



NEW JERSEY SPORTS & EXPOSITION AUTHORITY

REQUEST FOR PROPOSAL

FOR AUDIT SERVICES

YEARS 2022, 2023 & 2024

Anyone downloading a copy of this RFP from the NJSEA website, as opposed to picking up a copy from the NJSEA offices, is required to send a notice of interest to Ms. Anna Acanfora @ aacanfora@njsea.com, which should include company name, address, phone number and an e-mail address in order to receive any addenda.

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A. OVERVIEW

General

The RFP is prepared for the purpose of establishing a service contract between the New Jersey Sports and Exposition (“NJSEA”) and an independent Certified Public Accounting firm (the “CPA Firm”) to provide audit services. The anticipated term of the contract to be awarded to the CPA Firm, as a result of this RFP, will be for a three (3) year period commencing with the audit work for the year ending December 31, 2022 and carrying through 2024, with two additional one-year renewal options that can be exercised solely by the NJSEA for 2025 and 2026, at the NJSEA’s sole discretion. An annual audit in accordance with the “Sanitary Landfill Facility Closure and Contingency Fund Act” (P.L. 1981 c. 306) shall also be performed for the fiscal year ending September 30th, beginning September 30, 2022.

The NJSEA reserves the right to terminate the agreement at any time if the contracted CPA Firm materially fails to comply with the contractual requirements or fails to provide the stated deliverables in a timely and efficient manner.

Mandatory Pre-Proposal Conference

There will be a **mandatory Pre-Proposal Conference**, where additional information will be available and in a forum in which members of the NJSEA will answer questions.

Attendance at this Conference is an absolute requirement and condition of the RFP process, and not meeting this condition; including signing the attendance form will result in the rejection of the RFP submission. The Conference will be held in the NJSEA offices located at One DeKorte Park Plaza, Lyndhurst, New Jersey 07071 **at 10:00 a.m. on Wednesday July 27, 2022.**

Any questions arising from potential RFP respondents subsequent to the Pre-Proposal Conference must be submitted in writing. The NJSEA will provide written responses to all questions and all attendees will be provided with the questions and answers via email. Post conference questions can be submitted by e-mail with the phrase “Audit Services RFP” as the subject to aacanfora@njsea.com Deadline for questions is Monday August 15, 2022

Deadline For Submission Of Written Proposals

One original and six (6) copies of the sealed proposal must be submitted to the: Audit Evaluation Committee of the Board of Commissioners, c/o, Anna Acanfora, Director of Finance at NJSEA, 1 DeKorte Park Plaza, Lyndhurst, NJ 07071 no later than 3:00 pm on Monday, August 29, 2022. E-mail submissions are **not** acceptable.

Selection of Independent Auditor

The Evaluation Committee will consider all technical, financial, management and contractual aspects of the proposals received. The Evaluation Committee will rank responsive bidders according to the criteria identified in Section E. Once all responsive bidders have been ranked, the sealed Fee Proposals will be unsealed and scored. The fee proposal score will then be added to the rankings established by the Evaluation Committee. The Evaluation Committee will provide a report of the rankings to the NJSEA Audit Committee. At this time, one or more of the firms may be invited to make a formal presentation and answer questions of the Audit Committee. The contract shall be awarded by written notice to that responsible bidder whose proposal, conforming to the RFP, will be the most advantageous to the NJSEA and the State, price and other factors considered.

Projected Timetable For Selection Process

Date

Bid Package Available	Friday, July 15, 2022
Mandatory Pre-proposal Conference	Wednesday July 27, 2022
Deadline for questions	Monday, August 15, 2022
Written Proposals must be received by 3:00PM	Monday, August 29, 2022
Evaluation committee will recommend to the audit committee the rankings of the CPA firms judged to be best qualified to perform the audit services	Monday, September 19, 2022
Audit committee's final recommendation to Board of Commissioners	Thursday, October 27, 2022

B. BACKGROUND –

On July 23, 2004, Governor James E. McGreevey signed Executive Order #122 (EO 122) concerning independent auditing processes to be implemented in public authorities, agencies and commissions of the State of New Jersey. The NJSEA is one of the public entities subject to EO 122. EO 122, among other things, requires that the NJSEA award a contract through an RFP process to an independent auditor to perform an annual audit of the NJSEA. For the purposes of this document, “audit” shall mean an examination of the financial statements of the NJSEA by a certified public accounting firm in accordance with generally accepted auditing standards in the United States of America, and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States.

Authorizing Legislation

1. NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

The New Jersey Sports and Exposition Authority (“NJSEA”) was created by the laws of the State of New Jersey of 1971, Chapter 137, enacted May 10, 1971, as supplemented and amended (the “Act”). It is constituted as an instrumentality of the State, exercising public and essential governmental functions. The Act empowers the NJSEA to own and operate various projects, located in the State of New Jersey, including stadiums and other buildings and facilities for athletic contests, horse racing, and other spectator sporting events, trade shows, and other expositions.

The NJSEA has no stockholders or equity holders, and all bond proceeds, revenues, or other cash received must be applied for specific purposes in accordance with the provisions of the Act, and related bond resolutions, for the security of the bondholders. The NJSEA’s Board consists of 16 members (including 3 ex officio). The Board members include the State Treasurer, the President and CEO of the Authority, and a member of the Hackensack Meadowlands Municipal Committee to be appointed by the Governor, who shall be members ex officio; 11 members appointed by the Governor with the advice and consent of the State Senate; one member appointed by the President of the Senate; and one member appointed by the Speaker of the General Assembly, for terms of four years.

On January 13, 1992, the New Jersey legislature adopted Chapter 375 of P.L. 1991, which approved the issuance of bonds, State Contract Bonds, by the NJSEA, pursuant to a contract between the NJSEA and the State Treasurer. The contract requires the Treasurer to provide funds from the General Fund of the State necessary to pay the debt service on the bonds, subject to and dependent upon annual appropriations by the State Legislature. On November 24, 1998, the contract was restated and amended to expand the scope of projects eligible for the issuance of bonds to include the Wildwoods Convention Center project. In 2009, the NJSEA made a change in an accounting principle for State Contract Bonds. Accordingly, the assets, liabilities, revenue and expenses related to the

State Contract Bonds have been removed from the NJSEA's financial statements. The State Contract Bonds will now be reported directly by the State.

Originally known as the Hackensack Meadowlands Development Commission, the agency was created by an Act of the Legislature in 1968 – the Hackensack Meadowlands Reclamation and Development Act (N.J.S.A. 13:17-1 et seq.) The Act, effective Jan. 13, 1969, recognized the importance of the Meadowlands as a unique place for new jobs, thriving communities and recreational opportunities. The agency was renamed the New Jersey Meadowlands Commission ("NJMC") on Aug. 27, 2001. The NJMC's enabling legislation gave the Commission a three-fold mandate:

- To provide for the orderly development of the region;
- To provide facilities for solid waste; and
- To protect the delicate balance of nature;

Effective February 5, 2015, pursuant to the Public Law 2015, Chapter 19, the NJMC became part of the NJSEA.

The NJSEA establishes funds to account for significant activities within its jurisdiction. Specific funds are maintained at the direction of the Commissioners and include the following:

Governmental Funds

- General Fund
- Environmental Center Fund
- Other Governmental Funds

Proprietary Funds

- Solid Waste Enterprise Fund
- Sports Complex Enterprise Fund

Fiduciary Fund

- Fiduciary Funds

New Meadowlands Racetrack

On December 19, 2011, NJSEA and "NMR" (New Meadowlands Racetrack) entered into a 30-year lease agreement for full operational control of the Meadowlands Racetrack. Under the Contract, NMR has rights to develop certain OTW sites and currently has opened one in Bayonne and agreement includes a 35% interest in account wagering. The lease has an additional option for 10 years of renewal at its conclusion. On November 23, 2013, NMR moved its operations to a newly constructed facility opposite the old grandstand.

Arena

The Arena is a 20,000 seat indoor arena with 28 private suites, containing approximately 466 seats, and 4,000 of its own parking spaces. Its revenues are generated from leases and license agreements with sporting events, family shows, and concerts. In calendar year 2014, the Arena held approximately 90 events.

On January 15, 2015 the Board of Commissioners of the NJSEA voted to shut down the Arena. The last event held at the Arena was a circus performance on March 22, 2015. The Arena is currently available for rental as a rehearsal site.

Monmouth Park Racetrack

On February 29, 2012, the NJSEA and the New Jersey Thoroughbred Horsemen Association (“NJTHA”) executed a 35-year lease agreement to operate the Monmouth Park racetrack, Hillsboro OTW and the Woodbridge OTW. The agreement included a 35% interest in account wagering and the rights to build and operate an additional five off- track facilities. The NJTHA took full operational control on May 3, 2012.

American Dream/Triple 5

American Dream opened on October 25, 2019. The New Jersey Sports & Exposition Authority continues to provide emergency services connected to American Dream. American Dream is a retail and entertainment complex, a multi-use attraction consisting of approximately 2.9 million sq. feet of gross leasable space containing entertainment, restaurant and ancillary retail components.

The Greater Wildwoods Convention Center

The Wildwoods Convention Center (the “Center”) is located on the boardwalk in Wildwood, New Jersey, consisting of a 72,000 square foot exhibition floor and parking for 700 vehicles. Rental of the space for trade shows, concerts, conventions, and meetings comprise the Center’s revenues.

The towns of Wildwood, North Wildwood, and Wildwood Crest impose a tourism tax on retail sales. Ninety percent of these revenues are provided to the NJSEA to pay debt related to the convention center, as well as to operate, maintain and promote the facilities.

On February 23, 1998, the NJSEA assumed the assets and liabilities and undertook the existing operations of the Wildwoods Convention Center. As a result, the NJSEA includes the financial statements of the Wildwoods Convention Center in its annual report. The assets and liabilities were recorded at fair value and the difference was recorded to net assets, invested in capital facilities.

Landfill Management

The NJSEA is responsible for managing a number of closed landfills. The Authority collects leachate at the closed landfills, preventing the release of contaminated water into the district. By cleaning up the Meadowlands District's orphaned landfills the NJSEA has provided the foundation for the region's environmental transformation and economic development.

The Authority also leases a composting site for municipal, county and commercial entities to deposit leaves, grass and brush that is composted at a separate location.

Land-Use Management

The Division of Land Use Management is responsible for establishing and enforcing the zoning and subdivision regulations of the Meadowlands District. All plans and property improvements, including redevelopment projects, are reviewed in accordance with NJSEA Regulations, which effectuate the Meadowlands Master Plan to ensure orderly development. The Division is responsible for reviewing construction plans, specifications, and details for new construction, alterations and renovations to buildings within the Meadowlands District for conformance with the New Jersey Uniform Construction Code.

NJSEA staff conducts routine inspections of properties within the Meadowlands District to ensure compliance with NJSEA land use regulations pertaining to fill operations, site work and construction, dumping, signage, property maintenance, debris and vegetation, occupancy, and building occupancy.

Transportation

The Transportation Group is responsible for ensuring that site plan review applications comply with the NJSEA Regulations regarding traffic and transportation. The group also works on other transportation-related initiatives, including the Meadowlands Adaptive Signal System for Traffic Reduction (MASSTR) project, as described below.

The NJSEA's innovative and award-winning MASSTR project entails modernizing 128 signalized intersections throughout the Meadowlands District to reduce traffic delays, congestion and airborne emissions. MASSTR is the first adaptive signal system of its kind in New Jersey and the largest system to be implemented at one time in the country

The NJSEA was providing the remainder of the funding from its Meadowlands Transportation Planning District (MTPD) Fund.

Stormwater / Floodplain Management

The NJSEA inspects 34 tide gates in the Meadowlands District and monitors 11 of these tide gates on a continuous basis. The Authority has occasionally, when funding has become available, undertaken specific flood control projects to assist residents and businesses in the District.

Renewable Energy

Through its renewable energy initiatives, NJSEA has established itself as a regional leader in the promotion of alternative power sources. The NJSEA's achievements include a 3 megawatt, groundbreaking, grid-connected solar farm built on the Authority's closed 1A landfill in Kearny. It is the first solar installation on a State-owned landfill. The array consists of 12,506 photovoltaic panels mounted on 13 acres atop the 35-acre landfill. The panels supply power directly to the electric grid.

The NJSEA also facilitated the formation of a solar power purchasing cooperative between the Borough of Little Ferry, the Town of Secaucus and their respective Boards of Education, which resulted in 76.5 kilowatts generated from rooftop solar panels in Little Ferry and 770 kilowatts generated in Secaucus from rooftop and ground-mounted panels.

1. Meadowlands Research and Restoration Institute (MRRI)

MRRI serves as the scientific and technological arm of the NJSEA and consists of: the MRRI Laboratory, the Geographic Information System (GIS) department and the MRRI library and Natural Resources.

The MRRI lab performs ongoing monitoring and studies of the region's air, soils and water. It also conducts wetlands research that helps the Authority learn new benefits of these environmentally sensitive lands and how they can best be enhanced to further help the environment.

The GIS department provides valuable resources to Meadowlands District municipalities through its digital mapping program, which uses state-of-the-art technology to create, maintain and update comprehensive, web-based digital maps and mapping tools for every property in each of the fourteen District municipalities. The high-tech maps help first responders protect communities and assist local governments in operating more efficiently.

The NJSEA since 1969 has preserved more than 3,500 acres of environmentally sensitive wetlands and overseen the construction of or helped to improve more than 10 parks in the District. The Natural Resources Management Department conducts surveys on area wildlife and looks for ways to enhance and preserve the environment by protecting wetlands and native plants and animals, and by finding ways to eliminate or reduce invasive flora and nuisance fauna.

The NJSEA provides a water level alert system and flood maps to first responders and the public. The email and text-based alerts for Meadowlands District towns are sent when water levels reach 5.5 feet and continue to be relayed as the levels rise. The interactive, web-based flood prediction maps include the parts of Meadowlands District municipalities that may flood from sea surge levels of 4 to 8 feet.

Meadowlands Environment Center

The NJSEA opened the Meadowlands Environment Center (MEC) in 1983 to provide environmental education programs to schoolchildren and professional development opportunities for teachers. The NSEA and Ramapo College of New Jersey entered into a partnership in 2003 to develop a comprehensive environmental education program for schools and the general public. Approximately 15,000 students participate in MEC education programs each year.

Additional information concerning the management and operations of the NJSEA is available on line: www.njsea.com . The Annual Report can also be found there.

2. MEADOWLANDS CONSERVATION TRUST (MCT)

The Meadowlands Conservation Trust (MCT) was created by the laws of the State of New Jersey of 1999, Chapter 31, N.J.S.A. 13:17-87 et seq. The MCT was established within the NJSEA through an Act of the Legislature and is authorized to acquire land through either fee simple acquisition or conservation easements with the purpose of permanently preserving wetlands, water ways and open space in the Hackensack River Watershed. The MCT receives operational assistance from NJSEA staff.

The MCT established the following fund to account for significant activities of the organization.

- Meadowlands Conservation Trust Fund

Additional information regarding the management and operations of the MCT is available on line: www.meadowlandsconservationtrust.org. The latest annual report can also be found there.

C. SCOPE OF WORK

NJSEA and MCT Audits

The NJSEA is seeking proposals from Independent Certified Public Accounting firms to audit, in accordance with auditing standards generally accepted in the United States, the annual financial statements of the NJSEA for the years ending December 31, 2022, 2023 and 2024.

It shall also include reporting requirements and audit procedures required by the Single Audit Act of 1984 as amended in 1996 and the US Office of Management and Budget (OMB) Circular Act - 133, Audits of State, Local Governments and Non-Profit Organizations. Financial statements shall be prepared in accordance with Governmental Accounting Standards Board Statement 34 (GASB 34).

Separate financial statements in accordance with generally accepted accounting principles will be prepared on the operations of the NJSEA and Meadowlands Conservation Trust (MCT).

DEP Sanitary Landfill Closure Escrow Accounts Audit

An annual audit in accordance with the “Sanitary Landfill Facility Closure and Contingency Fund Act” (P.L. 1981 c. 306, amended by P.L. 1985, c 455) and generally accepted auditing standards, shall also be performed for the fiscal years ending September 30, 2022, September 30, 2023, and September 30, 2024 for the following:

- Keegan Landfill Closure Account
- Keegan Landfill Alternate Escrow Account

The scope of the audit will include determining compliance with Landfill Closure Law and Regulations as it pertains to the Landfill Escrow Account only.

Reports Required

NJSEA Reports Required:

An annual audit report which should consist of four parts: Management’s Discussion and Analysis (“MD&A”), Financial Statements, Notes to the Financial Statements and Required Supplementary Information. The Financial Statements should include the following:

Statement of Revenue, Expenditures and Changes in Net Position.
Statement of Assets, Liabilities and Net Position.
Statement of Cash Flows for Business Type Operations.

MCT Reports Required:

A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an opinion on the fair presentation of any supplementary schedule of expenditures of federal awards in relation to the audited financial statements.

A report on compliance and internal control over financial reporting based on an audit of the financial statements.

A report on compliance and internal control over compliance applicable to each major federal program.

A schedule of federal financial assistance and related auditor's report, as well as the reports on the internal controls and compliance.

In the required reports on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Reportable conditions that are also material weaknesses shall be identified as such in the report.

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report(s) on internal controls.

The reports on compliance shall include all instances of noncompliance, irregularities and illegal acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware.

Sanitary Landfill Reports Required

The audit report of the Sanitary Landfill Closure Escrow Accounts is required to be submitted each year by October 31 to the Dept. of Environmental Protection, Division of Solid and Hazardous Waste and cover a fiscal year beginning October 1 and ending September 30.

Additional Requirements

Working Papers

Audit working papers will be indexed in a logical manner and contain evidence that each working paper or group of working papers has been subjected to appropriate supervisory review. Working papers will be clearly titled, dated, and will show the name of the auditor preparing the working paper. The working papers shall be retained for a period of three years after the end of each audit period and are subject to review by the staff of the Department of the Treasury

Historically, the NJSEA has received some assistance from its auditors in the preparation of New GASB Pronouncements. The NJSEA currently prepares all of the required statements, however the auditors should be available to provide assistance should it be required.

D. PROPOSAL PREPARATION

Proposals should be prepared in detail, providing a clear and concise description of vendor capabilities to satisfy all of the requirements of the RFP.

Each copy of the proposal should be bound in a single volume where practical. All documentation submitted with the proposal shall be bound in that single volume.

The proposal should be submitted according to the format specified below:

SECTION	ITEM
	Transmittal Letter
	Table of Contents :
1	Describe your Firm/Office and your Client Base
2	Describe your Service Team
3	Describe your Engagement Plan
4	Fee Proposal – sealed with pricing – Schedule I Fee Proposal unsealed with hours only – Schedule II
5	Required Forms - Appendix H

Transmittal Letter

The transmittal letter shall be a formal letter from the proposer and shall be prepared in a standard business format. The letter shall be brief, signed by the person who is authorized to commit the organization to perform the work specified in the proposal and identify all materials and enclosures being submitted. The letter shall also include the name of the person who shall serve as the proposer's representative for all matters relating to the

proposal. A statement shall be included that the proposal submitted is valid for at least 90 days from the due date.

Table of Contents

The proposer shall provide a Table of Contents consistent with the outline presented in this section.

1 Describe your Firm/Office and your Client Base

Please provide the names of similar public sector/industry organizations your firm/office is currently handling for the type of services we are requesting. Please provide the number of years your firm/office has served the needs of these clients. Please provide contact information, names with phone numbers.

Please provide documentation that clearly shows the proposer's experience performing similar governmental audit, including GASB34 audits.

Please advise if any of your clients present a conflict of interest with regard to this engagement. What are your practices and procedures for preserving confidentiality?

Describe your internal quality control policies, practices and procedures. When and what are the results of the latest peer review performed on your firm? Has the peer review has addressed governmental auditing?

Is your firm involved in any litigation or disciplinary action as a result of your services in the public sector or for any services that were rendered from your local office?

Describe your approach to the initial and continuing audits. Outline the most important contributions your firm can make to our organization?

How do you keep your clients current with regard to significant new regulatory and/or accounting and reporting requirements and developments.

2 Describe your Service Team

Identify the partner(s), manager(s) and senior who will be assigned to this engagement and provide resumes, including the clients they currently serve.

How is the decision-making distributed within your firm? How will this affect your responses to our service needs, technical issues and any sensitive client matters?

How much Partner and Manager involvement can we expect during the engagement? Specifically, what percentage of the total hours of the engagement is allocated for partners and managers? (see cost proposal)

Describe commitments you will make to staff continuity over the next 3 years.

The Categories of a Proposer's Personnel shall be defined as follows:

Partner: A Partner is an individual who has ownership in the firm. A CPA certificate is required for this position. Qualifications include extensive audit experience and managerial ability. This individual is charged with the overall management of the audit engagement and responsibility for insuring that all necessary disclosures are made in the audit report.

Manager: This classification is directly under the partner. Qualifications include extensive audit experience and managerial ability. A CPA certificate is required for this position. This individual is responsible for the direct management of complex engagements including the technical review of audit working papers. This position requires technical research of complex accounting and auditing issues affecting presentation of audit reports.

Supervisor: This classification represents the third level of management. A CPA certificate is required for this position. This individual performs the direct management over the field audit engagement and the complete detailed review of audit working papers for quality, completeness and adequate documentation to substantiate audit report findings.

Senior: This classification represents the highest level of audit field staff (in charge). A bachelor's degree from an accredited university and at least three years working experience with a certified public accounting firm is required. Individuals in this position should be either a CPA or qualified to sit for the CPA examination.

Staff: This position requires an individual to possess a bachelor's degree from an accredited college. This position must represent a professional title in the proposer's organization and the individual should have a minimum of six months auditing experience with a certified public accounting firm. All staff individuals should be directly supervised during the field assignment by the senior.

Registered Municipal Accountant (If assigned) This individual must be licensed by the State of New Jersey's State Board of Accountancy as a registered municipal accountant and is the person who signs the auditor's opinion on the financial statements.

3 Describe your Engagement Plan

Describe how your firm will manage the engagement? How and by whom would key decisions be made? This will include a brief introduction outlining the proposer's overall technical approach to complete the total project, including a statement of the proposer's understanding of the work to be performed as supported by the man hours in the cost proposal schedule

Please provide approximate dates for the planning and fieldwork based on an award at the October 27, 2022 Board meeting. This will include a project schedule appropriate to the complexity of the effort and time frame established, based on hours in your fee proposal.

Describe the audit approach your firm will use and how this approach in your opinion will result in a thorough and cost effective audit?

Please provide us with an outline of your service plan that covers all of the components that will be included in your engagement letter.

Please provide us with an outline of the information technology review and testing phase of the audit and the backgrounds and experience of the people who will undertake the computer processing control testing aspects of the engagement.

