,301	1,152,181				1,154,482
Due From General Fund		1,779,504	33,519			1,813,023
Due From Medical Center Construction Account	1,327,059	-				1,327,059
Total Unrestricted Current Assets	1,818,522	8,490,415	33,519	8,287	-	10,350,743
Restricted Current Assets						
Debt Service Fund						
Cash and Cash Equivalents		688,850				688,850
Construction Fund						
Cash and Cash Equivalents		1,918				1,918
Unemployment Trust Fund:						
Cash and Cash Equivalents	4,818					4,818
Project Fund						
Cash and Cash Equivalents		11,358,284			11,718	11,370,002
Cost of Issuance Fund						
Cash and Cash Equivalents		28,215				28,215
Working Capital Fund						
Cash and Cash Equivalents		1,829,833				1,829,833
Accrued Interest Receivable		1,131,234				1,131,234
Loan Receivable		20,823,681				20,823,681
River Street Escrow						
Cash and Cash Equivalents	515					515
Medical Center Escrow						
Cash and Cash Equivalents		1				1
Total Restricted Current Assets	5,333	35,862,016	-	-	11,718	35,879,067
Total Current Assets	1,823,855	44,352,431	33,519	8,287	11,718	46,229,810
Non-Current Assets						
Capital Assets						
Land					8,037,723	8,037,723
Leasehold Improvements		109,936,699			324,493	110,261,192
Accumulated Amortization		(78,473,406)			(16,224)	(78,489,630)
Construction in Progress						-
Total Non-Current Assets	-	31,463,293	-	-	8,345,992	39,809,285
Total Assets	1,823,855	75,815,724	33,519	8,287	8,357,710	86,039,095
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows - PERS	80,339					80,339
Deferred Outflows - OPEB Related	130,555					130,555
Total Deferred Outflows of Resources	210,894	-	-	-	-	210,894
Total Assets and Deferred Outflows of Resources	\$ 2,034,749	\$ 75,815,724	\$ 33,519	\$ 8,287	\$ 8,357,710	\$ 86,249,989

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
COMBINING SCHEDULE OF NET POSITION
AS OF DECEMBER 31, 2020

	General Fund	Hospital Fund	Bergen Equestrian Center	Overpeck Landfill	Golf Course	Total
LIABILITIES						
Current Liabilities (Payable from Unrestricted Assets)						
Accounts Payable	\$ 81,543	\$ 62,786	\$ -	\$ -	\$ -	\$ 144,329
Accounts Payable - PERS	29,896	-	-	-	-	29,896
Due to County of Bergen	12,164	450,000	33,519	-	-	495,683
Due to Hospital Fund	1,779,504	-	-	-	-	1,779,504
Due to Bergen Equestrian Center	33,519	-	-	-	-	33,519
Due to New Bridge Medical Center	-	1,219,324	-	-	-	1,219,324
	<u>1,936,626</u>	<u>1,732,110</u>	<u>33,519</u>	<u>-</u>	<u>-</u>	<u>3,702,255</u>
Current Liabilities (Payable from Restricted Assets)						
Accounts Payable	-	170,039	-	-	-	170,039
Contracts Payable	-	1,250,054	-	-	-	1,250,054
Due to General Fund	-	1,327,059	-	-	-	1,327,059
Escrow Deposit Payable	515	1	-	-	-	516
Loans Payable	-	500,053	-	-	-	500,053
Accrued Interest on Bonds and Notes	-	688,850	-	-	-	688,850
	<u>515</u>	<u>3,936,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,936,571</u>
Total Current Liabilities	<u>1,937,141</u>	<u>5,668,166</u>	<u>33,519</u>	<u>-</u>	<u>-</u>	<u>7,638,826</u>
Non-Current Liabilities:						
Compensated Absences Payable	3,895	35,051	-	-	-	38,946
Net Pension Liability - PERS	445,656	-	-	-	-	445,656
Net OPEB Liability	605,645	-	-	-	-	605,645
Loans Payable	-	1,803,487	-	-	-	1,803,487
Notes Payable	-	78,350,000	-	-	-	78,350,000
	<u>1,055,196</u>	<u>80,188,538</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,243,734</u>
Total Non-Current Liabilities	<u>1,055,196</u>	<u>80,188,538</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,243,734</u>
Total Liabilities	<u>2,992,337</u>	<u>85,856,704</u>	<u>33,519</u>	<u>-</u>	<u>-</u>	<u>88,882,560</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows - PERS	188,177	-	-	-	-	188,177
Deferred Inflows - OPEB Related	446,196	-	-	-	-	446,196
	<u>634,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>634,373</u>
Total Deferred Inflows of Resources	<u>634,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>634,373</u>
NET POSITION						
Net Investment in Capital Assets	-	(51,937,399)	-	-	8,345,992	(43,591,407)
Restricted For:						
Construction Fund	-	11,388,417	-	-	-	11,388,417
Unemployment Trust	4,818	-	-	-	-	4,818
Working Capital Fund	-	23,784,748	-	-	-	23,784,748
Golf Course Project	-	-	-	-	11,718	11,718
Unrestricted:						
Designated - Bergen Regional Medical Center	-	6,723,254	-	-	-	6,723,254
Undesignated	(1,596,779)	-	-	8,287	-	(1,588,492)
	<u>(1,591,961)</u>	<u>(10,040,980)</u>	<u>-</u>	<u>8,287</u>	<u>8,357,710</u>	<u>(3,266,944)</u>
Total Net Position	<u>\$ (1,591,961)</u>	<u>\$ (10,040,980)</u>	<u>\$ -</u>	<u>\$ 8,287</u>	<u>\$ 8,357,710</u>	<u>\$ (3,266,944)</u>