Tell us about your firm's policy and procedures for resolving auditing, accounting and financial reporting issues. This will include a summary of the problems, which the proposer might reasonably expect, and his solution to those anticipated problems.

4 Fee Proposal

Please provide us with a breakout of your fees for the services we have requested for each of the three years. The fees should be provided on a not-to-exceed fee basis. Include detail on the service fee and planned hours for each year.

All prices shall be firm and shall not be subject to increase during the term of the contract.

Provide your standard and proposed billing rates for each category of professional personnel on a standard and proposed basis.

For the two optional one-year extensions, please provide, if any, the percentage that your not-to-exceed fee may increase.

The fee proposal on Schedule I must be completed and returned with your proposal in a separate sealed envelope.

In addition to the completed fee proposal, please complete the fee proposal on Schedule II with only the hours of each team member assigned to this engagement and submit with your proposal.

E. Evaluation Criteria

The contract shall be awarded to the responsible bidder whose proposal, conforming to the RFP, will be the most advantageous to the NJSEA and the State, price and other factors considered.

The following weighted general criteria, not necessarily listed in the order of significance, will be used to evaluate proposals.

- Qualifications of the entire staff to be assigned to the engagement. Education, position in firm, years and types of experience, continuing professional education, and state(s) in which licensed as a CPA, etc. will be considered.
- Peer review results and prior experience of team members in:
 - auditing NJ Authorities and Commissions;
 - auditing programs financed by the Federal Government (single audit);
 - GASB 34 Audits.
- Audit team makeup and anticipated role and hours of each team member assigned to this engagement. An explanation supporting the rationale for the anticipated hours incurred by each team member should be provided; including the overall supervision to be exercised and why it's believed there is adequate coverage.

Please complete the Fee Proposal in Schedule II **only** with the hours of each team member assigned to this engagement. This information is to be submitted **in addition** to the fee proposal in Schedule I, which is to be submitted in a separate **sealed** envelope.

- Proposer's documented understanding of the work to be performed
- Organization, size, and structure of Proposer's firm
(Considering size in relation to audits to be performed.)
- **In accordance with the recommendation made in the Office of the State Comptroller's 2008 report: "*Selection and Use of Audit Firms by New Jersey Government Units*," government units shall not use the same audit firm for more than ten consecutive years. Therefore, submissions from firms whose continued employment by the NJSEA would run contrary to this recommendation shall be considered only in the event that there are no other qualified participants.**

- Price – not to exceed price of 3-year contract. The sealed fee proposals (Schedule I) will be reviewed, evaluated and weighted independently. The price of the two optional one-year extensions will not be considered in evaluation process.

F. Opportunity To Make Oral Presentation

Some respondents may be invited by the Audit Committee to make an Oral Presentation and answer questions. Extending invitations to make oral presentations will be based on the ranking assigned to the proposer's response to the RFP as determined by the evaluation committee.

G. Other Required Terms and Conditions For Proposal Submission

Proposal Preparation

Proposers shall follow the instructions contained in this RFP in preparing and submitting proposals. Failure to do so may lead to disqualification.

Rejection of Proposal

The NJSEA reserves the right to reject any and all proposals when it is in the best interest of the State or the NJSEA to do so and, so far as permitted by law, to waive any irregularity or informality with respect to any proposal. The NJSEA further reserves the right to make such investigations, as they deem necessary as to the qualifications of any and all firms submitting proposals. In the event that all proposals are rejected, the NJSEA reserves the right to re-solicit proposals.

Cost Liability and Non-appropriation of Funds

The NJSEA assumes no responsibility or liability for costs incurred by proposers prior to issuance of the contract or for any costs incurred by a proposer in preparation of a proposal in response to this RFP.

Revisions to the Request for Proposal

Any modifications or revisions to any part of this RFP will be made via addenda issued by the NJSEA. Addenda will be distributed, via email, to proposers who attend the pre-bid conference and shall be posted, along with other official notifications regarding this procurement, at the public notice section of the NJSEA website.

To receive addenda distributed prior to the pre-bid conference, send correspondence to NJSEA Audit Evaluation Committee, c/o Anna Acanfora, One DeKorte Park Plaza, Lyndhurst, NJ 07071.

Please indicate that you have a copy of the RFP and that you are interested in receiving addenda via email. Please use the phrase "Audit Services RFP" as the subject and include a valid email address.

Any addenda distributed after the pre-bid conference, will be provided to those proposers who have attended the conference and will be posted at the public notice section of the NJSEA website.

It is the responsibility of the proposer to ensure that all modifications made via addenda, including responses to questions submitted, are incorporated into the original RFP.

Directions for Submission of Proposals

In order to be considered for selection, proposers must submit a complete response to this RFP. The proposals are to be submitted in a sealed package clearly marked **“Proposal–Audit Services RFP**, along with the name, address and telephone number of the proposer and the bid opening date. One (1) original and six (6) copies must be submitted to:

New Jersey Sports & Exposition Authority
Audit Evaluation Committee c/o Anna Acanfora
One DeKorte Park Plaza,
Lyndhurst, New Jersey 07071

The fee proposal on Schedule I must be completed and returned with your proposal in a separate sealed envelope.

The proposer shall make no other distribution of the proposals.

The NJSEA may obtain information regarding the ability of the proposer to supply and/or render the services required under this RFP, and such information may be taken into consideration in making an award.

Also enclosed in the submittal shall be a copy of the firm’s New Jersey Business Registration Certificate and the following completed forms attached:

- Submittal Form
- Disclosure Form
- Moral Integrity Affidavit
- Non-Collusion Affidavit
- Proposer’s Affidavit of Authorization
- Experience Affidavit
- NJ Business Registration
- Public Law 2005, Chapter 51 and Executive Order 117
- Public Law 2005, Chapter 271
- Ownership Disclosure Form
- MacBride Principles Form

- Ownership Disclosure and Disclosure of Investment Activities in Iran Form
- Certification of Non-Involvement in Prohibited Activities in Russia or Belarus
- Notice of Setoff for State Taxes

State Treasurer Review

The State Treasurer or his designee may review the Disclosures submitted pursuant to this section, as well as any other pertinent information concerning the contributions or reports thereof by the intended awardee, prior to award, or during the term of the contract, by the proposer. If the State Treasurer determines that any contribution or action by the proposer constitutes a breach of contract that poses a conflict of interest in the awarding of the contract under this solicitation, the State Treasurer shall disqualify the Business Entity from award of such contract.

Business Registration

Pursuant to N.J.S.A. 52:32-44, the State is prohibited from entering into a contract with an entity unless the proposer and each subcontractor named in the proposal have a valid Business Registration Certificate on file with the Division of Revenue.

The contractor and any subcontractor providing goods or performing services under the contract, and each of their affiliates, must comply with P.L. 2004, c. 57, which requires the Contractor and its subcontractor to collect and remit applicable State sales and use tax to the New Jersey Division of Taxation on the sale of all goods and services in the State of New Jersey subject to the provision of the “Sales and Use Tax Act, “ P.L. 1966, c. 30 (N.J.S.A. 54:32B-1 et seq.) Form NJ-REG can be filed online at <http://www.state.nj.us/treasury/revenue/busregcert.shtml>.

Conflicts of Interest

Respondents must identify and submit with their proposal any existing or potential conflicts of interest, as well as their representation of parties or other relationships that might be considered a conflict of interest and might affect or involve this assignment for the NJSEA. Any such disclosure shall be supplemented as necessary on an ongoing basis.

Acceptance of Proposal Content

The contents of the proposal of the successful proposer will become a part of any contract awarded as a result of this RFP.

Economy of Preparation

Proposals should be prepared in detail, providing a clear and concise description of proposer capabilities to satisfy all of the requirements of the RFP.

Each copy of the proposal should be bound in a single volume where practical. All documentation submitted with the proposal shall be bound in that single volume.

Prime Proposer Responsibilities

The selected proposer ("Proposer") will be required to assume sole responsibility for the complete scope of work as required by this RFP. The NJSEA will consider the selected firm to be the sole point of contact regarding contractual matters.

Assignment

The Proposer is prohibited from assigning, transferring, conveying, otherwise disposing of its rights, duties, obligations, or interest under the contract, to any other person, company or corporation without the previous written approval from the NJSEA.

New Jersey Affirmative Action Requirements

During the performance of this contract, the contractor agrees as follows:

The contractor or subcontractor, where applicable, will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Except with respect to affectional or sexual orientation and gender identity or expression, the contractor will ensure that equal employment opportunity is afforded to such applicants in recruitment and employment, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Such equal employment opportunity shall include, but not limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided to the Public Agency Compliance Officer setting forth provisions of this nondiscrimination clause.

The contractor or subcontractor, where applicable will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that

all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex.

The contractor or subcontractor will send to each labor union, with which it has a collective bargaining agreement, a notice, to be provided by the agency contracting officer advising the labor union of the contractor's commitments under this chapter and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

The contractor or subcontractor where applicable, agrees to comply with any regulations promulgated by the Treasurer pursuant to N.J.S.A. 10:5-31 et seq. as amended and supplemented from time to time and the Americans with Disabilities Act.

The contractor or subcontractor agrees to make good faith efforts to meet targeted county employment goals established in accordance with N.J.A.C. 17:27-5.2. The contractor or subcontractor agrees to inform in writing its appropriate recruitment agencies including, but not limited to, employment agencies, placement bureaus, colleges, universities, labor unions, that it does not discriminate on the basis of age, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex, and that it will discontinue the use of any recruitment agency which engages in direct or indirect discriminatory practices.

The contractor or subcontractor agrees to revise any of its testing procedures, if necessary, to assure that all personal testing conforms with the principles of job-related testing, as established by the statutes and court decisions of the State of New Jersey and as established by applicable Federal law and applicable Federal court decisions.

In conforming with the targeted employment goals, the contractor or subcontractor agrees to review all procedures relating to transfer, upgrading, downgrading and layoff to ensure that all such actions are taken without regard to age, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex, consistent with the statutes and court decisions of the State of New Jersey, and applicable Federal law and applicable Federal court decisions.

The contractor shall submit to the public agency, after notification of award but prior to execution of a goods and services contract, one of the following three documents:

- Letter of Federal Affirmative Action Plan Approval
- Certificate of Employee Information Report
- Employee Information Report Form AA302 (electronically provided by the Division and distributed to the public agency through the Division's

website at www.state.nj.us/treasury/contract_compliance.)

The Contractor and its subcontractor shall furnish such reports or other documents to the Division of Purchase and Property, CCAU, EEO Monitoring Program as may be requested by the Division from time to time in order to carry out the purposes of these regulations, and public agencies shall furnish such information as may be requested by the Division of Purchase and Property, CCAU, EEO Monitoring Program for conducting a compliance investigation pursuant to N.J.A.C. 17:27-1.1et seq.

REQUIREMENTS OF PUBLIC LAW 2005, CHAPTER 51, N.J.S.A. 19:44A-20.13-25 (FORMERLY EXECUTIVE ORDER 134) AND EXECUTIVE ORDER 117 (2008)

A. In order to safeguard the integrity of State government procurement by imposing restrictions to insulate the negotiation and award of State contracts from political contributions that pose the risk of improper influence, purchase of access, or the appearance thereof, then-Governor James E. McGreevey issued Executive Order 134 on September 22, 2004. To this end, Executive Order 134 prohibited State departments, agencies and authorities from entering into contracts exceeding \$17,500 with individuals or entities that made certain political contributions. Executive Order 134 was superseded by Public Law 2005, c. 51, which was signed into law on March 22, 2005 (“Chapter 51”).

On September 24, 2008 Governor Jon S. Corzine issued Executive Order No. 117 (“E.O. 117”), which is designed to enhance New Jersey’s efforts to protect the integrity of procurement decisions and increase the public’s confidence in government. The Executive Order builds upon the provisions of Chapter 51.

Pursuant to the requirements of this Legislation, the terms and conditions set forth in this section are material terms of any contract resulting from this RFP:

B. **DEFINITIONS** - For the purpose of this section, the following shall be defined as follows:

1.) Reportable Contributions – contributions, including in-kind contributions, in excess of \$300.00 in the aggregate per election made to or received by a candidate committee, joint candidates committee, or political committee; or per calendar year made to or received by a political party committee, legislative leadership committee, or continuing political committee.

2.) Business Entity – means any natural or legal person, business corporation, professional services corporation, limited liability company, partnership, limited partnership, business trust, association or any other legal commercial entity organized under the laws of New Jersey or any other state or foreign jurisdiction. The definition also includes (i) if a business entity is a for-profit corporation, any officer of the corporation and any other person or business entity that owns or controls 10% or more of the stock of the corporation; (ii) if

a business entity is a professional corporation, any shareholder or officer; (iii) if a business entity is a general partnership, limited partnership or limited liability partnership, any partner; (iv) if a business entity is a sole proprietorship, the proprietor; (v) if the business entity is any other form of entity organized under the laws of New Jersey or any other state or foreign jurisdiction, any principal, officer or partner thereof; (vi) any subsidiaries directly or indirectly controlled by the business entity; (vii) any political organization organized under 26 U.S.C.A. § 527 that is directly or indirectly controlled by the business entity, other than a candidate committee, election fund, or political party committee; and (viii) with respect to an individual who is included within the definition of “business entity”, that individual’s spouse or civil union partner and any child residing with that person.¹

3.) Officer – a president, vice president with senior management responsibility, secretary, treasurer, chief executive officer, or chief financial officer of a corporation or any person routinely performing such functions for a corporation. Please note that officers of non-profit entities are excluded from this definition.

4.) Partner – one of two or more natural persons or other entities, including a corporation, who or which are joint owners of and carry on a business for profit, and which business is organized under the laws of this State or any other state or foreign jurisdiction, as a general partnership, limited partnership, limited liability partnership, limited liability company, limited partnership association, or other such form of business organization.

- C. BREACH OF TERMS OF THE LEGISLATION – It shall be a breach of the terms of the contract for the Business Entity to (i) make or solicit a contribution in violation of the Legislation, (ii) knowingly conceal or misrepresent a contribution given or received; (iii) make or solicit contributions through intermediaries for the purpose of concealing or misrepresenting the source of the contribution; (iv) make or solicit any contribution on the condition or with the agreement that it will be contributed to a campaign committee or any candidate of holder of the public office of Governor, or to any State or county party committee; (v) engage or employ a lobbyist or consultant with the intent or understanding that such lobbyist or consultant would make or solicit any contribution, which if made or solicited by the business entity itself, would subject that entity to the restrictions of the Legislation; (vi) fund contributions made by third parties, including consultants, attorneys, family members, and employees; (vii) engage in any exchange of contributions to circumvent the intent of the Legislation; or (viii) directly or indirectly through or by any other person or means, do any act which would subject that entity to the restrictions of the Legislation.

¹ Contributions made by a spouse, civil union partner or resident child to a candidate for whom the contributor is eligible to vote or to a political party committee within whose jurisdiction the contributor resides are permitted.

D. CERTIFICATION AND DISCLOSURE REQUIREMENTS –

1.) The State shall not enter into a contract to procure from any Business Entity services or any material, supplies or equipment, or acquire, sell or lease any land or building, where the value of the transaction exceeds \$17,500, if that Business Entity has solicited or made any contribution of money, or pledge of contribution, including in-kind contributions, to a candidate committee and/or election fund of any candidate for or holder of the public office of Governor or Lieutenant Governor, to any State, county, municipal political party committee, or to any legislative leadership committee during certain specified time periods.

2.) Prior to awarding any contract or agreement to any Business Entity, the Business Entity proposed as the intended awardee of the contract shall submit the Certification and Disclosure form, certifying that no contributions prohibited by either Chapter 51 or Executive Order 117 have been made by the Business Entity and reporting all contributions the Business Entity made during the preceding four years to any political organization organized under 26 U.S.C. 527 of the Internal Revenue Code that also meets the definition of a “continuing political committee” within the mean of N.J.S.A. 19:44A-3(n) and N.J.A.C. 19:25-1.7. The required form and instructions, available for review on the Purchase Bureau website at <http://www.state.nj.us/treasury/purchase/forms.shtml#eo134>, shall be provided to the intended awardee for completion and submission to the Purchase Bureau with the Notice of Intent to Award. Upon receipt of a Notice of Intent to Award a Contract, the intended awardee shall submit to the Division, in care of the Purchase Bureau Buyer, the Certification and Disclosure(s) within five (5) business days of the State’s request. Failure to submit the required forms will preclude award of a contract under this RFP, as well as future contract opportunities.

3.) Further, the Contractor is required, on a continuing basis, to report any contributions it makes during the term of the contract, and any extension(s) thereof, at the time any such contribution is made. The required form and instructions, available for review on the Purchase Bureau website at shall be provided to the intended awardee with the Notice of Intent to Award.

E. STATE TREASURER REVIEW – The State Treasurer or his designee shall review the Disclosures submitted pursuant to this section, as well as any other pertinent information concerning the contributions or reports thereof by the intended awardee, prior to award, or during the term of the contract, by the contractor. If the State Treasurer determines that any contribution or action by the contractor constitutes a breach of contract that poses a conflict of interest in the awarding of the contract under this solicitation, the State Treasurer shall disqualify the Business Entity from award of such contract.

F. ADDITIONAL DISCLOSURE REQUIREMENT OF P.L. 2005, C. 271 – Contractor is advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law

Enforcement Commission (ELEC), pursuant to P.L. 2005, c. 271, section 3 if the contractor receives contracts in excess of \$50,000 from a public entity in a calendar year. It is the contractor's responsibility to determine if the filing is necessary. Failure to so file can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at www.elec.state.nj.us.

Price Changes

All prices shall be firm and shall not be subject to increase during the term of this contract.

Termination of Contract

The NJSEA reserves the right to terminate any contract entered into as a result of this RFP, provided written notice is given to the Proposer at least thirty (30) days prior to such proposed termination date.

Insurance

The selected Proposer shall be required to furnish the NJSEA with satisfactory proof that it has obtained the insurance described below from insurance companies or underwriters satisfactory to the NJSEA. The Proposer shall keep such insurance in force until each and every obligation assumed under the Contract has been fully and satisfactorily performed.

The selected Proposer shall be required to furnish the NJSEA certificates for the following types of insurance showing the type, amount, and class of operations insured, and the effective and expiration dates of the policies.

Professional Liability Insurance - shall be maintained during the course of this agreement. Said insurance shall consist of an errors and omissions policy in the amount of one million dollars (\$1,000,000). The Proposer shall pay any policy deductibles. Any and all subcontractors also must maintain insurance to cover their work associated with the project or alternatively such subcontractors must be insured under the policy of the Proposer.

Compensation Insurance - coverage "B", as required by state law for all employees who will be engaged in the work associated with this Contract. The Proposer shall require all subcontractors to provide similar workmen's compensation insurance for all of their employees, unless those employees are covered under the Proposer's insurance. If any employees engaged in hazardous work under this Contract are not protected under the workmen's compensation statute; the Proposer (and any subcontractors) shall also provide adequate employer's liability insurance protection of those employees.

All insurance certificates shall stipulate that the insurance will not be changed or canceled without giving at least 30 days written notice to NJSEA by certified mail.

Accounting Records

The Proposer is required to maintain complete, detailed accounting records and documentation pertaining to costs incurred under the contract. Records will be made available to the NJSEA at all reasonable times during the contract period and for three full years after the date of the final payment.

Ownership of Material

Ownership of any and all reports or other product prepared for the NJSEA pursuant to this contract shall belong exclusively to the NJSEA.

Performance and/or Delivery of Services

The final report is to be ready and completed by September 30, 2023 (year 2) September 30, 2024 and (year 3) September 30, 2025.

If circumstances beyond the control of the Proposer result in the inability of the Proposer to conform to the provisions of the contract, it is the responsibility and obligation of the Proposer to make known the details immediately to the NJSEA Audit Committee.

Project Management

Project management will be performed by the NJSEA Audit Committee. The NJSEA Audit Committee will be responsible for reviewing and approving deliveries, specifications and reports. The point of contact between the Proposer and the NJSEA Audit Committee will be:

New Jersey Sports & Exposition Authority
Audit Committee
c/o Anna Acanfora, Director of Finance
One DeKorte Park Plaza
Lyndhurst, New Jersey 07071

Special Project Additional Work

Should additional work, special projects, hearings, meetings or other activities be required that are beyond the scope of the RFP, the Proposer will supply the NJSEA Audit Committee with a written cost estimate and schedule. The cost estimate will be based on the labor rates supplied for the applicable period in the proposer's proposal.

Written authorization from the NJSEA Audit Committee or Board of Commissioners must be obtained before commencing such projects.

Modification of Scope

NJSEA reserves the right to amend contract provisions during the term of the contract. However, both NJSEA and Proposer must mutually agree in writing to all changes.

Contract Extension

This contract may be extended for one (1) or two (2) years to allow the proposer to perform the audits for the years ending December 31, 2025 and December 31, 2026. The proposer will be notified of the NJSEA's intent at least thirty (30) days prior to the expiration date of the existing contract. The proposer shall have fifteen (15) calendar days to respond to the NJSEA's request to extend the contract. If the proposer agrees to the extension, all terms and conditions of the original contract, including price quoted for the extension years, will be applicable.

Should the contract be extended, the proposer shall submit to the NJSEA Audit Committee a report describing for the preceding year:

- The proposer's internal quality control procedures;
- Any material issues raised by the most recent internal quality control peer review, or by reviews conducted by governmental or professional authorities; and
- Steps taken by the proposer to address such issues.

Invoicing

Invoices from the proposer to the NJSEA shall be rendered as of the last day of each calendar month for services performed to date. Invoices will be compared to contract budgets for approval prior to payment. All such bills are due and

payable by the NJSEA within thirty (30) days from the approval for payment date.

The proposer will be permitted to submit monthly progress billings until 75% of the total approved audit budget for the period is reached. The remaining 25% will not be paid until after the final audit report has been received and accepted by the NJSEA Audit Committee and Board of Commissioners. The final MCT audit report will require acceptance by the MCT Board of Trustees.

Indemnification

The proposer selected pursuant to this RFP shall indemnify the NJSEA and its members, officers and employees against any claim arising out of or resulting from performance of the proposer's services contemplated by this RFP.

Meetings with the Proposer

The Proposer shall agree to meet privately with the NJSEA and MCT Audit Committee(s), convenience of and frequency determined by the Committee to discuss matters relating to the respective audit.

Sales Tax

The State of New Jersey is exempt from State sales or use taxes and Federal excise taxes. Therefore, price quotations must not include such taxes. The State's Federal Excise Tax Exemption number is 22-1946838.

Offers of Gratuities

- A. No proposer shall pay, offer to pay, or agree to pay either directly or indirectly, any fee commission, compensation, gift, gratuity, or other item of value of any kind to any State officer or employee or special State officer or employee (as defined by NJSA 52:13D-13b. & e.) in the Department of the Treasury or any other agency with which such proposer transacts or offers or proposes to transact business, or to any member of the immediate family (as defined by NJSA 52:13D-13i.) of any such officer or employee, or any partnership, firm, or corporation with which they are employed or associated, or in which such officer or employee has an interest within the meaning of NJSA 52:13D-13g.
- B. The solicitation of any fee, commission, compensation, gift, gratuity, or other item of value by any State officer or employee, or special State officer or employee, from any State proposer shall be reported in writing forthwith by the proposer to the Attorney General and the Executive Commission on Ethical Standards.

- C. No proposer may, directly or indirectly, undertake any private business, commercial, or entrepreneurial relationship with, whether or not pursuant to employment, contract or other agreement, express or implied, or sell any interest in such proposer to, any State officer or employee, having any duties or responsibilities in connection with the purchase, acquisition, or sale of any property or services by (or to) any State agency or any instrumentality thereof; or with any person, firm, or entity with which he is employed or associated, or in which he has an interest within the meaning of NJSA 52:13D-13g. Any relationships subject to this provision shall be reported in writing forthwith to the Executive Commission on Ethical Standards, which may grant a waiver of this restriction upon application of the State officer or employee, or special State officer or employee, upon a finding that the present or proposed relationship does not present the potential, actuality, or appearance of a conflict of interest.
- D. No proposer shall influence, attempt to influence, or cause to be influenced, any State officer or employee, or any special State officer or employee, in his official capacity in any manner which might tend to impair the objectivity or independence of judgment of said officer or employee.
- E. No proposer shall cause or influence, or attempt to cause or influence, any State officer or employee, or special State officer or employee, to use (or attempt to use) his official position to secure unwarranted privileges or advantages for the proposer or any other person.
- F. The provisions cited above in paragraphs A through E shall not be construed to prohibit a State officer or employee, or special State officer or employee, from receiving gifts from (or contracting with) proposers under the same terms and conditions as are offered or made to members of the general public, subject to any guidelines the Executive Commission on Ethical Standards may promulgate under paragraph C. above.

Respondent's Understanding of RFP

The Respondent hereby expressly waives any right to, and agrees that there will be no claim for, additional payment because of any misunderstanding or misinterpretation of this RFP, or any failure to fully acquaint itself with all conditions relating to the Work.

SCHEDULE I**FEE PROPOSAL - To Be Submitted SEALED WITH FEES****2022**

Staff Classification	Estimated Hours For NJSEA Audit, incl. DEP Closure Funds	Estimated Hours for MCT Audit	Total Hours	Std Billing Rate	Proposed Billing Rate	Proposed Fee
Partner						
Manager						
Supervisor						
Senior						
Staff						
TOTAL						

2022 Total Proposed Not to Exceed Fee \$ _____

2023

Staff Classification	Estimated Hours For NJSEA Audit, incl. DEP Closure Funds	Estimated Hours for MCT Audit	Total Hours	Std Billing Rate	Proposed Billing Rate	Proposed Fee
Partner						
Manager						
Supervisor						
Senior						
Staff						
TOTAL						

2023 Total Proposed Not to Exceed Fee \$ _____

2024

Staff Classification	Estimated Hours For NJSEA Audit, incl. DEP Closure Funds	Estimated Hours for MCT Audit	Total Hours	Std Billing Rate	Proposed Billing Rate	Proposed Fee
Partner						
Manager						
Supervisor						
Senior						
Staff						
TOTAL						

2024 Total Proposed Not to Exceed Fee \$ _____

Optional Year 4 Fee Escalation Percentage _____

Optional Year 5 Fee Escalation Percentage _____

Please note that the option to extend the contract may be exercised by the NJSEA at its sole discretion.

SCHEDULE II**FEE PROPOSAL****To Be Submitted Unsealed with Only Hours, By Classification****2022**

Staff Classification	Estimated Hours For NJSEA Audit, including DEP Closure Funds	Estimated Hours for MCT Audit	Total Hours
Partner			
Manager			
Supervisor			
Senior			
Staff			
TOTAL			

2023

Staff Classification	Estimated Hours For NJSEA Audit, including DEP Closure Funds	Estimated Hours for MCT Audit	Total Hours
Partner			
Manager			
Supervisor			
Senior			
Staff			
TOTAL			

2024

Staff Classification	Estimated Hours For NJSEA Audit, including DEP Closure Funds	Estimated Hours for MCT Audit	Total Hours
Partner			
Manager			
Supervisor			
Senior			
Staff			
TOTAL			

DISCLOSURE FORM FOR CONTRACT 17-001

Each bidder is required to furnish below the names and addresses of all corporate stockholders who own 10% or more of the stock of said corporation. In case of a partnership, the names and addresses of all partners who have a 10% or greater interest in the partnership shall be provided.

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

NEW JERSEY SPORTS & EXPOSITION AUTHORITY

MORAL INTEGRITY AFFIDAVIT FOR CONTRACT 17-001

State of _____

ss:

County of _____

I, _____,
the (TITLE) _____,
of (COMPANY) _____,
hereinafter called the Bidder, being first duly sworn; deposes and says that:

1. The Bidder has submitted the Bid regarding this Contract with the New Jersey Sports & Exposition Authority
2. The Bidder wishes to demonstrate moral integrity to the satisfaction of the New Jersey Sports & Exposition Authority.
3. As of the date of signing this Affidavit, neither the Bidder, nor any of his owners, officers, or directors are involved in any federal, state or other governmental investigations concerning criminal or quasi-criminal violations, except as follows (if none, so state):

_____.

4. Neither the Bidder nor any of his owners, officers or directors have ever committed any violation of a federal or state or quasi-criminal statute, except as follows (if none, so state):

_____.

5. The State of incorporation of the Bidder is: _____.

6. If the answer to question #5 is a state other than New Jersey, that the Bidder has received from the Secretary of the State of New Jersey, a certification authorizing the corporation to conduct business in New Jersey.

MORAL INTEGRITY AFFIDAVIT CONTRACT 17-001 (CONTINUED)

7. The names and addresses of the principals, shareholders and officers of the Bidder are as follows:

(Use additional sheet if required)

8. He is personally acquainted with the operations of the Bidder, has full knowledge of the factual basis comprising the contents of this Affidavit; and that the contents are true.

9. This Affidavit is made to the New Jersey Sports & Exposition Authority (NJSEA) to accept the Bid for this Contract, knowing that the NJSEA relies upon the truth of the statements contained herein.

Bidder

(Type of print name of affiant under
signature)

Subscribed and sworn to
before me this _____ day
of _____ 20____.

(Notary Public)

My commission expires on _____

NEW JERSEY SPORTS & EXPOSITION AUTHORITY
NON-COLLUSION AFFIDAVIT FOR CONTRACT 17-001

State of _____
County of _____ ss:

I, (NAME) _____, of
(MUNICIPALITY) _____ in the
County of _____ and the State of _____, of full age, being duly sworn to the
law, on my oath depose and say that :

I am the (TITLE) _____ of (COMPANY) _____
_____, the Bidder making the Bid for this Contract;

I execute the said Bid with full authority to do so;

The Bidder has not directly or indirectly entered into any agreement, participated in any collusion
or otherwise taken any action to restrain free, competitive bidding in connection with the above
named Project; and,

All statements contained in said Bid, and in this affidavit, are true, correct, and made with the full
knowledge that the New Jersey Sports & Exposition Authority relies upon the truth of the
statements contained in the Bid and this affidavit in awarding the Contract for the Project.

I further warrant that no person or selling agency has been employed or retained to solicit or
secure such Contract upon an employed or retained to solicit or secure such Contract upon an agreement or
understanding for a commission, percentage, brokerage or contingent fee, except bona fide employees or
bona fide established commercial or selling agencies maintained by

(NAME OF BIDDER) _____

(N.J.S.A. 52:34-15)

Subscribed and sworn to
before me this _____ day
of _____ 20____.

(Notary Public)

My commission expires on _____

NEW JERSEY SPORTS & EXPOSITION AUTHORITY
AFFIDAVIT OF AUTHORIZATION FOR CONTRACT 17-001

State of _____

ss:

County of _____

_____, being duly sworn, deposes and says that
he resides at _____, that he is the
(TITLE) _____ who signed the Bid for this Contract,
that he was duly authorized to sign, that the Bid is a true offer of the Bidder, that the seal attached is the
seal of the Bidder, and that all declarations and statements contained in the Bid are true to the best of his
knowledge and belief.

(Type or print name of
affiant under signature)

Subscribed and sworn to
before me this _____ day
of _____ 20____.

STATE OF NEW JERSEY
NEW JERSEY SPORTS & EXPOSITION AUTHORITY

EXPERIENCE AFFIDAVIT FOR CONTRACT 17-001

The Bidder shall state below, or on sheets to be attached, at least (3) projects he has completed which were similar to this Contract, and during which the products specified herein were used. The information required below shall include the title of the contract; the owner's name, address, and telephone number; and the dollar value of work completed. This information will assist the NEW JERSEY SPORTS AND EXPOSITION AUTHORITY in judging the Bidder's experience, skill, and business standing.

The undersigned is (an Individual, a Partnership, a Corporation) under the laws of the State of _____, and having principal offices at

_____.

(Signed) _____

(Address) _____

(Date) _____ 20 _____

INFORMATION AND INSTRUCTIONS
For Completing the "Two-Year Vendor Certification and Disclosure of
Political Contributions" Chapter 51 Form

Background Information

On September 22, 2004, then-Governor James E. McGreevey issued E.O. 134, the purpose of which was to insulate the negotiation and award of State contracts from political contributions that posed a risk of improper influence, purchase of access or the appearance thereof. To this end, E.O. 134 prohibited State departments, agencies and authorities from entering into contracts exceeding \$17,500 with individuals or entities that made certain political contributions. E.O. 134 was superseded by Public Law 2005, c. 51, signed into law on March 22, 2005 ("Chapter 51").

On September 24, 2008, Governor Jon S. Corzine issued E.O. 117 which is designed to enhance New Jersey's efforts to protect the integrity of procurement decisions and increase the public's confidence in government. The Executive Order builds upon the provisions of Chapter 51.

Two-Year Certification Process

Upon approval by the State Chapter 51 Review Unit, the Certification and Disclosure of Political Contributions form is valid for a two (2) year period. Thus, if a vendor receives approval on January 1, 2014, the certification expiration date would be December 31, 2015. Any change in the vendor's ownership status and/or political contributions during the two-year period will require the submission of new Chapter 51/Executive Order 117 forms to the State Review Unit. **Please note that it is the vendor's responsibility to file new forms with the State should these changes occur.**

State Agency Instructions: Prior to the awarding of a contract, the State Agency should first use NJSTART (<https://www.njstart.gov/bsa/>) to check the status of a vendor's Chapter 51 certification before contacting the Review Unit's mailbox at CD134@treas.nj.gov. If the State Agency does not find any Chapter 51 Certification information in NJSTART and/or the vendor is not registered in NJSTART, then the State Agency should send an e-mail to CD134@treas.nj.gov to verify the certification status of the vendor. If the response is that the vendor is NOT within an approved two-year period, then forms must be obtained from the vendor and forwarded for review. If the response is that the vendor is within an approved two-year period, then the response so stating should be placed with the bid/contract documentation for the subject project.

Instructions for Completing the Form

Part 1: BUSINESS ENTITY INFORMATION

Business Name – Enter the full legal name of the vendor, including trade name if applicable.

Address, City, State, Zip and Phone Number – Enter the vendor's street address, city, state, zip code and telephone number.

Vendor Email – Enter the vendor's primary email address.

Vendor FEIN – Please enter the vendor's Federal Employment Identification Number.

Business Type - Check the appropriate box that represents the vendor's type of business formation.

Listing of officers, shareholders, partners or members - Based on the box checked for the business type, provide the corresponding information. (A complete list must be provided.)

Part 2: DISCLOSURE OF CONTRIBUTIONS

Read the three types of political contributions that require disclosure and, if applicable, provide the recipient's information. The definition of "Business Entity/Vendor" and "Contribution" can be found on pages 3 and 4 of this form.

Name of Recipient - Enter the full legal name of the recipient.

Address of Recipient - Enter the recipient's street address.

Date of Contribution - Indicate the date the contribution was given.

Amount of Contribution - Enter the dollar amount of the contribution.

Type of Contribution - Select the type of contribution from the examples given.

Contributor's Name - Enter the full name of the contributor.

Relationship of the Contributor to the Vendor - Indicate the relationship of the contributor to the vendor. (e.g. officer or shareholder of the company, partner, member, parent company of the vendor, subsidiary of the vendor, etc.)

NOTE: If form is being completed electronically, click "Add a Contribution" to enter additional contributions. Otherwise, please attach additional pages as necessary.

Check the box under the recipient information if no reportable contributions have been solicited or made by the business entity. **This box must be checked if there are no contributions to report.**

Part 3: CERTIFICATION

Check Box A if the representative completing the Certification and Disclosure form is doing so on behalf of the business entity and all individuals and/or entities whose contributions are attributable to the business entity. (**No additional Certification and Disclosure forms are required if BOX A is checked.**)

Check Box B if the representative completing the Certification and Disclosure form is doing so on behalf of the business entity and all individuals and/or entities whose contributions are attributable to the business entity with the exception of those individuals and/or entities that submit their own separate form. For example, the representative is not signing on behalf of the vice president of a corporation, but all others. The vice president completes a separate Certification and Disclosure form. (**Additional Certification and Disclosure forms are required from those individuals and/or entities that the representative is not signing on behalf of and are included with the business entity's submittal.**)

Check Box C if the representative completing the Certification and Disclosure form is doing so on behalf of the business entity only. (**Additional Certification and Disclosure forms are required from all individuals and/or entities whose contributions are attributable to the business entity and must be included with the business entity submittal.**)

Check Box D when a sole proprietor is completing the Certification and Disclosure form or when an individual or entity whose contributions are attributable to the business entity is completing a separate Certification and Disclosure form.

Read the five statements of certification prior to signing.

The representative authorized to complete the Certification and Disclosure form must sign and print her/his name, title or position and enter the date.

State Agency Procedure for Submitting Form(s)

The State Agency should submit the completed and signed Two-Year Vendor Certification and Disclosure forms either electronically to: cd134@treas.nj.gov or regular mail at: Chapter 51 Review Unit, P.O. Box 230, 33 West State Street, Trenton, NJ 08625-0230. Original forms should remain with the State Agency and copies should be sent to the Chapter 51 Review Unit.

Business Entity Procedure for Submitting Form(s)

The business entity should return this form to the contracting State Agency.
The business entity can submit the Certification and Disclosure form directly to the Chapter 51 Review Unit only when:

- The business entity is approaching its two-year certification expiration date and is seeking certification renewal;
- The business entity had a change in its ownership structure; OR
- The business entity made any contributions during the period in which its last two-year certification was in effect, or during the term of a contract with a State Agency.

Questions & Information

Questions regarding Public Law 2005, Chapter 51 (N.J.S.A. 19:44A-20.13) or E.O. 117 (2008) may be submitted electronically through the Division of Purchase and Property website at: <https://www.state.nj.us/treas/purchase/eo134questions.shtml>.

Reference materials and forms are posted on the Political Contributions Compliance website at: <http://www.state.nj.us/treasury/purchase/execorder134.shtml>.



State of New Jersey
Department of the Treasury
Division of Purchase and Property
Two-Year Chapter 51/Executive Order 117 Vendor Certification and
Disclosure of Political Contributions

FOR STATE USE ONLY

Solicitation, RFP, or Contract No. _____ Award Amount _____

Description of Services _____

State Agency Name _____ Contact Person _____

Phone Number _____ Contact Email _____

☐ Check if the Contract / Agreement is Being Funded Using FHWA Funds

**Please check if requesting
recertification ☐**

Part 1: Business Entity Information

Full Legal Business Name _____
(Including trade name if applicable)

Address _____

City _____ State _____ Zip _____ Phone _____

Vendor Email _____ Vendor FEIN (SS# if sole proprietor/natural person) _____

**Check off the business type and list below the required information for the type of business selected.
MUST BE COMPLETED IN FULL**

- ☐ Corporation: LIST ALL OFFICERS and any 10% and greater shareholder (If the corporation only has one officer, please write "sole officer" after the officer's name.)
- ☐ Professional Corporation: LIST ALL OFFICERS and ALL SHAREHOLDERS
- ☐ Partnership: LIST ALL PARTNERS with any equity interest
- ☐ Limited Liability Company: LIST ALL MEMBERS with any equity interest
- ☐ Sole Proprietor

Note: "Officers" means President, Vice President with senior management responsibility, Secretary, Treasurer, Chief Executive Officer or Chief Financial Officer of a corporation, or any person routinely performing such functions for a corporation.

Also Note: "N/A will not be accepted as a valid response. Where applicable, indicate "None."

All Officers of a Corporation or PC

**10% and greater shareholders of a corporation
or all shareholders of a PC**

All Equity partners of a Partnership

All Equity members of a LLC

If you need additional space for listing of Officers, Shareholders, Partners or Members, please attach separate page.

Part 2: Disclosure of Contributions by the business entity or any person or entity whose contributions are attributable to the business entity.

1. Report below all contributions solicited or made during the 4 years immediately preceding the commencement of negotiations or submission of a proposal to any:

Political organization organized under Section 527 of the Internal Revenue Code and which also meets the definition of a continuing political committee as defined in N.J.S.A. 19:44A-3(n)

2. Report below all contributions solicited or made during the 5 ½ years immediately preceding the commencement of negotiations or submission of a proposal to any:

Candidate Committee for or Election Fund of any Gubernatorial or Lieutenant Gubernatorial candidate
State Political Party Committee
County Political Party Committee

3. Report below all contributions solicited or made during the 18 months immediately preceding the commencement of negotiations or submission of a proposal to any:

Municipal Political Party Committee
Legislative Leadership Committee

Full Legal Name of Recipient _____	
Address of Recipient _____	
Date of Contribution _____ Amount of Contribution _____	
Type of Contribution (i.e. currency, check, loan, in-kind) _____	
Contributor Name _____	
Relationship of Contributor to the Vendor _____	
If this form is not being completed electronically, please attach additional contributions on separate page. Click the "Add a Contribution" tab to enter additional contributions.	
<div>Remove Contribution</div>	
<div>Add a Contribution</div>	

☐ Check this box only if no political contributions have been solicited or made by the business entity or any person or entity whose contributions are attributable to the business entity.

Part 3: Certification (Check one box only)

- (A) ☐ I am certifying on behalf of the business entity and all individuals and/or entities whose contributions are attributable to the business entity as listed on Page 1 under **Part 1: Vendor Information**.
- (B) ☐ I am certifying on behalf of the business entity and all individuals and/or entities whose contributions are attributable to the business entity as listed on Page 1 under **Part 1: Vendor Information**, except for the individuals and/or entities who are submitting separate Certification and Disclosure forms which are included with this submittal.
- (C) ☐ I am certifying on behalf of the business entity only; any remaining persons or entities whose contributions are attributable to the business entity (as listed on Page 1) have completed separate Certification and Disclosure forms which are included with this submittal.
- (D) ☐ I am certifying as an individual or entity whose contributions are attributable to the business entity.

I hereby certify as follows:

1. I have read the Information and Instructions accompanying this form prior to completing the certification on behalf of the business entity.
2. All reportable contributions made by or attributable to the business entity have been listed above.

3. The business entity has not knowingly solicited or made any contribution of money, pledge of contribution, including in-kind contributions, that would bar the award of a contract to the business entity unless otherwise disclosed above:

- a) Within the 18 months immediately preceding the commencement of negotiations or submission of a proposal for the contract or agreement to:
- (i) A candidate committee or election fund of any candidate for the public office of Governor or Lieutenant Governor or to a campaign committee or election fund of holder of public office of Governor or Lieutenant Governor; OR
 - (ii) Any State, County or Municipal political party committee; OR
 - (iii) Any Legislative Leadership committee.
- b) During the term of office of the current Governor or Lieutenant Governor to:
- (i) A candidate committee or election fund of a holder of the public office of Governor or Lieutenant Governor; OR
 - (ii) Any State or County political party committee of the political party that nominated the sitting Governor or Lieutenant Governor in the last gubernatorial election.
- c) Within the 18 months immediately preceding the last day of the sitting Governor or Lieutenant Governor's first term of office to:
- (i) A candidate committee or election fund of the incumbent Governor or Lieutenant Governor; OR
 - (ii) Any State or County political party committee of the political party that nominated the sitting Governor or Lieutenant Governor in the last gubernatorial election.

4. During the term of the contract/agreement the business entity has a continuing responsibility to report, by submitting a new Certification and Disclosure form, any contribution it solicits or makes to:

- (a) Any candidate committee or election fund of any candidate or holder of the public office of Governor or Lieutenant Governor; OR
- (b) Any State, County or Municipal political party committee; OR
- (c) Any Legislative Leadership committee.

The business entity further acknowledges that contributions solicited or made during the term of the contract/agreement may be determined to be a material breach of the contract/agreement.

5. During the two-year certification period the business entity will report any changes in its ownership structure (including the appointment of an officer within a corporation) by submitting a new Certification and Disclosure form indicating the new owner(s) and reporting said owner(s) contributions.

I certify that the foregoing statements in Parts 1, 2 and 3 are true. I am aware that if any of the statements are willfully false, I may be subject to punishment.

Signed Name _____ Print Name _____

Title/Position _____ Date _____

Procedure for Submitting Form(s)

The contracting State Agency should submit this form to the Chapter 51 Review Unit when it has been required as part of a contracting process. The contracting State Agency should submit a copy of the completed and signed form(s), to the Chapter 51 Unit and retain the original for their records.

The business entity should return this form to the contracting State Agency. The business entity can submit this form directly to the Chapter 51 Review Unit only when it -

- Is approaching its two-year certification expiration date and wishes to renew certification;
- Had a change in its ownership structure; OR
- Made any contributions during the period in which its last two-year certification was in effect, or during the term of a contract with a State Agency.

Forms should be submitted either electronically to: cd134@treas.nj.gov , or regular mail at: Chapter 51 Review Unit, P.O. Box 230, 33 West State Street, Trenton, NJ 08625.



STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF PURCHASE AND PROPERTY

33 WEST STATE STREET, P.O. BOX 0230
TRENTON, NEW JERSEY 08625-0230

VENDOR/BIDDER CERTIFICATION AND POLITICAL CONTRIBUTION DISCLOSURE FORM
PUBLIC LAW 2005, CHAPTER 271

CONTRACT #: _____ VENDOR/BIDDER: _____

At least ten (10) days prior to entering into the above-referenced Contract, the Vendor/Bidder must complete this Certification and Political Contribution Disclosure Form in accordance with the directions below and submit it to the State contact for the referenced Contract.