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Hospital Fund	Overpeck Landfill	Golf Course	Combined Total
OPERATING REVENUES					
Service Charges - Bergen Regional Medical Center	\$	\$ 244,238,441	\$	\$	\$ 244,238,441
Bergen County Contributions		7,860,223	1,218,232	3,876,000	12,954,455
Miscellaneous	376,333				376,333
Total Operating Revenues	<u>376,333</u>	<u>252,098,664</u>	<u>1,218,232</u>	<u>3,876,000</u>	<u>257,569,229</u>
OPERATING EXPENSES					
Administration					
Salaries and Wages	24,194	369,384			393,578
Fringe Benefits	20,247	186,040			206,287
Other Expense	382,121	6,848			388,969
Cost of Providing Services					
Other Expense		245,636,881		4,938	245,641,819
Depreciation/Amortization of Leasehold Improvements		5,110,385		16,224	5,126,609
Total Operating Expenses	<u>426,562</u>	<u>251,309,538</u>	<u>-</u>	<u>21,162</u>	<u>251,757,262</u>
OPERATING INCOME (LOSS)	<u>(50,229)</u>	<u>789,126</u>	<u>1,218,232</u>	<u>3,854,838</u>	<u>5,811,967</u>
NON-OPERATING INCOME (EXPENSES)					
Interest on Investments	1,462	325,473	87	60	327,082
Interest on Working Capital Loan		863,512			863,512
Prior Years Cancellations	(40,304)	15,513	(279,660)		(304,451)
Other Non-Operating Income - Retainer Refund		500,000			500,000
Premium on Notes		3,170,195			3,170,195
Bond/Note Issuance Costs		(465,993)			(465,993)
Interest Expense		(2,791,730)	(41,248)	(63,333)	(2,896,311)
Amortization of Discounts, Premiums, Deferred Losses			7,570		7,570
Total Non-Operating Income (Expenses)	<u>(38,842)</u>	<u>1,616,970</u>	<u>(313,251)</u>	<u>(63,273)</u>	<u>1,201,604</u>
Income (Loss) Before Contributions and Transfers	<u>(89,071)</u>	<u>2,406,096</u>	<u>904,981</u>	<u>3,791,565</u>	<u>7,013,571</u>
Contributions		98,934			98,934
CHANGE IN NET POSITION	<u>(89,071)</u>	<u>2,505,030</u>	<u>904,981</u>	<u>3,791,565</u>	<u>7,112,505</u>
Total Net Position, January 1 - Restated	<u>(1,502,890)</u>	<u>(12,546,010)</u>	<u>(896,694)</u>	<u>4,566,145</u>	<u>(10,379,449)</u>
Total Net Position, December 31,	<u>\$ (1,591,961)</u>	<u>\$ (10,040,980)</u>	<u>\$ 8,287</u>	<u>\$ 8,357,710</u>	<u>\$ (3,266,944)</u>