NOTE that the disclosure requirements under Public Law 2005, Chapter 271 are separate and different from the disclosure requirements under Public Law 2005, Chapter 51 (formerly Executive Order 134). Although no Vendor/Bidder will be precluded from entering into a contract by any information submitted on this form, a Vendor's/Bidder's failure to fully, accurately and truthfully complete this form and submit it to the appropriate State agency may result in the imposition of fines by the New Jersey Election Law Enforcement Commission.

DISCLOSURE

The following is the required Vendor/Bidder Disclosure of all Reportable Contributions made in the twelve (12) months prior to and including the date of signing of this Certification and Disclosure to: (i) any State, county, or municipal committee of a political party, legislative leadership committee, candidate committee of a candidate for, or holder of, a State elective office, or (ii) any entity that is also defined as a "continuing political committee" under N.J.S.A. 19:44A-3(n) and N.J.A.C. 19:25-1.

The Vendor/Bidder is required to disclose Reportable Contributions by: the Vendor/Bidder itself; all persons or other business entities owning or controlling more than 10% of the profits of the Vendor/Bidder or more than 10% of the stock of the Vendor/Bidder, if the Vendor/Bidder is a corporation for profit; a spouse or child living with a natural person that is a Vendor/Bidder; all of the principals, partners, officers or directors of the Vendor/Contractor and all of their spouses; any subsidiaries directly or indirectly controlled by the Vendor/Bidder; and any political organization organized under section 527 of the Internal Revenue Code that is directly or indirectly controlled by the Vendor/Bidder, other than a candidate committee, election fund, or political party committee.

"Reportable Contributions" are those contributions that are required to be reported by the recipient under the "New Jersey Campaign Contributions and Expenditures Reporting Act," P.L. 1973, c.83 (C.19:44A-1 et seq.), and implementing regulations set forth at N.J.A.C. 19:25-10.1 et seq. As of January 1, 2005, contributions in excess of \$300 during a reporting period are deemed "reportable."

Name and Address of Committee to which a Reportable Contribution was made	Date of Reportable Contribution	Amount of Reportable Contribution	Contributor's Name
Indicate "NONE" if no Reportable Contribution was made.			
		\$	
		\$	
		\$	
		\$	
Attach additional sheets if necessary			

CERTIFICATION

I, the undersigned, certify that I am authorized to execute this certification on behalf of the Vendor/Bidder, that the foregoing information and any attachments hereto, to the best of my knowledge are true and complete. I acknowledge that the State of New Jersey is relying on the information contained herein, and that the Vendor/Bidder is under a continuing obligation from the date of this certification through the completion of any contract(s) with the State to notify the State in writing of any changes to the information contained herein; that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification. If I do so, I will be subject to criminal prosecution under the law, and it will constitute a material breach of my agreement(s) with the State, permitting the State to declare any contract(s) resulting from this certification void and unenforceable.

Signature _____

Date _____

Print Name and Title _____



STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF PURCHASE AND PROPERTY
33 WEST STATE STREET, P.O. BOX 230
TRENTON, NEW JERSEY 08625-0230

OWNERSHIP DISCLOSURE FORM

BID SOLICITATION #: _____ VENDOR (BIDDER): _____

PART 1

PLEASE COMPLETE THE QUESTIONS BELOW BY CHECKING EITHER THE "YES" OR THE "NO" BOX. ALL PARTIES ENTERING INTO A CONTRACT WITH THE STATE ARE REQUIRED TO COMPLETE THIS FORM PURSUANT TO N.J.S.A. 52:25-24.2. PLEASE NOTE THAT IF THE VENDOR/BIDDER IS A NON-PROFIT ENTITY, THIS FORM IS NOT REQUIRED.

- | | YES | NO |
|--|--------------------------|--------------------------|
| 1. Are there any individuals, corporations, partnerships, or limited liability companies owning a 10% or greater interest in the Vendor (Bidder)? | <input type="checkbox"/> | <input type="checkbox"/> |
| IF THE ANSWER TO QUESTION 1 IS "NO", PLEASE SIGN AND DATE THE FORM.
IF THE ANSWER TO QUESTION 1 IS "YES", PLEASE ANSWER QUESTIONS 2 - 4 BELOW. | | |
| 2. Of those parties owning a 10% or greater interest in the Vendor (Bidder), are any of those parties individuals? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Of those parties owning a 10% or greater interest in the Vendor (Bidder), are any of those parties corporations, partnerships, or limited liability companies? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. If your answer to Question 3 is "YES", are there any parties owning a 10% or greater interest in the corporation, partnership, or limited liability company referenced in Question 3? | <input type="checkbox"/> | <input type="checkbox"/> |

IF ANY OF THE ANSWERS TO QUESTIONS 2 - 4 ARE "YES", PLEASE PROVIDE THE REQUESTED INFORMATION IN PART 2 BELOW.

PART 2

PLEASE PROVIDE FURTHER INFORMATION RELATED TO QUESTIONS 2 - 4 ANSWERED AS "YES".

If you answered "YES" for questions 2, 3, or 4, you must disclose identifying information related to the individuals, corporations, partnerships, and/or limited liability companies owning a 10% or greater interest in the Vendor (Bidder). Further, if one or more of these entities is itself a corporation, partnership, or limited liability company, you must also disclose all parties that own a 10% or greater interest in that corporation, partnership, or limited liability company. This information is required by statute.

INDIVIDUALS

NAME	_____		
ADDRESS 1	_____		
ADDRESS 2	_____		
CITY	STATE	ZIP	

NAME	_____		
ADDRESS 1	_____		
ADDRESS 2	_____		
CITY	STATE	ZIP	

NAME	_____		
ADDRESS 1	_____		
ADDRESS 2	_____		
CITY	STATE	ZIP	

Attach Additional Sheets If Necessary.

PART 2 continued
PARTNERSHIPS/CORPORATIONS/LIMITED LIABILITY COMPANIES

ENTITY NAME			
PARTNER NAME			
ADDRESS 1			
ADDRESS 2			
CITY	STATE	ZIP	

ENTITY NAME			
PARTNER NAME			
ADDRESS 1			
ADDRESS 2			
CITY	STATE	ZIP	

ENTITY NAME			
PARTNER NAME			
ADDRESS 1			
ADDRESS 2			
CITY	STATE	ZIP	

ENTITY NAME			
PARTNER NAME			
ADDRESS 1			
ADDRESS 2			
CITY	STATE	ZIP	

Attach Additional Sheets If Necessary.

In the alternative, to comply with the ownership disclosure requirement, a Vendor (Bidder) with any direct or indirect parent entity which is publicly traded may submit the name and address of each publicly traded entity and the name and address of each person that holds a 10 percent or greater beneficial interest in the publicly traded entity as of the last annual filing with the federal Securities and Exchange Commission or the foreign equivalent, and, if there is any person that holds a 10 percent or greater beneficial interest, also shall submit links to the websites containing the last annual filings with the federal Securities and Exchange Commission or the foreign equivalent and the relevant page numbers of the filings that contain the information on each person that holds a 10 percent or greater beneficial interest. N.J.S.A. 52:25-24.2.

CERTIFICATION

I, the undersigned, certify that I am authorized to execute this certification on behalf of the Vendor (Bidder), that the foregoing information and any attachments hereto, to the best of my knowledge are true and complete. I acknowledge that the State of New Jersey is relying on the information contained herein, and that the Vendor (Bidder) is under a continuing obligation from the date of this certification through the completion of any contract(s) with the State to notify the State in writing of any changes to the information contained herein; that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification. If I do so, I will be subject to criminal prosecution under the law, and it will constitute a material breach of my agreement(s) with the State, permitting the State to declare any contract(s) resulting from this certification void and unenforceable.

Signature (Do not enter vendor ID as a signature)

Date

Print Name and Title

FEIN/SSN



MACBRIDE PRINCIPLES FORM

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY - DIVISION OF PURCHASE AND PROPERTY
33 WEST STATE STREET, P.O. BOX 230 TRENTON, NEW JERSEY 08625-0230

BID SOLICITATION # AND TITLE: _____

VENDOR NAME: _____

Pursuant to Public Law 1995, c. 134, a responsible Vendor/Bidder is required to provide a certification in compliance with the MacBride Principles and Northern Ireland Act of 1989. Pursuant to N.J.S.A. 52:34-12.2, Vendor/Bidder must complete the certification below by checking one of the two options listed below and signing where indicated. If a Vendor/Bidder that would otherwise be awarded a purchase, contract or agreement does not complete the certification, then the Director may determine, in accordance with applicable law and rules, that it is in the best interest of the State to award the purchase, contract or agreement to another Vendor/Bidder that has completed the certification and has submitted a bid within five (5) percent of the most advantageous bid. If the Director finds contractors to be in violation of the principles that are the subject of this law, he/she shall take such action as may be appropriate and provided by law, rule or contract, including but not limited to, imposing sanctions, seeking compliance, recovering damages, declaring the party in default and seeking debarment or suspension of the party.

I, the undersigned, on behalf the Vendor/Bidder, certify pursuant to N.J.S.A. 52:34-12.2 that:

CHECK THE APPROPRIATE BOX

☐

The Vendor/Bidder has no business operations in Northern Ireland; or

OR

☐

The Vendor/Bidder will take lawful steps in good faith to conduct any business operations it has in Northern Ireland in accordance with the MacBride principles of nondiscrimination in employment as set forth in section 2 of P.L. 1987, c. 177 (N.J.S.A. 52:18A-89.5) and in conformance with the United Kingdom's Fair Employment (Northern Ireland) Act of 1989, and permit independent monitoring of its compliance with those principles.

CERTIFICATION

I, the undersigned, certify that I am authorized to execute this certification on behalf of the Vendor, that the foregoing information and any attachments hereto, to the best of my knowledge are true and complete. I acknowledge that the State of New Jersey is relying on the information contained herein, and that the Vendor is under a continuing obligation from the date of this certification through the completion of any contract(s) with the State to notify the State in writing of any changes to the information contained herein; that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification. If I do so, I may be subject to criminal prosecution under the law, and it will constitute a material breach of my contract(s) with the State, permitting the State to declare any contract(s) resulting from this certification void and unenforceable.

Signature

Date

Print Name and Title



DISCLOSURE OF INVESTMENT ACTIVITIES IN IRAN FORM

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY - DIVISION OF PURCHASE AND PROPERTY
33 WEST STATE STREET, P.O. BOX 230 TRENTON, NEW JERSEY 08625-0230

BID SOLICITATION # AND TITLE: _____

VENDOR/BIDDER NAME: _____

Pursuant to N.J.S.A. 52:32-57, et seq. (P.L. 2012, c.25 and P.L. 2021, c.4) any person or entity that submits a bid or proposal or otherwise proposes to enter into or renew a contract must certify that neither the person nor entity, nor any of its parents, subsidiaries, or affiliates, is identified on the New Jersey Department of the Treasury's Chapter 25 List as a person or entity engaged in investment activities in Iran. The Chapter 25 list is found on the Division's website at <https://www.state.nj.us/treasury/purchase/pdf/Chapter25List.pdf>. Vendors/Bidders must review this list prior to completing the below certification. If the Director of the Division of Purchase and Property finds a person or entity to be in violation of the law, s/he shall take action as may be appropriate and provided by law, rule or contract, including but not limited to, imposing sanctions, seeking compliance, recovering damages, declaring the party in default and seeking debarment or suspension of the party.

CHECK THE APPROPRIATE BOX

☐ I certify, pursuant to N.J.S.A. 52:32-57, et seq. (P.L. 2012, c.25 and P.L. 2021, c.4), that neither the Vendor/Bidder listed above nor any of its parents, subsidiaries, or affiliates is listed on the New Jersey Department of the Treasury's Chapter 25 List of entities determined to be engaged in prohibited activities in Iran.

OR

☐ I am unable to certify as above because the Vendor/Bidder and/or one or more of its parents, subsidiaries, or affiliates is listed on the New Jersey Department of the Treasury's Chapter 25 List. I will provide a detailed, accurate and precise description of the activities of the Vendor/Bidder, or one of its parents, subsidiaries or affiliates, has engaged in regarding investment activities in Iran by completing the information requested below.

Entity Engaged in Investment Activities
Relationship to Vendor/ Bidder
Description of Activities

Duration of Engagement
Anticipated Cessation Date

Attach Additional Sheets If Necessary.

CERTIFICATION

I, the undersigned, certify that I am authorized to execute this certification on behalf of the Vendor/Bidder, that the foregoing information and any attachments hereto, to the best of my knowledge are true and complete. I acknowledge that the State of New Jersey is relying on the information contained herein, and that the Vendor/Bidder is under a continuing obligation from the date of this certification through the completion of any contract(s) with the State to notify the State in writing of any changes to the information contained herein; that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification. If I do so, I will be subject to criminal prosecution under the law, and it will constitute a material breach of my agreement(s) with the State, permitting the State to declare any contract(s) resulting from this certification void and unenforceable.

Signature

Date

Print Name and Title



**CERTIFICATION OF NON-INVOLVEMENT IN PROHIBITED ACTIVITIES
IN RUSSIA OR BELARUS PURSUANT TO P.L.2022, c.3**

CONTRACT / BID SOLICITATION TITLE _____

CONTRACT / BID SOLICITATION No. _____

CHECK THE APPROPRIATE BOX

I, the undersigned, am authorized by the person or entity seeking to enter into or renew the contract identified above, to certify that the Vendor/Bidder is not engaged in prohibited activities in Russia or Belarus as such term is defined in P.L.2022, c.3,¹ section 1.e, except as permitted by federal law.

I understand that if this statement is willfully false, I may be subject to penalty, as set forth in P.L.2022, c.3, section 1.d.

OR

I, the undersigned am unable to certify above because the person or entity seeking to enter into or renew the contract identified above, or one of its parents, subsidiaries, or affiliates may have engaged in prohibited activities in Russia or Belarus. A detailed, accurate and precise description of the activities is provided below.

Failure to provide such description will result in the Quote being rendered as non-responsive, and the Department/Division will not be permitted to contract with such person or entity, and if a Quote is accepted or contract is entered into without delivery of the certification, appropriate penalties, fines and/or sanctions will be assessed as provided by law.

Description of Prohibited Activity

Attach Additional Sheets If Necessary.

If you certify that the bidder is engaged in activities prohibited by P.L. 2022, c. 3, the bidder shall have 90 days to cease engaging in any prohibited activities and on or before the 90th day after this certification, shall provide an updated certification. If the bidder does not provide the updated certification or at that time cannot certify on behalf of the entity that it is not engaged in prohibited activities, the State shall not award the business entity any contracts, renew any contracts, and shall be required to terminate any contract(s) the business entity holds with the State that were issued on or after the effective date of P.L. 2022, c. 3.

Signature of Authorized Representative

Date

Print Name and Title of Authorized Representative

Vendor Name

¹ Engaged in prohibited activities in Russia or Belarus* means (1) companies in which the Government of Russia or Belarus has any direct equity share; (2) having any business operations commencing after the effective date of this act that involve contracts with or the provision of goods or services to the Government of Russia or Belarus; (3) being headquartered in Russia or having its principal place of business in Russia or Belarus, or (4) supporting, assisting or facilitating the Government of Russia or Belarus in their campaigns to invade the sovereign country of Ukraine, either through in-kind support or for profit.

STATE OF NEW JERSEY
NOTICE TO ALL BIDDERS OF SET-OFF FOR STATE TAX FOR CONTRACT WITH
NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

Please be advised that, pursuant to L. 1995, c. 159, effective January 1, 1996, and codified at N.J.S.A. 59:49-19 and N.J.S.A. 59:49-20, and notwithstanding any provision of the law to the contrary, whenever any taxpayer, partnership or S corporation under contract to provide goods or services or construction projects to the state of New Jersey or its agencies or instrumentalities, including the legislative and judicial branches of State government, is entitled to payment for those goods and services or construction projects, at the same time a taxpayer, partner or shareholder of that entity is indebted for any State tax, which pursuant to N.J.S.A. 43:21-14.4 also includes any indebtedness greater than or equal to \$300 that is due to the Unemployment Compensation Fund, the State Disability Benefits Fund, and the Family Temporary Disability Leave Account, the Director of the Division of Taxation or the Office of Management and Budget shall seek to set off that taxpayer's, partner's or shareholder's share of the payment of that indebtedness. The amount set off shall not allow for the deduction of any expenses or other deductions which might be attributable to the taxpayer, partner or shareholder subject to set-off.

The Division of Taxation may initiate procedures to set off the tax debt of a specific vendor upon the expiration of ninety (90) days after either the issuance by the Division of a notice and demand for payment of any state tax owed by the taxpayer or the issuance by the Division of a final determination on any protest filed by the taxpayer against an assessment or final audit determination. A set-off reduces the contract payment due to a vendor by the amount of that vendor's state tax indebtedness or, in the case of a vendor-partnership or vendor-S corporation, by the amount of state tax indebtedness of any member-partner or shareholder of the partnership or S-corporation, respectively. N.J.A.C. 18:2-8.3.

The Director of the Division of Taxation shall give notice of the set-off to the taxpayer, partner or shareholder and shall provide an opportunity for a hearing within 30 days of such notice under the procedures for protest established under N.J.S.A. 54:49-18. No requests for conference, protest, or subsequent appeal to the Tax Court from any protest permitted under N.J.S.A. 59:49-19 shall stay the collection of the indebtedness. Interest that may be payable by the State to the taxpayer, pursuant to L. 1987, c. 184 (N.J.S.A. 52:32-35) shall be stayed.

"I HAVE BEEN ADVISED OF THIS NOTICE"

Company: _____

Signature: _____

Print or Type Name of Signer: _____

Print or Type Title of Signer: _____

Date: _____

EXHIBIT I

New Jersey Sports & Exposition Authority Annual Audit

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

December 31, 2020

**NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)**

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Honorable Chair and Members of
the New Jersey Sports and Exposition Authority
Lyndhurst, New Jersey

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Jersey Sports and Exposition Authority ("Authority"), a component unit of the State of New Jersey, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 and *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Qualified
General Fund	Unmodified
Environmental Center Fund	Unmodified
Magnet Fund	Unmodified
Sports Complex Enterprise Fund	Qualified
Solid Waste Enterprise Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on Business-type Activities and Sports Complex Enterprise Fund

In March 2015, management elected to close the operations of its 20,000 seat entertainment arena located in East Rutherford, New Jersey. This closure is considered a significant and unexpected decline in service utility which was not part of the expected normal life cycle. Under generally accepted accounting principles, this change requires the arena to be reported at the lower of carrying value or fair value.

Management chose not to provide a fair value measurement of the arena at this time. Therefore, the amount of an impairment loss, if any, cannot be determined. The financial impact of an impairment loss, if one is required, would reduce the carrying amount of fixed assets and net position. Additionally, any impairment loss would increase or decrease the beginning net position.

The carrying value of the arena has been reclassified to show it has become a non-performing asset.

Certain qualified employees of the Authority are enrolled in various union sponsored pension plans. In accordance with Governmental Accounting Standards Board, Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, the Authority is required to disclose certain information in the notes to financial statements related to each of these union sponsored pension plans. Management has decided not to fully implement this standard due to lack of availability of required information by these union sponsored pension plans. This does not have any financial impact on the fund's net position.

Qualified Opinion on the Business-type Activities and Sports Complex Enterprise Fund

In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and Sports Complex Enterprise Fund of the Authority as of December 31, 2020, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund other than the business-type activities and Sports Complex Enterprise Fund, and the aggregate remaining fund information of the Authority, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of Authority's proportionate share of the net pension liability-PERS, schedule of Authority contributions-PERS, and schedule of Authority contributions-OPEB as presented 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 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Mercadieu, P.C.

Certified Public Accountants

April 18, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2020

Introduction to the Annual Report

This annual report consists of four parts: Management's Discussion and Analysis ("MD&A"), Financial Statements, Notes to the Financial Statements and Required Supplementary Information.

Management's Discussion and Analysis:

- This section of the New Jersey Sports and Exposition Authority's ("Authority" or "NJSEA"), a component unit of the State of New Jersey, financial statements presents an overview of the Authority's financial performance for the year ended December 31, 2020. It provides an assessment of how the Authority's financial position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the Authority's overall financial position. It may contain opinions, assumptions or conclusions by the Authority's management that should not be considered a replacement for, and must be read in conjunction with, the other financial statements described below.

The Financial Statements include:

- The Statement of Net Position, which provides information about the nature and amounts of resources with present service capacity that the Authority presently controls (assets), consumption of net position by the Authority that is applicable to a future reporting period (deferred outflow of resources), present obligations to sacrifice resources that the Authority has little or no discretion to avoid (liabilities), and acquisition of net position by the Authority that is applicable to a future reporting period (deferred inflow of resources) with the difference between assets/deferred outflow of resources and liabilities/deferred inflow of resources being reported as net position.
- The Statement of Net Activities which accounts for all of the current year's revenues and expenses, measures the Authority's operations over the past year, and can be used to determine how the Authority has funded its costs.
- The Statement of Cash Flows, reported for its enterprise funds which provides information about the Authority's cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.
- The Fiduciary Funds statement provides information about the financial relationships in which the Authority acts as trustee for the benefit of parties outside of NJSEA operations.

The Notes to the Financial Statements provide:

- Information that is essential to understanding the financial statements, such as the Authority's accounting methods and policies.
- Details of contractual obligations, future commitments and contingencies of the Authority.
- Any other events or developing situations that could materially affect the Authority's financial position.

The Required Supplementary Information presents information regarding the Authority's budget versus actual results, the Authority's proportionate share of the net pension liability and employer contributions-PERS, and schedule of Authority contributions-OPEB.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY (A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) December 31, 2020

The Authority's Business

The Authority is engaged in the business of owning and maintaining entertainment, convention and environmental facilities throughout the State of New Jersey (the "State"). It was created as an instrument of the State not only for the purpose of generating revenues from these activities, but also to generate sales tax revenues and provide economic stimulus to the regions surrounding the facilities. The Authority's roles also include providing for the proper disposal of solid waste, preserving the environment, establishing and enforcing the zoning and subdivision regulations of the Meadowlands District, and the enforcement of New Jersey's Uniform Construction Code.

Below is a description of the Authority's operations:

The Meadowlands Sports Complex - East Rutherford, New Jersey

Meadowlands Racetrack - on December 19, 2011, NJSEA and New Meadowlands Racetrack, LLC ("NMR") entered into a 30-year lease agreement for full operational control of the Meadowlands Racetrack, the development of 4 Off-Track Wagering ("OTW") sites, and the transfer of a 35% interest in Account Wagering. The lease has two renewal options for a further 10-year period at its conclusion. On November 23, 2013, NMR moved its operations to a newly constructed grandstand facility opposite the existing grandstand.

Meadowlands Arena (the Arena) - is a 20,000-seat indoor arena with 28 private suites, containing approximately 466 seats. From April 2015 the NJSEA closed the Arena for public events. The Arena is currently being used as a location for private rehearsals by acts preparing to go on tour and as a soundstage for television program production.