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BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Hospital Fund	Overpeck Landfill	Golf Course	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$	\$ 244,238,441	\$	\$	\$ 244,238,441
Cash Received from Bergen County		4,159,815	1,218,232	3,876,000	9,254,047
Cash Received from General Fund		59,985			59,985
Cash Received from New Bridge Medical Center		972,661			972,661
Cash Received from Miscellaneous Fees	305,595				305,595
Escrow Deposits	3				3
Escrow Deposits Returned		(19,703,458)			(19,703,458)
Other Operating Receipts		500,000			500,000
Cash Paid to Medical Center Fund	(59,985)				(59,985)
Cash Paid to Employees	(24,194)	(369,384)			(393,578)
Cash Paid for Employee Benefits	(20,247)	(186,040)			(206,287)
Cash Paid to Suppliers and Others	(365,881)	(245,054,364)		(4,938)	(245,425,183)
Net Cash Provided by (Used for) Operating Activities	(164,709)	(15,382,344)	1,218,232	3,871,062	(10,457,759)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Premium Received		3,170,195			3,170,195
Issuance Costs Paid		(465,993)			(465,993)
Principal Payments on Bonds and Notes		(5,190,000)	(1,160,000)	(3,800,000)	(10,150,000)
Interest Paid on Bonds		(3,154,320)	(58,232)	(75,999)	(3,288,551)
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	(5,640,118)	(1,218,232)	(3,875,999)	(10,734,349)
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital Contributions		98,934			98,934
Acquisition of Capital Assets		(8,000,049)			(8,000,049)
Loans Received		2,303,540			2,303,540
Interest Received	1,462	325,473	87	60	327,082
Net Cash Provided by (Used for) Investing Activities	1,462	(5,272,102)	87	60	(5,270,493)
Net Increase (Decrease) in Cash and Cash Equivalents	(163,247)	(26,294,564)	87	(4,877)	(26,462,601)
Cash and Cash Equivalents - January 1, Restated	426,998	44,888,329	8,200	16,595	45,340,122
Cash and Cash Equivalents - December 31,	\$ 263,751	\$ 18,593,765	\$ 8,287	\$ 11,718	\$ 18,877,521
ANALYSIS OF BALANCE AT DECEMBER 31					
Unrestricted - Cash and Cash Equivalents	\$ 258,418	\$ 4,686,664	\$ 8,287	\$	4,953,369
Restricted - Cash and Cash Equivalents	5,333	13,907,101		11,718	13,924,152
	\$ 263,751	\$ 18,593,765	\$ 8,287	\$ 11,718	18,877,521

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Hospital Fund	Overpeck Landfill	Golf Course	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ (50,229)	\$ 789,126	\$ 1,218,232	\$ 3,854,838	\$ 5,811,967
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation/Amortization of Leasehold Improvements		5,110,385		16,224	5,126,609
Adjustment to Pension Expense	7,383				7,383
Other Non-Operating Income		500,000			500,000
Cancellation of Prior Year Receivables	(40,304)				(40,304)
(Increase)/Decrease in Accounts Receivable	(30,434)	(16,198)			(46,632)
(Increase)/Decrease in Due From Bergen County		332,656			332,656
(Increase)/Decrease in Due From General Fund					-
(Increase)/Decrease in Due From Hospital Fund					-
(Increase)/Decrease in Due From Medical Center					-
Increase/(Decrease) in Due to General Fund		59,985			59,985
Increase/(Decrease) in Accounts Payable	9,363	(72,940)			(63,577)
Increase/(Decrease) in Compensated Absences Payable	(506)	(4,561)			(5,067)
Increase/(Decrease) in Due to Hospital Fund	(59,985)				(59,985)
Increase/(Decrease) in Escrow Deposit Payable	3	(19,703,458)			(19,703,455)
Increase/(Decrease) in Due to Bergen County		(3,350,000)			(3,350,000)
Increase/(Decrease) in Due to New Bridge Medical Center		972,661			972,661
Total Adjustments	(114,480)	(16,171,470)	-	16,224	(16,269,726)
Net Cash Provided by (Used for) Operating Activities	\$ (164,709)	\$ (15,382,344)	\$ 1,218,232	\$ 3,871,062	\$ (10,457,759)

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
BUDGETARY BASIS

(With Comparative Amounts for the Year Ended December 31, 2019)