American Dream Retail and Entertainment Complex - is a multi-use attraction consisting of approximately 2.9 million square feet of gross leasable space containing entertainment, restaurant and ancillary retail components. On June 30, 2005, the Authority entered into a ground lease and related project agreements for development of the original project, approximately 104 acres at the Meadowlands Sports Complex.

The Authority received pre-payments of ground rent in the amount of \$160,000,000 through 2019. In 2005, the Authority used \$26,800,000 of the prepaid ground rent to purchase the wetland mitigation bank rights on the Empire Tract. The Authority also used \$37,190,000 to defease tax-exempt bonds attributable to the project site. Expenses associated with the project that were previously deferred were expensed in 2005. For GAAP purposes revenue was realized by amortizing the upfront payment over 18 years, starting in 2003 and ending in 2019.

The first stage of the complex's opening occurred October 25, 2019, with the opening of the Nickelodeon Universe Theme Park and The Rink, an NHL regulation size ice rink. The second stage of the opening occurred on December 5, 2019, with the opening of Big Snow, the indoor ski and snowboard resort. The third stage of the opening which included DreamWorks Water Park, Sea Life Aquarium, and Retail Shops were scheduled to open in the spring of 2020, but delayed due to the coronavirus pandemic. DreamWorks Water Park and selected retail shops opened on October 1, 2020. Sea Life Aquarium, Legoland and additional retail shops opened in 2021.

Other - Additionally, the Sports Complex generates revenues from events such as outdoor markets held in the Complex's parking lots.

Monmouth Park Racetrack - Oceanport, New Jersey

Monmouth Park Racetrack consists of a one-mile oval track for thoroughbred racing, grandstand, and clubhouse seating for 18,000 spectators, 68 luxury open-air boxes and parking for 14,000 vehicles. Support facilities include 40 barns for 1,550 horses. Its revenues are generated from

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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The Authority's Business (Continued)

Monmouth Park Racetrack - Oceanport, New Jersey (Continued)

commissions on live and simulcast pari-mutuel wagering, parking, admissions, program and concessions sales.

On February 29, 2012, the Authority and the New Jersey Thoroughbred Horsemen's Association, Inc. ("NJTHA") executed an up to 35-year lease to operate the Monmouth Park Racetrack. The agreement included a 35% interest in account wagering and the rights to build and operate an additional five Off-Track Wagering facilities. The NJTHA took full operational control on May 3, 2012.

New Jersey Account Wagering System (4NJBets)

The Authority is the sole licensee of the State's Account Wagering operations, which began in October of 2004 as a joint venture with New Jersey Account Wagering, LLC for the purpose of implementing an account wagering system in the State. The system allows account holders to make wagers through an internet connection or an automated telephone system. In 2012, the Authority entered into a management agreement with Darby Development, LLC ("Darby"), to manage the daily activities of the account wagering operations on the Authority's behalf. The Authority remains the account wagering licensee and retains a majority position on the operating board. As part of the racetrack ground leases, the Authority's 70% financial interest in Account Wagering was transferred in equal shares to NMR (the Meadowlands operator) and to the NJTHA (the Monmouth Park operator), less 5% retained by the Authority.

The Greater Wildwoods Convention Center - Wildwood, New Jersey

The Greater Wildwoods Convention Center (the "Center") is a facility situated on the boardwalk in Wildwood, New Jersey, consisting of a 72,000 square foot exhibition floor and parking for 700 vehicles. Rental of the space for trade shows, concerts, conventions and meetings comprise the Center's revenues.

Other - The towns of Wildwood, North Wildwood and Wildwood Crest impose a tourism tax on retail sales. A portion of these revenues is provided to the Authority to operate, maintain and promote the Center.

Solid Waste & Natural Resources

The *Solid Waste and Natural Resources* division covers several aspects of the NJSEA's statutory mandates, including providing for the proper disposal of solid waste, preserving the environment, and conducting field studies. The Solid Waste division oversees the Keegan Landfill in Kearny, as well as multiple other closed landfills, leases a trash-transfer station in North Arlington and also leases a vegetative waste disposal site in Kearny.

Land Use Management

The *Land Use Management* division is organized into two groups. One group is responsible for establishing and enforcing the zoning and subdivision regulations of the Meadowlands District. The second group is responsible for enforcing New Jersey's Uniform Construction Code. Together, they preside over the primary land use regulations that govern the 30.4 square-mile Meadowlands District. Redevelopment plans and changes to properties are all reviewed by this department to conform to the Meadowlands Master Plan, its underpinning regulations, and statewide regulations to ensure orderly development.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2020

The Authority's Business (Continued)

Other

In addition to the scientific research performed by the Natural Resources Department, the NJSEA conducts critical research to better understand, manage and improve the Meadowlands District's unique ecosystem, including its wetlands, through the Meadowlands Environmental Research Institute (MERI) operated by Rutgers University-Newark. The NJSEA also provides environmental science programs to school children through a partnership with the Ramapo College Foundation.

Financial Analysis

The following sections will discuss the Authority's Financial Position for 2020. Additionally, an examination of major economic factors and industry trends that have contributed to the Authority's operations are provided. It should be noted that for purposes of this MD&A, summaries of the financial statements and the various exhibits presented include information from the Authority's financial statements, which are prepared in accordance with generally accepted accounting principles ("GAAP").

Highlights (2020)

Total business-type operating revenues were \$26.7M in 2020, Solid Waste accounted for \$4.4M of that total with Sports & Entertainment Facilities contributing another \$22.3M. Total business-type operating expenses (before depreciation and amortization) were \$49.2M for the year; of which \$41.2M were associated with Sports & Entertainment Facilities, \$1.0M were associated with management and administrative expenses and \$7.0M related to other Solid Waste operations.

Financial Summaries

The following tables provide a condensed summary and basic explanation of the changes in the financial statements described above, which are also presented in full detail in this annual report.

Condensed Statements of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 5,229,620	\$ 17,784,327	\$ 38,151,262	\$ 40,846,273	\$ 43,380,882	\$ 58,630,600
Investment in Facilities	23,536,557	24,099,669	265,438,151	273,845,366	288,974,708	297,945,035
Non-Current Assets	-	-	13,551,157	17,395,181	13,551,157	17,395,181
	<u>28,766,177</u>	<u>41,883,996</u>	<u>317,140,570</u>	<u>332,086,820</u>	<u>345,906,747</u>	<u>373,970,816</u>
Deferred Outflows of Resources	10,360,248	3,451,709	5,166,765	1,983,017	15,527,013	5,434,726
Current and Other Liabilities	1,164,497	672,834	8,130,095	9,533,637	9,294,592	10,206,471
Long-Term Liabilities	37,044,495	29,566,894	90,424,560	82,796,549	127,469,055	112,363,443
Total Liabilities	<u>38,208,992</u>	<u>30,239,728</u>	<u>98,554,655</u>	<u>92,330,186</u>	<u>136,763,647</u>	<u>122,569,914</u>
Deferred Inflows of Resources	21,312,496	25,158,038	51,978,762	54,326,297	73,291,258	79,484,335
Net Position	<u>\$ (20,395,063)</u>	<u>\$ (10,062,061)</u>	<u>\$ 171,773,918</u>	<u>\$ 187,413,354</u>	<u>\$ 151,378,855</u>	<u>\$ 177,351,293</u>

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2020

Condensed Statements of Net Activities

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Operating Revenues and Expenses						
Operating Revenues	\$ 1,068,196	\$ 1,083,749	\$ 26,682,525	\$ 40,947,308	\$ 27,750,721	\$ 42,031,057
Operating Expenses Excluding Depreciation	(10,952,587)	(7,112,169)	(48,794,659)	(43,107,696)	(59,747,246)	(50,219,865)
Operating Revenues Net of Depreciation and Amortization	(9,884,390)	(6,028,420)	(22,112,134)	(2,160,388)	(31,996,525)	(8,188,808)
Depreciation and Amortization Expense	(619,140)	(605,404)	(8,687,239)	(8,687,239)	(9,306,379)	(9,292,643)
Operating Gain/(Loss)	(10,503,531)	(6,633,824)	(30,799,373)	(10,847,627)	(41,302,904)	(17,481,451)
Non Operating Income and Expenses						
Luxury Tax, Marketing Fee and Tourism Tax	-	-	3,444,861	4,779,749	3,444,861	4,779,749
State Subsidy	-	-	11,500,000	15,000,000	11,500,000	15,000,000
Interest and Other Income/(Expenses)	170,529	13,947,616	215,076	6,650,065	385,605	20,597,681
Total Non Operating Income	170,529	13,947,616	15,159,937	26,429,814	15,330,466	40,377,430
Changes in Net Position	\$ (10,333,002)	\$ 7,313,792	\$ (15,639,436)	\$ 15,582,187	\$ (25,972,438)	\$ 22,895,979

While the Statements of Net Position show the financial position or net position, the Statements of Net Activities provide answers as to the nature and source of these changes.

Increases in net position consist of:

- Operating revenues, which are the total revenues, generated at all the facilities.
- Marketing fee and tourism tax revenues are funds collected by the State for construction, development, operation and promotion of the Wildwoods Convention Center as well as to repay the debt incurred on these projects.

Decreases in net position consist of:

- Operating expenses, which represent the costs associated with running facilities except for fixed asset acquisitions and capital maintenance costs that are depreciated.
- Depreciation expense, which recognizes the cost of capital assets, such as buildings, equipment and improvements, over the life of the asset, usually between 2 and 60 years.
- Interest expense and other, which is the interest paid and accrued on the Authority's debt net of interest income generated on cash reserves held in cash and short-term investments.
- Other income and expenses, which are not directly related to operations, and often may be non-recurring in nature.

Economic Conditions

Complex Operations

- The Authority has been a leader in the racing industry since opening the Meadowlands Racetrack in 1976 and purchasing the Monmouth Park Racetrack in 1986. Casino gaming, lotteries and the emergence of casinos in surrounding states have adversely effected racing which has operated at a net deficit since 2007. In response, NJSEA began the process of leasing its racing operations to private operators. The transfer of operational control was completed in May of 2012.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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Economic Conditions (Continued)

Complex Operations (Continued)

- On June 20, 2005, the Authority entered into a ground lease and related project agreements for development of what is now the American Dream Project, approximately 104 acres at the Meadowlands Sports Complex. The Authority received pre-payments of ground rent through 2019 in the amount of \$160,000,000. Revenue was realized by amortizing the upfront payment through 2019.
- On June 29, 2017, the NJSEA authorized the issuance of Limited Obligation Grant Revenue Bonds in the aggregate principal amount of \$287,000,000 (the "ERGG Bonds"), in order to provide financing for a portion of the costs of developing the American Dream Project. The ERGG Bonds are special limited revenue obligations of the Authority payable from grants received by the Authority pursuant to a State Economic Redevelopment and Growth Incentive Grant Agreement awarded to the developer of the American Dream Project. These bonds were sold to The Public Finance Authority, a unit of Wisconsin government and body corporate and politic separate and distinct from, and independent of, the State of Wisconsin.
- On June 29, 2017, the NJSEA authorized the issuance of Limited Obligation PILOT Revenue Bonds in the aggregate principal amount of \$800,000,000 (the "PILOT Bonds"), in order to provide financing for a portion of the costs of developing the American Dream Project. The PILOT Bonds are special limited revenue obligations of the Authority payable from PILOTs received by the Authority pursuant to a Financial Agreement between the developer of the American Dream Project, the Borough of East Rutherford, and the Authority. These bonds were sold to The Public Finance Authority, a unit of Wisconsin government and body corporate and politic separate and distinct from, and independent of, the State of Wisconsin.
- On November 20, 2018, the State completed a refunding of NJSEA State Contract Bonds in the aggregate principal amount of \$99,415,000. These bonds are considered conduit debt as permitted under Interpretation No. 2 of the GASB. None of the Authority's revenues, rents, fees, rates, charges or other income and receipts derived by the Authority from its operation or ownership of any of its projects are pledged or assigned to the payment of the principal or redemption price of and interest on such bonds. The State Contract Bonds are paid solely by the State.
- On June 14, 2019, the Authority finalized the sale of the Kingsland Redevelopment Area to Kingsland Development Urban Renewal, LLC. The developers will convert the former landfill site into a six-building industrial complex for e-commerce. The developers also assumed the role of landlord in the lease with Blackstrap Broadcasting, LLC.
- On October 25, 2019, the initial phase of the American Dream retail/entertainment complex opened. The opening included the Nickelodeon Universe theme park and the NHL-sized skating rink. The next phase of the opening was the Snow America ski slope, which opened on December 5, 2019. Due to the coronavirus pandemic, the opening of DreamWorks Water Park, Sea Life Aquarium, Legoland, and the retail shops, was delayed to the fall of 2020 and spring of 2021.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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Economic Conditions (Continued)

Solid Waste

- NJSEA's lease with the Town of Kearny for the Keegan Landfill property expired June 2016. Negotiations between the parties for an extension of the lease failed. NJSEA filed an action to condemn the Keegan Landfill property. The Superior Court of New Jersey affirmed the NJSEA's right to condemn the landfill after a challenge was made by the Town of Kearny. The Town of Kearny subsequently appealed the court's decision. The appeal was decided in favor of NJSEA. The Town of Kearny requested certification by the New Jersey Supreme Court. The appeal was denied. The Town of Kearny subsequently filed a petition for a Writ of Certiorari with the United States Supreme Court. The petition was denied. The Superior Court of New Jersey heard the trial on the valuation of the Keegan Landfill in 2018. The court ruled in favor of the valuation determined by the NJSEA of \$1,880,000. A ruling on the appeal by the Town of Kearny of the Superior Court of New Jersey decision had not been made as of December 31, 2020.
- On March 22, 2019, NJSEA entered into an Administrative Consent Order (ACO) with the New Jersey Department of Environmental Protection (NJDEP) regarding noncompliance with N.J.A.C. 7:27-7.3 at the Keegan Landfill. The noncompliance was regarding emission of Hydrogen Sulfide (H₂S) in a concentration greater than 30 parts per billion by volume (ppbv) over a 30-minute period. The ACO requires NJSEA to take all actions that may be necessary to maintain compliance with the Air Pollution Control Act. As a result of an ACO between NJSEA and NJDEP, the NJSEA has installed a gas collection and monitoring system to remediate the H₂S emissions from the landfill.
- On May 24, 2019 the Hudson County Superior Court issued an injunction closing the Keegan Landfill. An appellate court reversed the injunction on May 31, 2019, allowing the landfill to reopen. On June 12, 2019, the New Jersey Supreme Court reinstated the decision of the Hudson County Superior Court, closing the landfill until a plenary hearing on July 25, 2019.
- On September 30, 2019, The Hudson County Superior Court issued a ruling on the plenary hearing held on July 25, 2019. It was the opinion of the court that the temporary injunction to close the Keegan Landfill be made final and the landfill be closed permanently. On December 10, 2019, the Appellate Division granted a motion for leave to appeal the permanent injunction issued by the Hudson County Superior Court.
- On November 1, 2019, the Authority filed a motion for leave to appeal in the Appellate Division to address the mistaken findings of fact and applications of law made by the Chancery Court in the Keegan Landfill matter regarding the landfill closing.
- On December 19, 2019, the Board of Commissioners of NJSEA approved resolution 2019-48, authorizing the President and CEO to take the necessary steps to settle the matters regarding the Keegan Landfill and the Town of Kearny. The settlement will be in the form of a Judicial Consent Order and will memorialize, among other terms, the permanent closure of the Keegan Landfill.
- On March 6, 2020, the Judicial Consent Order memorialized the closing of the Keegan Landfill, among other settlement terms.
- Pursuant to one of the terms of the Judicial Consent Order, clear cover material was imported into the site as part of capping and contouring the landfill.

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Economic Conditions (Continued)

Solid Waste (Continued)

- On April 9, 2020, the appeal of the Superior Court of New Jersey decision was denied, and the ruling of the valuation of the Keegan Landfill at \$1,880,000 was upheld.
- On May 9, 2020, the Town of Kearny petitioned the New Jersey Supreme Court for Certification. On June 30, 2020, the Court denied the Town's petition.

Arena

- In April 2015, the NJSEA closed the Arena to public events. The Arena has, more recently, been used as a place for private rehearsals by acts preparing to go on tour and a filming location. This has provided the opportunity to defray some of the costs of operating the facility.

The Greater Wildwoods Convention Center

- The Wildwoods Convention Center depends heavily on the number and size of events it can attract and relies on the performance of the tourism industries with which it can coexist. Details of event statistics are presented below.

Wildwoods Convention Center	2020	2019	2018
Number of Event Days	23	221	186
Total Attendance	17,163	174,548	144,544
Net Event Income	\$ 196,821	\$ 908,278	\$ 701,536

Capital Assets

At the end of 2020, the Authority had a net investment in capital assets of \$293,417,486 at a total capital cost of \$720,734,800 net of accumulated depreciation of \$427,317,314 as shown below.

	December 31, 2019	Additions	Transfers and Deletions	December 31, 2020
Meadowlands Sports Complex	\$ 530,015,349	\$ 654,286	\$ (322,843)	\$ 530,346,792
Monmouth Park Racetrack	62,314,429	-	-	62,314,429
Wildwoods Convention Center	59,012,837	22,313	-	59,035,150
Lyndhurst	41,050,597	56,028	-	41,106,625
Transportation Planning District	7,929,508	-	-	7,929,508
Solid Waste	20,000,120	2,175	-	20,002,295
Total Investment in Facilities	720,322,841	734,802	(322,843)	720,734,800
Less Accumulated Depreciation	(417,406,394)	(9,910,920)	-	(427,317,314)
Investment in Facilities Net of Accumulated Depreciation	\$ 302,916,447	\$ (9,176,118)	\$ (322,843)	\$ 293,417,486

Additions to capital assets during 2020 consisted of normal purchases and improvement of infrastructure, mechanical systems, as well as various safety upgrades.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2020

Budgetary Controls

The Authority adopts entity-wide operating and capital plans that are approved by its Board of Commissioners. Budgets are a measure of the Authority's financial performance and accountability and are reviewed and revised, although not formally, throughout the year.

Subsequent Events

See Note Y for information on significant events occurring after December 31, 2020, through the report date.

Conclusion

This section of the Annual Report has been provided to assist readers in getting a general overview of the Authority's business, financial position and fiscal accountability for the funds it generates and receives. If you have questions about any information in this report, you are requested to contact New Jersey Sports and Exposition Authority, Finance Dept., 1 DeKorte Park Plaza, Lyndhurst, NJ 07071.

BASIC FINANCIAL STATEMENTS

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

STATEMENT OF NET POSITION

December 31, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 14,042,168	\$ 10,697,306	\$ 24,739,474
Receivables, Net	143,343	5,693,385	5,836,728
Other Assets	8,595	291,666	300,261
Internal Balances	(8,979,177)	8,979,177	-
Account Receivables - Fiduciary Funds	14,691	1,268,496	1,283,187
Capital Assets			
Non Depreciable	20,154,401	117,149,000	137,303,401
Depreciable	3,382,156	148,289,151	151,671,307
Non Current Assets			
Investments	-	7,099,354	7,099,354
Notes Receivable	-	5,918,803	5,918,803
Other Assets	-	533,000	533,000
Restricted Assets			
Cash	-	2,172,082	2,172,082
Investments	-	9,049,150	9,049,150
TOTAL ASSETS	28,766,177	317,140,570	345,906,747
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	2,875,568	1,600,685	4,476,253
Related to post-employment benefits	7,484,680	3,566,080	11,050,760
TOTAL DEFERRED OUTFLOWS OF RESOURCES	10,360,248	5,166,765	15,527,013
LIABILITIES			
Accounts Payable and Accrued Liabilities	938,403	7,488,053	8,426,456
Unearned Revenue	226,094	642,042	868,136
Long-Term Liabilities	37,044,495	90,424,560	127,469,055
TOTAL LIABILITIES	38,208,992	98,554,655	136,763,647
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	6,955,878	4,141,225	11,097,103
Related to post-employment benefits	14,356,618	6,840,220	21,196,838
Related to other activities	-	40,997,317	40,997,317
TOTAL DEFERRED INFLOWS OF RESOURCES	21,312,496	51,978,762	73,291,258
NET POSITION			
Net Investment in Capital Assets	23,536,557	263,199,837	286,736,394
Restricted for Statutory Requirements	3,672,234	23,970,079	27,642,313
Unrestricted (deficit)	(47,603,854)	(115,395,998)	(162,999,852)
TOTAL NET POSITION	\$ (20,395,063)	\$ 171,773,918	\$ 151,378,855

See notes to financial statements.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

STATEMENT OF NET ACTIVITIES

Year Ended December 31, 2020

	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Governmental Activities	Business-type Activities	Total
Governmental activities:					
General Fund	\$ (10,358,285)	\$ 1,052,780	\$ (9,305,505)	\$ -	\$ (9,305,505)
Environmental Center	(876,999)	-	(876,999)	-	(876,999)
MAGNET Fund	(3,843)	-	(3,843)	-	(3,843)
MERI	(332,600)	15,416	(317,184)	-	(317,184)
Total governmental activities	(11,571,727)	1,068,196	(10,503,531)	-	(10,503,531)
Business-type activities:					
Sports Complex	(49,423,942)	22,264,227	-	(27,159,715)	(27,159,715)
Solid Waste	(8,057,956)	4,418,298	-	(3,639,658)	(3,639,658)
Total business-type activities	(57,481,898)	26,682,525	-	(30,799,373)	(30,799,373)
Total primary government	\$ (69,053,625)	\$ 27,750,721	\$ (10,503,531)	\$ (30,799,373)	\$ (41,302,904)
General and program revenues:					
Investment earnings			\$ 141,009	\$ 177,169	\$ 318,178
Lease revenue			939,865	-	939,865
Rental income solar			207,002	-	207,002
Composting revenues			159,215	-	159,215
Other			72,756	37,907	110,663
State subsidy			-	11,500,000	11,500,000
Tourism Tax			-	3,444,861	3,444,861
Transfer of Renewable Energy reserved funds to Special Escrow			(1,349,318)	-	(1,349,318)
Total general revenues			170,529	15,159,937	15,330,466
Changes in Net Position			(10,333,002)	(15,639,436)	(25,972,438)
Net Position - beginning			(10,062,061)	187,413,354	177,351,293
Net Position - ending			\$ (20,395,063)	\$ 171,773,918	\$ 151,378,855

See notes to financial statements.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

BALANCE SHEET – GOVERNMENTAL FUNDS

December 31, 2020

	General Fund	Environmental Center Fund	MAGNET Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash	\$ 8,592,114	\$ -	\$ 2,168,895	\$ -	\$ 10,761,009
Investments	3,239,142	-	30,517	11,500	3,281,159
Accounts receivable, net	143,343	-	-	-	143,343
Prepaid expenditures	8,596	-	-	-	8,596
Due from other funds	16,236,343	295,829	67,866	12,692	16,612,730
Total Assets	28,219,538	295,829	2,267,278	24,192	30,806,837
Liabilities and Fund Balances					
Accounts payable	21,859	3,490	-	-	25,349
Accrued expenses	1,110,732	28,416	-	-	1,139,148
Due to other funds	22,967,433	2,359,079	249,307	1,399	25,577,218
Total Liabilities	24,100,024	2,390,985	249,307	1,399	26,741,715
Fund Balances					
Restricted for:					
Open Space Acquisition	46,000	-	-	-	46,000
Insurance	25,000	-	-	-	25,000
Other	55,924	-	-	1,000	56,924
Committed to:					
Project Commitments	-	-	533,317	-	533,317
Assigned	1,373,000	(2,095,156)	1,484,654	21,793	784,291
Unassigned	2,619,590	-	-	-	2,619,590
Total Fund Balances	4,119,514	(2,095,156)	2,017,971	22,793	4,065,122
Total Liabilities & Fund Balances	\$ 28,219,538	\$ 295,829	\$ 2,267,278	\$ 24,192	\$ 30,806,837

Amounts reported for governmental funds in the statement of net position are different because of:

Total Fund Balance	\$ 4,065,122
Capital Assets in governmental activities are not financial resources and therefore are not reported in the funds	23,536,557
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds	(37,044,494)
Deferred outflows and inflows related to pension and other post-employment benefits are not reported in the funds	(10,952,248)
Total Governmental Activities Net Position	\$ (20,395,063)

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS

Year Ended December 31, 2020

	General Fund	Environmental Center Fund	MAGNET Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Composting revenues	\$ 159,215	\$ -	\$ -	\$ -	\$ 159,215
Lease revenue	939,865	-	-	-	939,865
MCT reimbursement for services	175,000	-	-	-	175,000
Fee income	877,780	-	-	-	877,780
MERI revenues	-	-	15,416	-	15,416
Other income	73,655	-	-	-	73,655
Rental income-solar	207,002	-	-	-	207,002
Interest income	133,122	-	6,924	61	140,107
Total Revenue	2,565,639	-	22,340	61	2,588,040
Expenditures:					
Current:					
Authority operations	12,811,044	-	-	-	12,811,044
Kearny 1-A access agreement	20,000	-	-	-	20,000
Environmental Center operations	-	277,000	-	-	277,000
Ramapo College Partnership	250	600,000	-	-	600,250
MAGNET expenditures	-	-	3,843	-	3,843
MERI expenditures	-	-	332,600	-	332,600
Transfer of Renewable Energy reserved funds to Fiduciary Funds	1,349,318	-	-	-	1,349,318
Other expenditures	175,850	-	-	-	175,850
Capital Outlay	64,506	-	-	-	64,506
Total Expenditures	14,420,968	877,000	336,443	-	15,634,411
Changes in Fund Balances	(11,855,329)	(877,000)	(314,103)	61	(13,046,371)
Fund Balance, beginning of year	15,974,843	(1,218,156)	2,332,074	22,732	17,111,493
Fund Balance, end of year	\$ 4,119,514	\$ (2,095,156)	\$ 2,017,971	\$ 22,793	\$ 4,065,122

Net changes to fund balance - total governmental funds \$ (13,046,371)

Amounts reported for governmental activities in the statement of activities are different because of:

Capital outlays	(64,506)
Depreciation expense	(619,140)
Pension expense	2,374,492
Post-employment healthcare benefits	1,022,523

Change in net position of governmental activities \$ (10,333,002)

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

December 31, 2020

	Sports Complex Enterprise Fund	Solid Waste Enterprise Fund	Total Enterprise Funds
ASSETS			
Current Assets			
Cash and Investments	\$ 9,920,177	\$ 777,129	\$ 10,697,306
Due from State of New Jersey	291,666	-	291,666
Receivables, Net	3,790,393	1,902,992	5,693,385
Due from other funds	16,678,273	22,721,217	39,399,490
Total Current Assets	30,680,509	25,401,338	56,081,847
Non Current Assets			
Investments	-	7,099,354	7,099,354
Notes Receivable	5,918,803	-	5,918,803
Other Assets	533,000	-	533,000
Restricted Assets			
Cash	247,830	1,924,252	2,172,082
Investments	-	9,049,150	9,049,150
Capital Assets, net	265,361,180	76,971	265,438,151
Total Non Current Assets	272,060,813	18,149,727	290,210,540
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	230,436	1,370,249	1,600,685
Related to other post-employment benefits	-	3,566,080	3,566,080
TOTAL DEFERRED OUTFLOWS OF RESOURCES	230,436	4,936,329	5,166,765
LIABILITIES			
Current Liabilities			
Accounts Payable	152,902	302,173	455,075
Accrued Liabilities	5,014,781	1,069,599	6,084,380
Interest payable on bonds and notes	948,598	-	948,598
Unearned Revenue	531,869	110,173	642,042
Other Long-Term Liabilities - current portion	3,402,708	42,801	3,445,509
Bonds Payable - current portion	15,000	-	15,000
Due to other funds	15,859,780	13,292,037	29,151,817
Total Current Liabilities	25,925,638	14,816,783	40,742,421
Long-Term Liabilities			
Other Long-Term Liabilities - noncurrent portion	60,641,420	5,400,466	66,041,886
Net Pension Obligation	1,699,758	5,160,660	6,860,418
Net OPEB Liability	-	11,838,433	11,838,433
Bonds Payable - noncurrent portion	2,223,314	-	2,223,314
Total Long-Term Liabilities	64,564,492	22,399,559	86,964,051
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	826,649	3,314,576	4,141,225
Related to other post-employment benefits	-	6,840,220	6,840,220
Related to other activities	40,997,317	-	40,997,317
TOTAL DEFERRED INFLOWS OF RESOURCES	41,823,966	10,154,796	51,978,762
NET POSITION			
Net Investment in Capital Assets	263,122,866	76,971	263,199,837
Restricted for Statutory Requirements	247,830	23,722,249	23,970,079
Unrestricted	(92,713,034)	(22,682,964)	(115,395,998)
TOTAL NET POSITION	\$ 170,657,662	\$ 1,116,256	\$ 171,773,918

See notes to financial statements.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS

Year Ended December 31, 2020

	Sports Complex Enterprise Fund	Solid Waste Enterprise Fund	Total Enterprise Funds
OPERATING REVENUES:			
Sports Complex	\$ 11,892,017	\$ -	\$ 11,892,017
Convention Center	1,116,384	-	1,116,384
Solid Waste Revenues	-	4,418,298	4,418,298
Other Operating Revenue	9,217,917	-	9,217,917
Total Operating Revenues	22,226,318	4,418,298	26,644,616
OPERATING EXPENSES:			
Sports Complex	23,862,425	-	23,862,425
Convention Center	4,869,106	-	4,869,106
Solid Waste Expenses	-	14,500	14,500
General and Administrative	-	1,011,245	1,011,245
Payment in Lieu of Taxes	12,508,706	82,362	12,591,068
Parks and Open Space	-	161,827	161,827
MERI Operations	-	2,394	2,394
Depreciation and Amortization	8,241,553	13,551	8,255,104
Closure Expenses	-	6,772,076	6,772,076
Total Operating Expenses	49,481,790	8,057,955	57,539,745
OPERATING INCOME/(LOSS)	(27,255,472)	(3,639,657)	(30,895,129)
NON-OPERATING INCOME AND (EXPENSES):			
State Appropriation	11,500,000	-	11,500,000
Tourism Tax Revenue	3,444,861	-	3,444,861
Interest Income	37,910	272,922	310,832
Total Non-Operating Income	14,982,771	272,922	15,255,693
CHANGES IN NET POSITION	(12,272,701)	(3,366,735)	(15,639,436)
NET POSITION - Beginning of Year	182,930,363	4,482,991	187,413,354
NET POSITION - End of Year	\$ 170,657,662	\$ 1,116,256	\$ 171,773,918

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year Ended December 31, 2020

	Sports Complex Enterprise Fund	Solid Waste Enterprise Fund	Total Enterprise Funds
Cash Flows from Operating Activities			
Receipts from customers	\$ 20,867,375	\$ 117,696	\$ 20,985,071
Payments to employees	(9,357,671)	(1,313,764)	(10,671,435)
Payments to suppliers	(29,109,663)	(1,388,103)	(30,497,766)
Receipts from quasi-external operating transactions	2,644,691	2,417,186	5,061,877
Beneficial reuse materials	-	4,299,214	4,299,214
Net cash from operating activities	(14,955,268)	4,132,229	(10,823,039)
Cash Flows from Noncapital Financing Activities			
Tourism tax revenues	3,444,861	-	3,444,861
Landfill remediation and post-closure	-	(6,772,076)	(6,772,076)
Net cash from noncapital financing activities	3,444,861	(6,772,076)	(3,327,215)
Cash Flows from Capital and Related Financing Activities			
State appropriations	11,500,000	-	11,500,000
Purchase of capital assets	(353,756)	(2,175)	(355,931)
Repayment of racetrack loans	2,667,490	-	2,667,490
Net cash from capital financing activities	13,813,734	(2,175)	13,811,559
Cash Flows from Investing Activities			
Interest	-	267,831	267,831
Sales of investments	-	2,272,068	2,272,068
Net cash from investing activities	-	2,539,899	2,539,899
Net change in cash and cash equivalents	2,303,327	(102,123)	2,201,204
Cash and equivalents, beginning of year	7,616,850	879,252	8,496,102
Cash and equivalents, end of year	\$ 9,920,177	\$ 777,129	\$ 10,697,306
Reconciliation of operating (loss) income to net cash provided by (used) by operating activities:			
Operating (loss) income	\$ (27,255,472)	\$ (3,639,657)	\$ (30,895,129)
Depreciation expense	8,749,596	13,551	8,763,147
Landfill remediation and post-closure	-	6,772,076	6,772,076
Change in assets and liabilities:			
(Increase)/Decrease In Receivables, net	(1,396,851)	38,450	(1,358,401)
(Increase)/Decrease In Other Assets	-	-	-
(Increase)/Decrease In Deferred Outflows	107,869	(3,291,617)	(3,183,748)
(Decrease)/Increase In Deferred Inflows	(515,210)	(1,832,321)	(2,347,531)
(Decrease)/Increase in Accounts Payable & Accrued Liabilities	(1,327,639)	212,570	(1,115,069)
(Decrease)/Increase in Other Liabilities	4,237,945	3,664,491	7,902,436
(Decrease)/Increase in Deferred Revenue	(180,493)	(222,500)	(402,993)
Due to(from) other funds	2,644,691	2,417,186	5,061,877
Other	(19,704)	-	(19,704)
Net cash from operating activities	\$ (14,955,268)	\$ 4,132,229	\$ (10,823,039)

See notes to financial statements.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

December 31, 2020

	Special Escrow	Transportation Planning	Total
ASSETS			
Cash and Investments	\$ 7,553,394	\$ 5,293,421	\$ 12,846,815
Receivables, Net	-	-	-
Interfund Receivable	-	355,533	355,533
Capital Assets - Depreciable, Net	-	4,442,778	4,442,778
TOTAL ASSETS	7,553,394	10,091,732	17,645,126
LIABILITIES			
Accounts Payable & Accrued Liabilities	182	748,625	748,807
Construction Deposits	288,223	-	288,223
Rutherford Post-Closure Security	160,395	-	160,395
Interfund Payable	1,359,724	278,996	1,638,720
Security Deposits	128,718	-	128,718
Contract Retainage Payable	573,594	-	573,594
TOTAL LIABILITIES	2,510,836	1,027,621	3,538,457
NET POSITION			
Invested in Capital Assets, Net	-	4,442,778	4,442,778
Blackstrap Broadcasting Escrow	2,258,078	-	2,258,078
Bloomberg Escrow	2,064,755	-	2,064,755
Reserve for Mitigation	262,809	-	262,809
Main Street Program	153,480	-	153,480
Renewable Energy Reserve	1,514,169	-	-
Other	(1,210,733)	4,621,333	3,410,600
TOTAL NET POSITION	\$ 5,042,558	\$ 9,064,111	\$ 14,106,669

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS

Year Ended December 31, 2020

	Special Escrow	Transportation Planning	Total
Additions			
Transportation Planning District Fees	\$ -	\$ 676,828	\$ 676,828
Transfer of Renewable Energy reserved funds from Governmental Funds	-	-	-
Bloomberg Lease Revenue	134,933	-	134,933
Interest	21,902	16,212	38,114
Blackstrap Escrow	6,748	-	6,748
	<u>163,583</u>	<u>693,040</u>	<u>856,623</u>
Deductions			
Mitigation Expenses	159,699	-	159,699
MASSTR Grant Expenditures	-	1,661,000	1,661,000
MASSTR General Expenditures	-	-	-
	<u>159,699</u>	<u>1,661,000</u>	<u>1,820,699</u>
Changes in Net Position	3,884	(967,960)	(964,076)
Net Position, Beginning of Year	3,689,356	10,560,705	14,250,061
Adjustments to Net Position			
Transfer of Renewable Energy reserved funds from Governmental Funds	1,349,318	-	1,349,318
Depreciation Expense	-	(528,634)	(528,634)
	<u>1,349,318</u>	<u>(528,634)</u>	<u>820,684</u>
Net Position, End of Year	\$ 5,042,558	\$ 9,064,111	\$ 14,106,669

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

A. ORGANIZATION

The New Jersey Sports and Exposition Authority (the "Authority" or "NJSEA") was created by the laws of the State of New Jersey of 1971, Chapter 137, and enacted May 10, 1971, as supplemented and amended by Public Law 2015, Chapter 19, enacted on February 5, 2015, (the "Act"). It is constituted as an instrumentality of the State, exercising public and essential governmental functions. The Act empowers the Authority to own and operate various projects, located in the State of New Jersey, including stadiums and other buildings and facilities for athletic contests, horse racing, and other spectator sporting events, trade shows and other expositions. The Authority is also charged with the solid waste management, environmental protection, and the orderly, comprehensive development and redevelopment of the Hackensack Meadowlands.

The Authority has no stockholders or equity holders, and all bond proceeds, revenues, or other cash received must be applied for specific purposes in accordance with the provisions of the Act, and related bond resolutions, for the security of the bondholders. The Authority's Board consists of the President of the Authority, the State Treasurer, and a member of the Hackensack Meadowlands Municipal Committee ("HMMC") established by the "Hackensack Meadowlands Redevelopment Act", P.L. 1968, c.404 (C.13:17-1 et seq.), appointed by the Governor, who are members ex officio, eleven members appointed by the Governor with the advice and consent of the State Senate, one member appointed by the President of the Senate, and one member appointed by the Speaker of the General Assembly.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Governmental Accounting Standards Board ("GASB") establishes the criteria used in determining which organizations should be included in these financial statements. The GASB's Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, requires the inclusion of government organizations for which the Authority is financially accountable. Financial accountability is defined as: 1) appointment of a voting majority of the component unit's board and either (a) the ability to impose will by the primary government or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or 2) fiscal dependency on the primary government.

The extent of financial accountability is based upon several criteria including: appointment of a voting majority, imposition of will, financial benefit to or burden on a primary government, and financial accountability as a result of fiscal dependency.

On February 23, 1998, the Authority assumed the assets and liabilities and undertook the existing operations of the Wildwoods Convention Center. The assets and liabilities were recorded at fair value and the difference was recorded to net assets, invested in capital facilities.

On February 5, 2015, the assets, liabilities and functions of the New Jersey Meadowlands Commission ("NJMC") were assumed by the NJSEA pursuant to the Hackensack Meadowlands Agency Consolidation Act at book value.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Reporting Entity (Continued)

The Authority is a component unit included in the State of New Jersey's comprehensive annual financial report. The NJSEA requires significant subsidies from and has material transactions with the State of New Jersey and depends on certain tax revenues that are economically sensitive.

(b) Basis of Presentation

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied in governmental units. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Government-Wide Statements

The statement of net position and the statement of net activities display information which includes the overall financial activities of the Authority. These statements distinguish between the governmental and business-type activities of the Authority. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the Authority's business-type activities and for each function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Authority's funds. Separate statements for each fund category applicable to the Authority's governmental and proprietary funds are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Both enterprise funds are considered major. All remaining governmental funds are aggregated and reported as non-major funds.

The Authority reports the following major governmental funds:

- **General Fund.** This is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Environmental Center Fund.** The purpose of the Environmental Center Fund is to account for all financial resources required to operate the Meadowlands Environmental Center and Science Center.
- **MAGNET Fund.** The purpose of the MAGNET Fund is to foster continued revitalization in the Meadowlands and ensure continued growth and improvement in the region both environmentally and economically.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of Presentation (Continued)

Proprietary fund operating revenues, such as fees for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment income, result from non-exchange transactions or ancillary activities.

The Authority reports the following major enterprise funds:

- **Solid-Waste-Enterprise Fund.** This fund accounts for the activities of the landfills operated by the Authority, as well as the closure and post-closure costs of such landfills.
- **Sports Complex Enterprise Fund.** This fund accounts for activities of the Sports Complex operated by the Authority, which have operations that are leased. The activities of the Wildwood Convention Center are also reported in this fund.

Fiduciary Funds account for the proceeds of deposits held in trust for others. The Authority reports the following Fiduciary Funds:

- **Special Escrows.** This includes funds escrowed for Mitigation, Wetlands and disbursement of the Meadowlands Adjustment Payments.
- **Transportation Planning District.** This fund is responsible for the continuing operation and maintenance of the Meadowlands Adaptive Signal System for Traffic Reduction (MASSTR).

The accounts of the Authority are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts.

(c) Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and other contributions. Revenue from such non-exchange transactions is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of Accounting (Continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available to pay liabilities of the current period. The Authority recognizes revenues that are expected to be collected within 90 days of year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest of general long-term debt and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

(d) Net Position

The Authority has adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which amends the net asset reporting requirement of Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and other pronouncements by incorporating deferred outflows from resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The classifications of net position are defined as follows:

- *Net Investment in Capital Assets* - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are any significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather that portion of the debt is included in the same net assets component as the unspent proceeds.
- *Restricted* - This component of net position consists of constraints placed on net assets used through external constraints imposed by creditors (such as through debt covenants), grantors, contributions, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* - This component of net position consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

(e) Fund Balance Classifications

The Authority has established a policy of classifying fund balances in accordance with Governmental Accounting Standards Board Statement No. 54 as follows:

- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be modified or released only with the consent of resource providers.

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NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Fund Balance Classifications (Continued)

- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Authority's highest level of decision-making authority. Commitments may be changed or lifted only by the Authority taking the same formal action that originally imposed the constraint.
- **Assigned** fund balance comprises amounts *intended* to be used by the Authority for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Governmental funds, other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the Authority first spends committed funds, then assigned funds, and finally, unassigned funds.

(f) Accumulated Vacation Time

Salaried employees of the Authority may accumulate vacation time up to a maximum of their total vacation time for one year. This accumulated vacation time must be used within one year of the year earned. Upon termination of employment, salaried employees are entitled to receive a maximum lump sum payment of their accumulated vacation time.

(g) Valuation of Investments

State and local government securities, repurchase agreements, and certificates of deposit are investments in nonparticipating investment contracts which management concludes are not significantly affected by the impairment of the credit standing of the Authority or other factors. Credit ratings for these investments are not available. These investments are recorded at fair market value.

(h) Non-Operating Revenues and Expenses

Non-operating revenues: State payments received related to State Subsidies and Tourism taxes collected; sales of property; management fees; interest revenue earned on investments and interest expense. Non-operating expenses are recognized in the accounting period in which the liability is incurred.

**NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(j) *Unearned Revenues*

Unearned revenue represents revenues collected but not earned as of December 31, 2020. This primarily consists of ground rent pre-payments and solid waste disposal tickets sold to haulers but still outstanding.

(k) *Capital Assets*

Capital assets are stated at cost or estimated historical cost. Contributed capital fixed assets are recorded at their estimated fair market value at the time received. Depreciation is provided using the straight-line method over estimated useful lives ranging from five to ten years for all assets. Capital fixed assets related to the Arena are considered non-performing assets and are shown separately in Note D.

Asset lives used in the calculation of depreciation are generally as follows:

Buildings	20-60 years
Infrastructure	15 years
Machinery and equipment	2-20 years
Land improvements	10-20 years
Leasehold rights	24 years

The Authority considers any asset acquired or improvement made to any building or facility, with a value over \$1,000 and an estimated useful life over one year, a depreciable capital asset.

(l) *Accrued Liability for Closure and Post-Closure Costs*

The accrued liability for closure and post-closure costs represents funds collected as part of the solid waste tariff, which are required to be established to pay for the cost of closure and post-closure of landfills.

(m) *Payment in Lieu of Taxes (PILOT)*

In accordance with a provision of the enabling Act, properties and income of the Authority are exempt from taxation. However, payments in lieu of taxes are made to certain municipalities to compensate for loss of tax revenues by reason of acquisition of real property by the Authority.

(n) *Cash and Investments*

Cash and investments include short-term investments that are carried at cost, which approximates market. The Authority considers all highly liquid investments with a maturity of ninety days or less when purchased to be cash equivalents. Restricted cash investments include

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NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Cash and Investments (Continued)

short-term investments that are required for a specific purpose related to restrictions that may be contained in bond resolutions.

(o) Accounts Receivable, Net of Allowance for Doubtful Accounts

The Authority evaluates all accounts receivable on an annual basis. An allowance for doubtful accounts is set up by charging operating expense. Amounts are charged against the allowance for doubtful accounts when management believes that collectability of certain receivables are uncertain.

(p) Other Assets

Other assets include prepaid expense, prepaid insurance and loan receivables.

(q) Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This section represents a consumption of net position that applies to a future period and so is not recognized as an outflow of resources (expenditure) until then.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This section represents an addition of net position that applies to a future period and so is not recognized as an inflow of resources (revenue) until that time.

Deferred outflows are related to pension and other post-employment benefits. Deferred inflows are related to pension, other post-employment benefits, and other financing activity.

(r) Income Taxes

The Authority is exempt from federal income taxes under the Internal Revenue Code Section 115 and from state income taxes under N.J.S.A. 27:25-16. Accordingly, no provision is recorded for federal and state income taxes.

(s) Recent Accounting Standards

The Authority has evaluated the following pronouncements and their impact on the financial statements. The adoption of these statements had no effect on previously reported amounts.

- GASB Statement 84 – *Fiduciary Activities*, effective for periods beginning after December 15, 2019.
- GASB Statement 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2019.
- GASB Statement 90 – *Majority Equity Interest – an Amendment of GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2019.