	2020 <u>Budget</u>	2020 <u>Actual</u>	Variance Excess (Deficit)	2019 <u>Actual</u>
OPERATING REVENUES				
Financing Fees	\$ 110,000	\$ 93,943	\$ (16,057)	\$ 135,155
Annual Administration Fees	133,000	155,143	22,143	185,519
Miscellaneous	70,000	127,247	57,247	78,119
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Total Operating Revenues	\$ 313,000	\$ 376,333	63,333	\$ 398,793
NON-OPERATING REVENUES				
Bergen County Contributions	300,000	-	(300,000)	
Interest on Investments and Deposits		1,462	1,462	50,331
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Total Non-Operating Revenues	300,000	1,462	(298,538)	50,331
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Total Revenues	613,000	377,795	(235,205)	449,124
OPERATING APPROPRIATIONS				
ADMINISTRATION				
Salaries and Wages	58,000	24,194	33,806	23,078
Fringe Benefits	20,000	20,247	(247)	20,793
Other Expenses	468,500	374,738	93,762	402,984
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Total Administration	546,500	419,179	127,321	446,855
COST OF PROVIDING SERVICES				
Other Expenses	1,500	-	1,500	-
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Total Cost of Providing Services	1,500	-	1,500	-
NON-OPERATING APPROPRIATIONS				
Principal Payments on Debt	-	-	-	
Interest Payments on Debt	-	-	-	
	<hr/>	<hr/>	<hr/>	<hr/>
Total Non-Operating Appropriations	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Appropriations	548,000	419,179	128,821	446,855
	<hr/>	<hr/>	<hr/>	<hr/>
Total Budgetary Income (Loss)	<u>65,000</u>	<u>(41,384)</u>	<u>(106,384)</u>	<u>2,269</u>

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
BUDGETARY BASIS
 (With Comparative Amounts for the Year Ended December 31, 2019)

	2020 <u>Budget</u>	2020 <u>Actual</u>	Variance Excess <u>(Deficit)</u>	2019 <u>Actual</u>
Total Budgetary Income (Loss) - Brought forward		(41,384)		2,269
Reconciliation of Budgetary Income (Loss)				
To Change in Net Position (GAAP)				
Increases to Budgetary Income (Loss):				
Amortization of Bond Premiums				106,703
OPEB Expense Adjustment				15,276
Decreases to Budgetary Income (Loss):				
Adjustment to Pension Expense		(7,383)		(24,837)
Accrued Interest Payable (Net)				(342,650)
Transfer to Golf Course Fund				(147,356)
Prior Years' Items Cancelled		(40,304)		
Bond Issuance Costs				(461,048)
		<hr/>		<hr/>
Change in Net Position - GAAP		<u>(89,071)</u>		<u>(851,643)</u>

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
HOSPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
BUDGETARY BASIS

(With Comparative Amounts for the Year Ended December 31, 2019)

	2020	2020	Variance	2019
	<u>Budget</u>	<u>Actual</u>	Excess (Deficit)	<u>Actual</u>
OPERATING REVENUES				
Net Position Appropriated	\$ 5,500,000	\$ 5,500,000	\$ -	\$ 4,500,000
Service Charges - Bergen Regional Medical Center	217,021,526	244,238,441	27,216,915	216,082,259
Bergen County Contributions to Operating Costs	300,000	1,283,064	983,064	749,402
Debt Service Reimbursement	<u>7,440,669</u>	<u>6,577,159</u>	<u>(863,510)</u>	<u></u>
Total Operating Revenues	\$ <u>230,262,195</u>	\$ <u>257,598,664</u>	<u>27,336,469</u>	\$ <u>221,331,661</u>
NON-OPERATING REVENUES				
Prior Years' Professional Retainer Refund		500,000	500,000	
Interest on Working Capital Loan		863,512	863,512	267,722
Interest on Investments and Deposits	<u>700,000</u>	<u>325,473</u>	<u>(374,527)</u>	<u>667,377</u>
Total Non-Operating Revenues	<u>700,000</u>	<u>1,688,985</u>	<u>988,985</u>	<u>935,099</u>
Total Revenues	<u>230,962,195</u>	<u>259,287,649</u>	<u>28,325,454</u>	<u>222,266,760</u>
OPERATING APPROPRIATIONS				
ADMINISTRATION				
Salaries and Wages	350,000	369,384	(19,384)	377,483
Fringe Benefits	110,000	186,040	(76,040)	184,733
Other Expenses	<u>338,500</u>	<u>6,848</u>	<u>331,652</u>	<u>24,109</u>
Total Administration	<u>798,500</u>	<u>562,272</u>	<u>236,228</u>	<u>586,325</u>
COST OF PROVIDING SERVICES				
Other Expenses:				
Professional Fees	1,000,000	628,971	371,029	1,789,127
Interlocal Agreement with Bergen County - Lease of Hospital Assets	1,000,000	1,563,319	(563,319)	
Contract - Management of Hospital Operations	214,509,377	241,403,440	(26,894,063)	214,729,805
Other Cost of Providing Services		86,405	(86,405)	15,379
State of New Jersey Health Care Subsidy		1,271,682	(1,271,682)	1,352,454
Health Benefits for Retirees - Bergen County		<u>683,064</u>	<u>(683,064)</u>	<u>749,402</u>
Total Cost of Providing Services	<u>216,509,377</u>	<u>245,636,881</u>	<u>(29,127,504)</u>	<u>218,636,167</u>
NON-OPERATING APPROPRIATIONS				
Principal Payments on Debt	5,000,000	2,500,000	2,500,000	
Interest Payments on Debt	3,154,318	3,154,318	-	2,581,911
Contributions to Bergen County	<u>5,500,000</u>	<u>5,500,000</u>	<u>-</u>	<u></u>
Total Non-Operating Appropriations	<u>13,654,318</u>	<u>11,154,318</u>	<u>2,500,000</u>	<u>2,581,911</u>
Total Appropriations	<u>230,962,195</u>	<u>257,353,471</u>	<u>(26,391,276)</u>	<u>221,804,403</u>
Total Budgetary Income (Loss)	<u>-</u>	<u>1,934,178</u>	<u>1,934,178</u>	<u>462,357</u>