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NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Pending Accounting Standards

The Authority is currently evaluating the effects of the following pronouncements on the financial statements:

- GASB Statement 87 – *Leases*, effective for periods beginning after June 15, 2021.
- GASB Statement 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for periods beginning after December 15, 2020.
- GASB Statement 91 – *Conduit Debt Obligations*, effective for periods beginning after December 15, 2020.
- GASB Statement 92 – *Omnibus 2020*. This statement clarifies the effective date of GASB Statement 87 and addresses other topics that are required to be adopted by the Commission for the year ended December 31, 2022.
- GASB Statement 93 – *Replacement of Interbank Offered Rates*, effective for periods beginning after June 15, 2021.
- GASB Statement 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for periods beginning after June 15, 2022.
- GASB Statement 95 - Postponement of the Effective Dates of Certain Authoritative Guidance. This statement postpones the effective dates of applicable pending Statements described above. The effective dates mentioned above are the applicable postponed dates as prescribed by GASB Statement 95.
- GASB Statement 96 - Subscription-Based Information Technology Arrangements, effective for periods beginning after June 15, 2022.
- GASB Statement 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 No. 32, effective for periods beginning after June 15, 2021.
- GASB Statement 98, The Annual Comprehensive Financial Report, effective for periods beginning after December 15, 2021.

C. CASH AND INVESTMENTS

The components of cash and investments are as follows:

	Balance December 31, 2020	Fiduciary Fund Balance December 31, 2020
Cash and Investments:		
Unrestricted:		
Cash on Hand	\$ 13,935,678	\$ 12,846,815
Investments	10,338,496	-
NJ Cash Management Fund	7,564,654	-
Unrestricted Cash and Investments	<u>31,838,828</u>	<u>12,846,815</u>
Restricted:		
Investments	9,049,150	-
NJ Cash Management Fund	2,172,082	-
Restricted Cash and Investments	<u>11,221,232</u>	
Total Cash and Investments	<u>\$ 43,060,060</u>	<u>\$ 12,846,815</u>

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NOTES TO FINANCIAL STATEMENTS

C. CASH AND INVESTMENTS (CONTINUED)

For 2020, restricted cash and investments includes \$247,830 on the Camden Aquarium project which is part of the operations of the Wildwoods Convention Center.

All demand deposits and certificates of deposit, except deposits held by the trustee, of any depository must be fully secured by lodging collateral security of obligations secured by the United States with the trustee or bank designated by the Trustee. At December 31, 2020, all demand deposits were collateralized.

The Authority categorizes its fair value measurements within the fair hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. All of the Authority's investments are measured using Level 1 inputs.

The N.J. Cash Management Fund is a money market fund managed by the State of New Jersey Division of Investments. P.L. 1950, c. 270 and subsequent legislation permits the Division to invest in a variety of securities, including, in the case of short-term investments, obligations of the U.S. government and certain of its agencies, commercial paper, certificates of deposit, repurchase agreements, bankers' acceptances and loan participation notes. All such investments must fall within the guidelines set forth by the regulations of the State of New Jersey, State Investment Council. Securities in the N. J. Cash Management Fund are insured or registered, or securities held by the Division or its agent in the N. J. Cash Management Fund's name.

D. INVESTMENT IN FACILITIES

Investment in facilities is stated at cost, which includes all costs during the construction period for acquisition of land, rights of way, acquisition cost of acquiring facilities, surveys, engineering costs, roads, construction costs and additions to facilities, administrative and financial expenses and interest during construction net of interest income earned on the unexpended funds, including debt service reserve funds net of accumulated depreciation. Depreciation is computed by the straight-line method based on estimated useful lives of the related assets.

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NOTES TO FINANCIAL STATEMENTS

D. INVESTMENT IN FACILITIES (CONTINUED)

	December 31, 2019	Additions	Transfers and Deletions	December 31, 2020
Governmental Activities:				
Capital assets that are not being depreciated:				
Land	\$ 20,154,401	\$ -	\$ -	\$ 20,154,401
Construction in progress	-	11,130	-	11,130
Total capital assets not being depreciated	20,154,401	11,130	-	20,165,531
Capital assets that are being depreciated:				
Building and building improvements	17,020,224	-	-	17,020,224
Machinery and equipment	3,875,971	44,898	-	3,920,869
Total at historical costs	20,896,195	44,898	-	20,941,093
Less accumulated depreciation for:				
Building and building improvements	(11,877,624)	(577,768)	-	(12,455,392)
Machinery and equipment	(5,073,303)	(41,372)	-	(5,114,675)
Total accumulated depreciation	(16,950,927)	(619,140)	-	(17,570,067)
Total capital assets being depreciated net of accumulated depreciation	3,945,268	(574,242)	-	3,371,026
Governmental activities capital assets, net	\$ 24,099,669	\$ (563,112)	\$ -	\$ 23,536,557
Business-Type Activities:				
Capital assets that are not being depreciated:				
Land	\$ 117,149,000	\$ -	\$ -	\$ 117,149,000
Building and building improvements (1)	39,868,193	-	-	39,868,193
Construction in progress	322,843	-	(322,843)	-
Total capital assets not being depreciated	157,340,036	-	(322,843)	157,017,193
Capital assets that are being depreciated:				
Building and building improvements	347,683,855	380,907	-	348,064,762
Machinery and equipment	87,169,252	297,867	-	87,467,119
Total at historical costs	434,853,107	678,774	-	435,531,881
Less accumulated depreciation for:				
Building and building improvements	(238,209,860)	(7,775,751)	-	(245,985,611)
Machinery and equipment	(80,137,917)	(987,395)	-	(81,125,312)
Total accumulated depreciation	(318,347,777)	(8,763,146)	-	(327,110,923)
Total capital assets being depreciated net of accumulated depreciation	116,505,330	(8,084,372)	-	108,420,958
Capital assets that are being amortized:				
Landfills	5,902,136	-	-	5,902,136
Total at historical costs	5,902,136	-	-	5,902,136
Less accumulated amortization for:				
Landfills	(5,902,136)	-	-	(5,902,136)
Total accumulated amortization	(5,902,136)	-	-	(5,902,136)
Total landfill life being amortized net of accumulated amortization	-	-	-	-
Business-Type activities capital assets, net	\$ 273,845,366	\$ (8,084,372)	\$ (322,843)	\$ 265,438,151
Fiduciary Activities:				
Capital assets that are being depreciated:				
Infrastructure	\$ 7,929,508	\$ -	\$ -	\$ 7,929,508
Total at historical costs	7,929,508	-	-	7,929,508
Less accumulated depreciation for:				
Infrastructure	(2,958,096)	(528,634)	-	(3,486,730)
Total accumulated depreciation	(2,958,096)	(528,634)	-	(3,486,730)
Total fiduciary assets being depreciated net of accumulated depreciation	\$ 4,971,412	\$ (528,634)	\$ -	\$ 4,442,778

(1) Building and Building Improvements not being depreciated represent the net book value of the Arena, a non performing asset, as of December 31, 2020.

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NOTES TO FINANCIAL STATEMENTS

E. NOTES RECEIVABLE

The Authority, pursuant to its Racetrack Ground Lease Agreement with the New Jersey Thoroughbred Horsemen's Association Inc. ("NJTHA"), is owed Minimum Lease Payments under the Agreement. The balance due at December 31, 2020, of \$5,918,803 is comprised of the NJTHA's balance. The notes carry an annual interest rate of 3%.

The Notes Receivable schedule is as follows:

Year	New Jersey Thoroughbred Horsemen's Association
2021	\$ 1,799,281
2022	1,224,100
2023	2,159,062
2024	736,360
	<u>\$ 5,918,803</u>

F. LONG-TERM LIABILITIES

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

	Balance December 31, 2019	Issued	Retired	Balance December 31, 2020	Due Within One Year
Governmental Activities:					
PERS Pension Liability	\$ 10,894,769	\$ -	\$ (64,749)	\$ 10,830,020	\$ -
Chapter 19, P.L. 2009 Liability	323,211	-	(23,212)	299,999	-
Compensated Absences	874,218	193,122	-	1,067,340	193,122
Other Post-Employment Benefits	17,474,696	7,372,440	-	24,847,136	-
	<u>\$ 29,566,894</u>	<u>\$ 7,565,562</u>	<u>\$ (87,961)</u>	<u>\$ 37,044,495</u>	<u>\$ 193,122</u>
Business-Type Activities:					
NJSEA Enterprise					
Bonds and Notes Payable	\$ 2,253,314	\$ -	\$ (15,000)	\$ 2,238,314	\$ 15,000
PERS Pension Liability	1,880,788	-	(181,030)	1,699,758	-
Chapter 19, P.L. 2009 Liability	-	-	-	-	-
Workmans' Comp Claims	6,711,631	1,126,846	(1,137,220)	6,701,257	1,137,220
Compensated Absences	67,053	498,683	(473,636)	92,100	498,683
Union Pension Liabilities	50,127,891	4,580,479	(409,296)	54,299,074	1,635,687
Environmental Remediation	2,320,000	130,000	-	2,450,000	130,000
Other Liabilities	500,578	1,119	-	501,697	1,118
Solid Waste Enterprise					
Closure Liabilities	5,001,252	-	-	5,001,252	-
PERS Pension Liability	5,191,514	-	(30,854)	5,160,660	-
Chapter 19, P.L. 2009 Liability	253,199	-	(17,485)	235,714	-
Other Post-Employment Benefits	8,325,829	3,512,604	-	11,838,433	-
Compensated Absences	163,500	42,801	-	206,301	42,801
	<u>\$ 82,796,549</u>	<u>\$ 9,892,532</u>	<u>\$ (2,264,521)</u>	<u>\$ 90,424,560</u>	<u>\$ 3,460,509</u>

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

G. BONDS AND NOTES PAYABLE

Bonds and notes payable consist of the following:

	NJDEP	Wildwood		
	Trust Loan	Bonds Payable	Interest	Total
2021	\$ 15,000	\$ 1,541,404	\$ 23,223	\$ 1,579,627
2022	15,000	207,083	17,722	239,805
2023	15,000	212,260	11,945	239,205
2024	15,000	217,567	6,038	238,605
	<u>\$ 60,000</u>	<u>\$ 2,178,314</u>	<u>\$ 58,928</u>	<u>\$ 2,297,242</u>

Wildwoods Revenue Bonds 1996 Series A

The Authority assumed these bonds on February 23, 1998, as an obligation and liability of the Wildwoods Convention Center. The bonds were authorized by the Greater Wildwoods Tourism Improvement and Development Authority ("GWTIDA") and issued to the City of Wildwood in the amount of \$3,400,000 for the acquisition of the Wildwoods Convention Center in 1996.

On November 8, 1999, the Authority entered into The Omnibus Intergovernmental Agreement with the City of Wildwood, the Borough of Wildwood Crest, the City of North Wildwood, the GWTIDA and the Treasurer of the State of New Jersey. This agreement restated the original terms and conditions of the Authority's assigned obligation under the bonds and replaced the previous Bond Resolution. Under the terms of the new agreement, repayment of principal and interest is to be funded by the Available Revenues of the Wildwoods Convention Center after payment of operating expenses, funding of the maintenance reserve fund, and payments in lieu of taxes. Should available revenues be insufficient to provide the required debt service amount any unpaid portion accrues to the following year to be funded by that year's available revenues. If it should be deemed necessary, the Authority may request an express separate appropriation from the State Treasurer to cover any shortfall. The Authority does not pledge the revenues, rents fees, rates, charges or other income derived from operations or ownership of any of its other projects, to the repayment of these bonds. In 2020, there was not enough available revenue after the above-mentioned expenses to make any payment on debt service for these Revenue Bonds.

Interest Costs

Interest costs for the year 2020 were \$54,457.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

G. BONDS AND NOTES PAYABLE (CONTINUED)

Notes payable consist of the following:

	<u>Date Issued</u>	<u>Original Amount</u>	<u>December 31, 2020</u>
Loan from the NJDEP Infrastructure Trust Loan through August 1, 2024, at various rates between 3% and 5%	3/1/2010	\$180,000	<u>\$60,000</u>

On March 1, 2012, the Authority entered into an agreement with the State of New Jersey acting by and through the New Jersey Department of Environmental Protection ("NJDEP") in which the Authority received the proceeds of a \$564,000 loan from the NJDEP Infrastructure Fund and a \$180,000 loan from the NJDEP Infrastructure Trust. The proceeds were used to pay for the purchase of equipment for the purpose of cleaning and maintaining storm drains. The NJDEP Infrastructure Fund Loan was paid off in 2019. The interest on the NJDEP Infrastructure Trust Loan was calculated between 3.00% and 5.00% and is for a term of 24 years. Interest cost for 2020 on the NJDEP Infrastructure Trust Loan was \$3,387.

H. OPERATING LEASES

The Authority has commitments to lease certain buildings and office equipment under operating leases that expire through 2035. Total operating lease payments made during the year ended December 31, 2020, were \$259,453. Future minimum lease payments are as follows:

<u>Years Ended December 31,</u>	<u>Amount</u>
2021	\$ 268,695
2022	250,690
2023	228,719
2024	229,729
2025	232,738
2026-2030	1,189,177
2031-2035	158,557
	<u>\$ 2,558,305</u>

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NOTES TO FINANCIAL STATEMENTS

I. CONDUIT DEBT

State Contract Bonds

The Authority issued State Contract Bonds to fund various capital improvements of the Authority on behalf of the State of New Jersey. These bonds are considered conduit debt as permitted under Interpretation No. 2 of the GASB.

None of the Authority's revenues, rents, fees, rates, charges or other income and receipts derived by the Authority from its operation or ownership of any of its projects are pledged or assigned to the payment of the principal or redemption price of and interest on such bonds. The State Contract Bonds are paid solely by the State of New Jersey. The principal amount outstanding on the State Contract Bonds at December 31, 2020, was \$153,880,000. This amount is excluded from the financial statements of the Authority.

Limited Obligation Grant Revenue Bonds

On June 29, 2017, the NJSEA authorized issuance of Limited Obligation Grant Revenue Bonds in the aggregate principal amount of \$287,000,000 (the "ERGG Bonds"), in order to provide financing for a portion of the costs of developing the American Dream Project. The ERGG Bonds are special limited revenue obligations of the Authority payable from grants received by the Authority pursuant to a State Economic Redevelopment and Growth Incentive Grant Agreement awarded to the developer of the American Dream Project. These bonds were sold to The Public Finance Authority, a unit of Wisconsin government and body corporate and politic separate and distinct from, and independent of, the State of Wisconsin. The principal amount outstanding on the State Contract Bonds at December 31, 2020, was \$287,000,000. These bonds are considered conduit debt as permitted under Interpretation No. 2 of the GASB.

Limited Obligation PILOT Revenue Bonds

On June 29, 2017, the NJSEA authorized issuance of Limited Obligation PILOT Revenue Bonds in the aggregate principal amount of \$800,000,000 (the "PILOT Bonds"), in order to provide financing for a portion of the costs of developing the American Dream Project. The PILOT Bonds are special limited revenue obligations of the Authority payable from PILOTs received by the Authority pursuant to a Financial Agreement between the developer of the American Dream Project, the Borough of East Rutherford, and the Authority. These bonds were sold to The Public Finance Authority, a unit of Wisconsin government and body corporate and politic separate and distinct from, and independent of, the State of Wisconsin. The principal amount outstanding on the State Contract Bonds at December 31, 2020, was \$800,000,000. These bonds are considered conduit debt as permitted under Interpretation No. 2 of the GASB.

J. TOURISM TAX

Upon transfer of the Wildwoods Convention Center from the GWTIDA on February 23, 1998, the Authority assumed the right to receive 90% of the proceeds of a 2% tourism related retail receipts tax pursuant to NJSA 40:54D-1 et. Seq. (the "Tourism Improvement and Development District Law") for the construction and promotion of a new convention center facility. The remaining 10% of the funds generated by the tax is allocated to GWTIDA for its continuing promotion of tourism in the area. The tax is imposed and collected by ordinance and with the cooperation of the municipalities in the Greater Wildwoods (i.e., North Wildwood, Wildwood and Wildwood Crest).

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

K. GROUND LEASES

Monmouth Park Racetrack

On February 29, 2012, the Authority entered into the Agreement with the NJTHA whereby the Authority leases real property located in the Borough of Oceanport, County of Monmouth, on which the Authority has constructed a thoroughbred racetrack. The NJTHA took full operational control on May 3, 2012.

The initial term of the Agreement ran through December 31, 2016, with three 10-year renewal terms. NJTHA is currently in the first of three 10-year renewals.

Meadowlands Racetrack

On December 19, 2011, the Authority entered into the Agreement with New Meadowlands Racetrack, L.L.C. ("NMR") whereby the Authority leases real property located in the Borough of East Rutherford, County of Bergen, on which the Authority has constructed a thoroughbred racetrack. NMR has full operational control of the racetrack.

The initial term of the Agreement runs through December 31, 2042, with two 10-year renewal terms.

MetLife Stadium

On December 21, 2006, the Authority entered into the Stadium Project Ground Lease and Development Agreement with New Meadowlands Stadium Company, LLC ("NMSCO") whereby the Authority leases real property within the Sports Complex located in the County of Bergen, Borough of East Rutherford, New Jersey, on which NMSCO has constructed a sports stadium known as "MetLife Stadium." NMSCO has full operational control of MetLife Stadium.

The initial term of the Stadium Project Ground Lease and Development Agreement is for 39 years from completion of the stadium construction with four renewal options of 174 months each.

Giants Training Facility

On August 13, 2007, the Authority entered into a Lease and Development Agreement ("Training Facility Lease") with the Giants Training Facility, LLC ("GTF") to lease certain real property within the Sports Complex located in the County of Bergen, Borough of East Rutherford, New Jersey. GTF entered into the Training Facility Lease to construct a training and practice facility on approximately 20 acres of land located at the Sports Complex ("Training Facility"). GTF has completed the construction of the Training Facility and has full operational control of it.

The initial term of the Training Facility Lease is for 39 years with four additional renewal terms of 174 months each.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

K. GROUND LEASES (CONTINUED)

Jets Training Facility

On February 9, 2007, the Authority entered into a Lease and Development Agreement ("Jets Training Facility Lease") with Florham Park Development, LLC ("FPD") to lease certain real property located in the County of Morris, Borough of Florham Park, State of New Jersey. FPD entered into the Jets Training Facility Lease to construct a training and practice facility for the New York Jets Football Team ("Training Facility"). FPD has completed the construction of the Training Facility and has full operational control of it.

The initial term of the Jets Training Facility Lease is for 17 years with sixteen additional renewal terms of 5 years each and a final renewal term of 2 years.

American Dream Project

Entertainment and Retail Component

On June 30, 2005, the Authority entered into the ERC Ground Lease ("ERC Ground Lease") with a developer to lease certain real property within the Sports Complex located in the County of Bergen, Borough of East Rutherford, New Jersey, to construct, develop and operate an entertainment/retail complex ("ERC") and associated parking areas on a 66.04 acre plot within the Sports Complex. Ameream LLC, a member of the Triple Five Worldwide Group of companies, acquired the ERC development rights in 2013 and is currently working to complete the construction of the ERC (now called "American Dream"). The first stage of the complex's opening occurred October 25, 2019, with the opening of the Nickelodeon Universe Theme Park and The Rink, an NHL regulation size ice rink. The second stage of the opening occurred on December 5, 2019, with the opening of Big Snow, the indoor ski and snowboard resort. Future stages will include the DreamWorks Water Park, Sea Life Aquarium attraction, as well as the retail segments within the complex. Ameream has full operational control of the ERC site.

The term of the ERC Ground Lease runs through June 9, 2092.

Hotel Component

On June 30, 2005, the Authority entered into the Hotel Ground Lease ("Hotel Ground Lease") with a developer to lease certain real property within the Sports Complex located in the County of Bergen, Borough of East Rutherford, New Jersey, to construct, develop and operate a hotel on a 3.23 acre plot within the Sports Complex. Meadow Hotel, LLC, a member of the Triple Five Worldwide Group of companies, acquired the hotel development rights in 2013. Construction of the hotel has not yet started. The tenant has full operational control of the hotel site.

The term of the Hotel Ground Lease runs through June 9, 2092.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

K. GROUND LEASES (CONTINUED)

American Dream Project (Continued)

Office A-B Component

On June 30, 2005, the Authority entered into the A-B Office Ground Lease ("A-B Office Ground Lease") with a developer to lease certain real property within the Sports Complex located in the County of Bergen, Borough of East Rutherford, New Jersey, to construct, develop and operate a 440,000 square foot Class A office space ("A-B Office") on a 7.16 acre plot within the Sports Complex. Meadow A-B Office, LLC, a member of the Triple Five Worldwide Group of companies, acquired the A-B Office development rights in 2013. Construction of the A-B Office has not yet started. The tenant has full operational control of the A-B Office site.

The term of the A-B Office Ground Lease runs through June 9, 2092.

Office C-D Component

On June 30, 2005, the Authority entered into the C-D Office Ground Lease ("C-D Office Ground Lease") with a developer to lease certain real property within the Sports Complex located in the County of Bergen, Borough of East Rutherford, New Jersey, to construct, develop and operate a 440,000 square foot Class A office space ("C-D Office") on a 6.65 acre plot within the Sports Complex. Meadow C-D Office, LLC, a member of the Triple Five Worldwide Group of companies, acquired the C-D Office development rights in 2013. Construction of the C-D Office has not yet started. The tenant has full operational control of the C-D Office site.

The term of the C-D Office Ground Lease runs through June 9, 2092.

Baseball Stadium Component

On June 30, 2005, the Authority entered into a Baseball Stadium Ground Lease ("Baseball Stadium Ground Lease") with a developer to lease certain real property within the Sports Complex located in the County of Bergen, Borough of East Rutherford, New Jersey to construct, develop and operate a baseball stadium ("Baseball Stadium") on a 9.38 acre plot within the Sports Complex. Meadow Baseball, LLC, a member of the Triple Five Worldwide Group of companies, acquired the Baseball Stadium development rights in 2013. Construction of the Baseball Stadium has not yet started. The tenant has full operational control of the Baseball Stadium site.

The term of the Baseball Stadium Ground Lease runs through June 9, 2092.

Sports Complex Cell Tower Leases

North Site

On May 23, 2011, the Authority entered into a Wireless Telecommunications Facility Lease Agreement ("North Cell Tower Lease") with K2 Towers, LLC to lease approximately 6,500 square feet of land at the Sports Complex located in the County of Bergen, Borough of East Rutherford, New Jersey. K2 Towers, LLC entered into the North Cell Tower Lease to construct a tower to accommodate multiple wireless carriers as well as the Authority's public service antennas.

The initial term of the North Cell Tower Lease runs through September 13, 2033, with two renewal terms of 10 years each.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

K. GROUND LEASES (CONTINUED)

Sports Complex Cell Tower Leases (Continued)

South Site

On May 23, 2011, the Authority entered into a Wireless Telecommunications Facility Lease Agreement ("South Cell Tower Lease") with K2 Towers, LLC to lease approximately 6,750 square feet of land at the Sports Complex located in the County of Bergen, Borough of East Rutherford, New Jersey. K2 Towers, LLC entered into the South Cell Tower Lease to construct a tower to accommodate multiple wireless carriers as well as the Authority's public service antennas.