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
HOSPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
BUDGETARY BASIS

(With Comparative Amounts for the Year Ended December 31, 2019)

	2020	2020	Variance	2019
	<u>Budget</u>	<u>Actual</u>	Excess (Deficit)	<u>Actual</u>
Total Budgetary Income (Loss) - Brought forward		1,934,178		462,357
Reconciliation of Budgetary Income (Loss)				
To Change in Net Position (GAAP)				
Increases to Budgetary Income (Loss):				
Prior Year Payables Cancelled		15,513		15,393
Contributions		98,934		
Contributions to Bergen County Paid By NBMC		5,500,000		
Note Principal Payments		2,500,000		
Accrued Interest Payable (Net)		362,588		
Note Premium		3,170,195		1,885,790
Decreases to Budgetary Income (Loss):				
Net Position Appropriated		(5,500,000)		(4,500,000)
Rent Applied to NBMC Debt Service				(10,293,635)
Accrued Interest Payable (Net)				(1,051,440)
Note Issuance Costs		(465,993)		(494,603)
Depreciation/Amortization of Leasehold Improvements		<u>(5,110,385)</u>		<u>(4,423,237)</u>
Change in Net Position - GAAP		<u>2,505,030</u>		<u>(18,399,375)</u>

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
OVERPECK LANDFILL
FOR THE YEAR ENDED DECEMBER 31, 2020
BUDGETARY BASIS

(With Comparative Amounts for the Year Ended December 31, 2019)

	2020 <u>Budget</u>	2020 <u>Actual</u>	Variance Excess (Deficit)	2019 <u>Actual</u>
OPERATING REVENUES				
Bergen County Contributions	\$ 1,218,232	\$ 1,218,232	\$ -	\$ 1,217,484
Total Operating Revenues	<u>\$ 1,218,232</u>	<u>\$ 1,218,232</u>	<u>-</u>	<u>\$ 1,217,484</u>
NON-OPERATING REVENUES				
Interest on Investments and Deposits	<u>-</u>	<u>87</u>	<u>87</u>	<u>143</u>
Total Non-Operating Revenues	<u>-</u>	<u>87</u>	<u>87</u>	<u>143</u>
Total Revenues	<u>1,218,232</u>	<u>1,218,319</u>	<u>87</u>	<u>1,217,627</u>
NON-OPERATING APPROPRIATIONS				
Principal Payments on Debt	1,160,000	1,160,000	-	1,105,000
Interest Payments on Debt	<u>58,232</u>	<u>58,232</u>	<u>-</u>	<u>112,377</u>
Total Non-Operating Appropriations	<u>1,218,232</u>	<u>1,218,232</u>	<u>-</u>	<u>1,217,377</u>
Total Appropriations	<u>1,218,232</u>	<u>1,218,232</u>	<u>-</u>	<u>1,217,377</u>
Total Budgetary Income (Loss)	<u>-</u>	<u>87</u>	<u>87</u>	<u>250</u>
Reconciliation of Budgetary Income (Loss)				
To Change in Net Position (GAAP)				
Increases to Budgetary Income (Loss):				
Transfer to General Fund				
Cancellation of Prior Years' Receivables/Payables		(279,660)		
Principal Payments on Bonds Payable		1,160,000		1,105,000
Accrued Interest Payable (Net)		16,984		15,792
Interest Expense - Original Issue Premium		<u>7,570</u>		<u>10,686</u>
Change in Net Position - GAAP		<u>904,981</u>		<u>1,131,728</u>

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)
HOSPITAL FUND
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Total</u>	<u>Authority Hospital Fund Expenses</u>	<u>County Expenses</u>
<u>Administration:</u>			
Salary and Wages	\$ 369,384	\$ 369,384	\$
Other Expenses:			
Fringe Benefits	186,040	186,040	
Office Expenses	6,848	6,848	
	<hr/>	<hr/>	<hr/>
Total Administrative Expenses	562,272	562,272	-
<u>Cost of Providing Services:</u>			
Other Expenses:			
Professional Fees	628,971	628,971	
Health Benefits for Retirees	683,064		683,064
Other	86,405	86,405	
Interlocal Agreement with Bergen County-			
Lease of Hospital Assets	1,563,319	1,563,319	
Contract-Management of Hospital Operations	241,403,440	241,403,440	
State of New Jersey Health Care Subsidy	1,271,682	1,271,682	
	<hr/>	<hr/>	<hr/>
Total Cost of Providing Services	245,636,881	244,953,817	683,064
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	246,199,153	245,516,089	683,064
<u>Non-Operating Expenses:</u>			
Depreciation/Amortization Expense	5,110,385	5,110,385	
Interest on Notes	3,154,318	3,154,318	
	<hr/>	<hr/>	<hr/>
Total Non-Operating Expenses	8,264,703	8,264,703	-
	<hr/>	<hr/>	<hr/>
	\$ 254,463,856	\$ 253,780,792	\$ 683,064
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



WIELKOTZ & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Chairperson and Commissioners
Bergen County Improvement Authority
327 E. Ridgewood Avenue, 3rd Floor
Paramus, NJ 07652

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Bergen County Improvement Authority, as of and for the year ended December 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated January 12, 2022.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.



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

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses (Finding 2020-01).

We did identify certain immaterial deficiencies in internal control that we have reported to management of the Bergen County Improvement Authority.

Compliance and Other Matters

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

Management's Response to Findings

Bergen County Improvement Authority's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



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

January 12, 2022



**BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)**

**SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020**

FINDING:

2020-01 CONDITION:

Sources (Authority funds, County loans) of funds for loans to the Bergen New Bridge Medical Center and repayments of these amounts are not being clearly defined in the Authority's general ledger postings.

CRITERIA:

Proper posting of loans and repayment amounts in the general ledger facilitates the reconciliation of general ledger balances to appropriate supporting documentation.

EFFECT:

Possible misclassifications or misstatement of account balances.

CAUSE:

In some instances, loan amounts and corresponding loan repayment amounts are not being posted to the appropriate general ledger accounts.

RECOMMENDATION:

The Authority's general ledger postings should more clearly define the sources of funds for loans and repayments of those amounts in order to facilitate the reconciliation of amounts due or owed at year end.

VIEWS OF RESPONSIBLE OFFICIALS/CORRECTIVE ACTION:

Accounts and procedures will be reviewed to ensure that the appropriate classifications and postings are being performed.

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BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)

GENERAL COMMENTS

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

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

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

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

Effective July 1, 2020, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the threshold may be up to \$44,000.

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

BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)

GENERAL COMMENTS
(CONTINUED)

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

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

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

**BERGEN COUNTY IMPROVEMENT AUTHORITY
(A Component Unit of the County of Bergen)**

STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

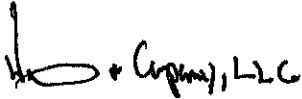
A review was performed on prior year's recommendations and corrective action was taken on all items, except for those marked with an "*".

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

Should any questions arise as to our comments and recommendations, or should you desire assistance in implementing our recommendations, do not hesitate to call us.

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

Respectfully submitted,



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

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