The initial term of the South Cell Tower Lease runs through August 18, 2022, with two renewal terms of 10 years each.

AT&T Wireless Lease

On January 10, 2001, the Authority entered into a Lease Agreement with AT&T Wireless Services to lease certain space for the purpose of installing wireless communication equipment on the Meadowlands Arena. The lease was amended 2 times, most recently on October 26, 2015; each time being to modify the number and location of the equipment. Per the terms of the agreement, the lease is split between the Authority and Monmouth Park Racetrack.

The term of the October 26, 2015, lease amendment is 5 years and ran through October 26, 2020.

T-Mobile Northeast Lease

On February 6, 2014, the Authority entered into a Lease Agreement for the placement of wireless communication equipment on the Meadowlands Arena.

The initial term of the lease was through February 6, 2019, with two 5-year extensions. T-Mobile exercised the first of two 5-year extensions in 2019.

Transfer/Materials Recovery Facility

On August 17, 2010, the Authority entered a Lease Agreement with ESI (formerly Sajo Transport) to operate the Transfer/Materials Recovery Facility ("Baler") located at 100 Baler Boulevard, North Arlington, NJ.

The initial term of the Baler lease ran through August 17, 2020. An extension of the contract was executed March 29, 2018 through June 20, 2021.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

K. GROUND LEASES (CONTINUED)

PSE&G Leases

1A Landfill, Kearny, NJ

On January 28, 2012, the Authority entered into a Lease Agreement with PSE&G to lease a portion of the 1A Landfill ("1A") in Kearny, NJ for the development, construction and operation of a solar-powered electrical generating facility ("Solar Facility"). This includes all Solar Facility Equipment for the conversion of solar energy into electrical energy for interconnection of the local electric grid.

The term of the lease is for 19 years through September 1, 2031.

Hawk Realty Property

On June 11, 2013, the Authority entered into a Lease Agreement with PSE&G to lease a portion of lots in Secaucus, NJ for the development, construction and operation of a transmission tower on the property.

The term of the lease is for 25 years through January 1, 2039.

Baler Boulevard Property

On March 1, 2013, the Authority entered into a Lease Agreement with PSE&G to lease a portion of property on Baler Boulevard in North Arlington, NJ for use as a staging area for construction trailers, PSE&G personnel and associated vehicles on the property.

The lease expired in March 2021.

Disposal Road Adjacent to Kingsland Substation

On July 1, 2014, the Authority entered into a Lease Agreement with PSE&G to lease a portion of land on Disposal Road in North Arlington, NJ for use as a staging area for construction trailers, vehicles and the storage of oil filled electrical equipment on the property.

The initial term of the lease ran through July 2019. An extension of the contract was executed and runs through May 2024.

Radio Tower Lease

On September 7, 2006, the Authority entered into a Lease Agreement with New York AM Radio/Disney to lease a portion of land in North Bergen, NJ for the development, construction and operation of a radio tower on the property. Per the terms of the agreement, North Bergen is entitled to receive 80% of the lease payments, with the remaining 20% held by the Authority.

The term of the lease is for 25 years through August 31, 2031.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

K. GROUND LEASES (CONTINUED)

NJ Transit

On August 1, 2016, the Authority entered into a Lease Agreement with NJ Transit to lease a portion of property in Kearny, NJ as a temporary easement to construct a finger pier in connection with the Portal Bridge Capacity Enhancement Early Action Project.

The term of the lease is for 5 years through August 1, 2021, with a transition to a month-to-month lease upon lease expiration.

Jersey Mulch/Nature's Choice

On September 1, 2012, the Authority entered into a Lease Agreement with Jersey Mulch & Nature's Choice to lease a portion of the 1E Landfill in North Arlington, NJ as a vegetative waste transfer facility.

The initial term of the lease was for 54 months through December 31, 2019. An addendum to the lease extended the term of the lease through 2021 with a 1-year option to extend through 2022, which was exercised.

Whiterock Material

On July 1, 2017, the Authority entered into a Lease Agreement with Whiterock Material, LLC to lease a portion of the 1E Landfill in North Arlington, NJ for use as a storage and distribution site for road salt.

The lease expired in December 2021.

Kingsland Development Urban Renewal, LLC

On June 14, 2019, the Authority entered into a Lease Agreement with Kingsland Development Urban to lease the land adjacent to the Kingsland Redevelopment Area in North Arlington, NJ for the purpose of maintaining the gas flare that is serving the property.

The term of the lease is for 15 years through June 13, 2034.

Bloomberg

On November 25, 2003, the Authority entered into a Lease Agreement with Bloomberg Communications, Inc. to lease a portion of property in the Borough of Carlstadt, NJ for the purpose of operating an AM radio tower on the property.

The initial term of the lease was for 5 years through November 25, 2008, with seven 5-year extensions. Bloomberg Communications, Inc. exercised the second of seven extensions, extending the term of the lease through November 25, 2023.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

L. DEFERRED COMPENSATION PLANS

Salaried employees of the Authority are eligible for participation in an Internal Revenue Code ("IRC") Section 401(k) deferred compensation plan, the New Jersey Sports and Exposition Authority Savings and Investment Plan. Until July 31, 2011, the Authority contributed a maximum of 4% of the employees' salary up to the Internal Revenue Service maximum less the portion attributable to the State pension plan ("PERS"); effective August 1, 2011, the Authority discontinued its employer contribution. Annual employee contributions for 2020 were \$186,056.

The Authority also participates in two IRC Section 457 deferred compensation plans as follows:

(a) New Jersey State Employees Deferred Compensation Plan. This Plan is an IRC Section 457 deferred compensation plan administered by the State of New Jersey and, accordingly, is included in the financial statements of the State. The Plan, available to all State employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The Plan is funded solely from voluntary employee contributions. Employee contributions and investment earnings thereon are a part of the State Plan. Employees may defer a maximum of 100% of their salary (minus tax-sheltered pension or other voluntary tax-sheltered contributions) or \$19,000 (\$25,000 for individuals age 50 and older), whichever is less. Investments are on an individual participant basis and the total investment for all the Authority employees is unknown. Employee contributions for 2020 were \$69,781.

(b) Valic Retirement – This 457(b) plan, which commenced operations on December 31, 1985, is funded solely from voluntary employee contributions. The Plan is administered by Valic Retirement. All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the participating employees and are not included the accompanying financial statements. Employee contributions in 2020 were \$16,900.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

M. PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

Plan Membership and Contributing Employers

Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at July 1, 2019:

Inactive plan members or beneficiaries currently receiving benefits	182,492
Inactive plan members entitled to but not yet receiving benefits	942
Active plan members	<u>249,045</u>
Total	<u>432,479</u>

Significant Legislation

For State of New Jersey contributions to the PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012, and a payment in each subsequent fiscal year that increases by at least an additional 1/7th until payment of the full contribution is made in the seventh fiscal year and thereafter.

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

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

Total PERS covered payroll during 2020 was \$8,147,626. Due to payroll system limitations, covered payroll refers to pensionable compensation, rather than total compensation, paid by the Authority to active employees covered by the Plan.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

M. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

Specific Contribution Requirements and Benefit Provisions

The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018 and increased to 7.5% for State fiscal year 2019, commencing July 1, 2018. The July 2018 increase marks the last rate increase under the provisions of Chapter 78, P.L. 2011. The local employers' contribution amounts are based on an actuarially determined rate, which include the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012, and will be adjusted by the rate of return on the actuarial value of the assets. The Authority's cash basis contributions to the Plan for the year ended December 31, 2020, were \$1,186,729. Authority contributions are due and payable on April 1 in the second fiscal period subsequent to the plan year for which the contributions requirements were calculated. Authority payments to PERS for the year ending December 31, 2020, consisted of the following:

	2020
Normal Cost	\$ 135,482
Amortization of Accrued Liability	993,888
Total Pension	1,129,370
NCGI Premiums	57,366
Total Regular Billing	1,186,736
Additional Billings and Adjustments:	
ERI 2	1,626
Ch. 19, P.L. 2009	107,063
Total PERS Payment	<u>\$ 1,295,425</u>

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

The following represents the membership tiers for PERS:

<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 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

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

M. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

Specific Contribution Requirements and Benefit Provisions (Continued)

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to Tier 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tier 1 and 2 members before reaching age 60, to Tier 3 and 4 members with 25 years or more of service credit before age 62, and Tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the 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 their respective tier.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the Authority's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Authority was \$ 17,690,438 or 0.0108481144%.

For the year ended December 31, 2020, the Authority recognized PERS expense of \$(2,364,077). At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 322,114	\$ 62,561
Changes in assumptions	573,898	7,407,154
Net difference between projected and actual investment earnings on pension plan investments	604,673	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	2,382,203	3,627,387
Agency contributions subsequent to the measurement date	593,365	-
	<u>\$ 4,476,253</u>	<u>\$ 11,097,102</u>

The \$593,365 shown as deferred outflows of resources relates to the PERS contributions made by the Authority subsequent to the measurement date of June 30, 2020, and will be recognized as a reduction of net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the PERS will be recognized in pension expense as follows:

Years Ending December 31,	PERS
2021	\$ (4,615,677)
2022	(2,347,073)
2023	(1,139,318)
2024	794,863
2025	92,991
	<u>\$ (7,214,214)</u>

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

M. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

Actuarial Assumptions

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

Inflation: Price	2.75%
Inflation: Wage	3.25%
Salary Increases through 2026 (based on years of service)	2.00-6.00%
Salary Increases: Thereafter (based on years of service)	3.00-7.00%
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. 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 is based on Scale MP-2020.

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 Investment and Division of Pension and Benefits, the board of trustees, and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

M. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

Long-term Rate of Return (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets 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%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the pension liabilities of PERS 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% and 70%, respectively, 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 Net Pension Liability

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Authority's proportionate share of 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:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Authority proportionate share	<u>\$ 22,444,422</u>	<u>\$ 17,690,438</u>	<u>\$ 13,913,695</u>

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

M. PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in a separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information Related to the Local Group:

Collective deferred outflows of resources	\$ 1,383,360,202
Collective deferred inflows of resources	\$ 6,885,726,332
Collective net pension liability	\$16,307,384,832
Authority's portion	0.0108481144%

Collective pension expense for the Local Group for the measurement period ended June 30, 2020, is \$400,652,325.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2020, 2019, 2018, 2017, 2016, 2015, and 2014 is 51.6, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years, respectively.

N. UNION SPONSORED PENSION PLANS

Some Authority employees are participants in certain pension plans administered by local unions and contributions are made in accordance with terms of the union agreements of those employees. There are about 7 active unions participating in their own pension plans in accordance with each specific union agreement and based on each of the applicable union job trades. The total combined employer contribution for all participating unions in 2020 was \$522,213 and equal to the required contribution for the year.

Union plan financial statements may be obtained by writing to the relevant address below:

Local 825 (Operating
Engineers)
65 Springfield Avenue
Springfield, NJ 07081

Local 472 (Parking)
905 16th Street
Washington, DC 20006

Local 1412 (Security/EMT)
905 16th Street
Washington, DC 20006

Local 560 (Teamsters)
PO Box 8037
Summit Avenue Station
Union City, NJ 07087

Local 164 (Electricians)
425 Eagle Rock Avenue
Suite 105
Roseland, NJ 07068

Local 472 (Laborers)
700 Raymond Boulevard
Newark, NJ 07105

Local 68 (HVAC)
PO Box 534
West Caldwell, NJ 07006

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N. UNION SPONSORED PENSION PLANS (CONTINUED)

Mass Withdrawal Liability and Annual Payments Related to Local 137

During 2007, the Authority withdrew from the pension plan of Local 137 (Mutuels) causing a mass withdrawal termination for that plan. Based upon this termination, the Authority is obligated to make annual payments to satisfy the employer's contribution.

The amount of the Authority's obligation, based on actuarial estimates, is approximately \$48.8 million and is recognized in the 2020 financial statements. The Authority will make annual cash payments of \$1.2 million to cover this liability.

Mass Withdrawal Liability and Annual Payments Related to Other Unions

In May 2012, the Authority leased the Monmouth Park operations to a private operator effectively ending its participation in the racing industry. As a result, in 2013, two unions issued employer withdrawal demand notices to the Authority which were recognized in the 2013 financial statements: the amount of the Authority's obligations based on the demand letters are approximately Teamsters Local 469 - \$3.1 million and Plumbers Local 9 \$350,000. The Authority will make annual cash payments of \$162,556 to cover this liability. The amount of the Authority's obligation at December 31, 2020, was \$1,923,623.

In June 2015, withdrawal demand notices were recognized for Local 1430, the amount of the obligation is \$188,778 with annual payments of \$25,708. The amount of the Authority's obligation at December 31, 2020, was \$39,957.

In February 2017, withdrawal demand notices were recognized for Teamsters Local 560, the amount of the obligation is \$4,420,627. The Authority will make annual payments of \$221,031. The amount of the Authority's obligation at December 31, 2020, was \$3,554,921.

O. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The Authority participates in a cost sharing multiple-employer defined post-retirement benefit plan (the "Plan"), which is administered by the State of New Jersey. The Plan provides continued health care benefits to employees retiring after twenty-five years of service. Benefits, contributions, funding and the manner of administration are determined by the State of New Jersey Legislature. The Division of Pensions and Benefits charges the Authority for its contributions. The total number of retired participants eligible for benefits was 213 at December 31, 2020. The Authority's contribution to the Plan for the year ended December 31, 2020, was \$2,344,932.

Please refer to the State website, www.state.nj.us for more information regarding the Plan. The Plan's financial report may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

General Information about the OPEB Plan

The Authority participates in the State Health Benefit Local Government Retired Employees Plan (the Plan) which is a cost-sharing multiple-employer defined benefit other post-employment benefit

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O. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

General Information about the OPEB Plan (Continued)

(OPEB) plan with a special funding situation. 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) Annual Comprehensive Financial Report (ACFR), which can be found at www.state.nj.us/treasury/pensions/financial-reports.shtml.

The Plan provides medical and prescription drug coverage 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 post-retirement 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 post-retirement 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.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire within 25 years of service or on a disability from an employer who does not provide post-retirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The Authority is in a nonspecial funding situation, therefore, coverage under Chapter 330 does not apply.

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

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of

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O. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Allocation Methodology (Continued)

resources, and OPEB expense are based on separately calculated net OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2019 through June 30, 2020.

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer. The Authority is in a nonspecial funding situation, therefore, coverage under Chapter 330 does not apply.

Components of Net OPEB Liability

The components of the Authority's net OPEB liability as of June 30, 2020, is as follows:

	June 30, 2020
Total OPEB Liability	\$ 37,022,572
Plan Fiduciary Net Position	337,003
Net OPEB Liability	<u>\$ 36,685,569</u>
Plan Fiduciary Net Position as a % of total OPEB liability	0.91%

Actuarial Assumptions

The net OPEB liability as of June 30, 2020, was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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O. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

Inflation	2.50%
Salary increases*	
Through 2026	2.00 - 6.00%
Thereafter	3.00 - 7.00%

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

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Classification Headcount-Weighted Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2020.

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

One-hundred percent of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.50% for all future years. For prescription drug benefits, the initial trend rate is 7.00% and decreases to a 4.50% long-term trend rate after seven years.

Discount Rate

The discount rate for June 30, 2020, was 2.21%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

At June 30, 2020		
At 1% Decrease (1.21%)	At Current Discount Rate (2.21%)	At 1% Increase (3.21%)
\$ 43,370,093	\$ 36,685,569	\$ 31,394,160

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O. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate

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

At June 30, 2020		
At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
\$ 30,357,346	\$ 36,685,569	\$ 44,972,463

Deferred Outflows of Resources and Deferred Inflows of Resources

Changes in Proportion

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

	Year of Deferral	Amortization Period	Beginning of the Year Balance	Additions	Deductions	End of the Year Balance
Deferred Outflows of Resources:						
Differences between projected and actual investment earnings on OPEB plan investments	2017	5 years	\$ 3,576	\$ -	\$ 1,788	\$ 1,788
	2018	5 years	8,670	-	2,890	5,780
	2019	5 years	10,563	-	2,641	7,922
	2020	5 years	-	9,759	1,952	7,807
Deferred Outflows of Resources			\$ 22,809	\$ 9,759	\$ 9,271	\$ 23,297
Deferred Inflows of Resources:						
Differences between expected and actual experience	2018	8.14 years	\$ 5,591,528	\$ -	\$ 910,672	\$ 4,680,856
	2019	8.05 years	2,506,166	-	355,484	2,150,682
			8,097,694	-	1,266,156	6,831,538
Changes of assumptions	2017	8.04 years	3,316,092	-	657,955	\$ 2,658,137
	2018	8.14 years	3,568,332	-	581,162	2,987,170
	2019	8.05 years	2,928,368	-	415,371	2,512,997
Deferred Inflows of Resources			\$ 9,812,791	\$ -	\$ 1,654,488	\$ 8,158,304

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

Years Ending December 31,	OPEB
2021	\$ (3,567,998)
2022	(860,399)
2023	(863,239)
2024	(865,152)
2025	(1,878,640)
Thereafter	(477,841)
	<u>\$ (8,513,269)</u>

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P. POLLUTION REMEDIATION COSTS

Effective 2008, pollution remediation costs were recognized as a liability on the statement of financial position and an operating expense provision was made in the statement of revenues, expenses and changes in net position in accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. The remediation involves current and future activities related to testing, recovery, and cleanup of soil, subsurface water and ground level streams at various Authority sites. Contaminated sites include Meadowlands-Xanadu, the new stadium area, and the Meadowlands and Monmouth racetracks. The Authority estimates the cost to be \$8,926,000. The total payments made since 2007 were \$6,476,000, and charged to the statements of revenues, expenses and changes in net position in each respective year. Estimated future expense for environmental remediation is \$2,450,000 and is reflected on the statement of net position. Estimated recovery related from remediation reduces the measurement of this liability. There was no remediation recovery on the above sites during 2020. The Authority is currently pursuing remediation recovery methods and assumptions used including historical data and engineering estimates. The pollution remediation liability is an estimate and is subject to changes resulting from price increases or reductions, technology, or changes in applicable laws and regulations.

Q. CLOSURE AND POST-CLOSURE REQUIREMENTS

The Authority has set aside funds for closure and post-closure for its landfills. In the event the monies in the statutory accounts are not sufficient, the State of New Jersey will address any future liabilities for closure and post-closure for its landfills. The assumption of this liability by the State occurred in CY2003, when the Authority transferred \$50 million from its closure and post-closure accounts to the State's General Fund to meet its statutory obligations under the New Jersey State 2003-2004 budget.

R. KEEGAN LANDFILL

NJSEA's lease with the Town of Kearny for the Keegan Landfill property expired June 2016. Negotiations between the parties for an extension of the lease failed. NJSEA filed an action to condemn the Keegan Landfill property. The Superior Court of New Jersey affirmed NJSEA's right to condemn the landfill after a challenge was made by the Town of Kearny. The Town of Kearny has subsequently appealed the court's decision. The appeal was decided in favor of NJSEA. The Town of Kearny requested certification by the New Jersey Supreme Court. The appeal was denied. The Town of Kearny subsequently filed a petition for a Writ of Certiorari with the United States Supreme Court. The petition was denied. The Superior Court of New Jersey heard the trial on the valuation of the Keegan Landfill in 2018. The court ruled in favor of the valuation determined by NJSEA of \$1,880,000.

On March 22, 2019, NJSEA entered into an Administrative Consent Order (ACO) with the NJDEP regarding noncompliance with N.J.A.C. 7:27-7.3 at the Keegan Landfill. The noncompliance was regarding emission of Hydrogen Sulfide (H₂S) in a concentration greater than 30 parts per billion by volume (ppbv) over a 30-minute period. The ACO requires NJSEA to take all actions that may be necessary to maintain compliance with the Air Pollution Control Act. As a result of an ACO between NJSEA and NJDEP, NJSEA has installed a gas collection and monitoring system to remediate the H₂S emissions from the landfill.

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NOTES TO FINANCIAL STATEMENTS

R. KEEGAN LANDFILL (CONTINUED)

On May 24, 2019, the Hudson County Superior Court issued an injunction closing the Keegan Landfill. An appellate court reversed the injunction on May 31, 2019, allowing the landfill to reopen. On June 12, 2019, the New Jersey Supreme Court reinstated the decision of the Hudson County Superior Court, closing the landfill until a plenary hearing on July 25, 2019.

On September 30, 2019, The Hudson County Superior Court issued a ruling on the plenary hearing held on July 25, 2019. It was the opinion of the court that the temporary injunction to close the Keegan Landfill be made final and the landfill be closed permanently. On December 10, 2019, the Appellate Division granted a motion for leave to appeal the permanent injunction issued by the Hudson County Superior Court.

On November 1, 2019, the Authority filed a motion for leave to appeal in the Appellate Division to address the mistaken findings of fact and applications of law made by the Chancery Court in the Keegan Landfill matter regarding the landfill closing. Briefing of the issue before the Appellate Division is still in progress.

On December 19, 2019, the Board of Commissioners of NJSEA approved resolution 2019-48, authorizing the President and CEO to take the necessary steps to settle the matters regarding the Keegan Landfill and the Town of Kearny. The settlement will be in the form of a Judicial Consent Order and will memorialize the permanent closure of the Keegan Landfill.

On March 6, 2020, the Judicial Consent Order memorialized the closing of the Keegan Landfill, among other settlement terms.

On April 9, 2020, the Town of Kearny's appeal of the Superior Court of New Jersey decision was denied, and the ruling of the valuation of the Keegan Landfill at \$1,880,000 was upheld.

On May 9, 2020, the Town of Kearny petitioned the New Jersey Supreme Court for certification. On June 30, 2020, the Court denied the Town's petition.

**S. MEADOWLANDS AREA GRANTS FOR NATURAL AND ECONOMIC TRANSFORMATION
(MAGNET)**

In calendar year 2005, the MAGNET Fund was launched. The purpose of the MAGNET Fund is to foster continued revitalization in the Meadowlands and ensure continued growth and improvement in the region both environmentally and economically. A detailed budget outlining the amounts appropriated for MAP, environmental, economic development and capital improvement initiatives is currently in place. As of December 31, 2020, the fund balance in the MAGNET Fund was \$2,017,971, of which \$533,317 was committed to project commitments.

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T. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2020, consist of the following:

<u>Due from</u> <u>Other Funds</u>	<u>Fund</u> <u>Governmental Funds</u>	<u>Due to</u> <u>Other Funds</u>
\$ 16,236,343	General Fund	\$ 22,967,433
295,829	Environmental Center	2,359,079
67,866	MAGNET	249,307
12,692	Other Governmental	1,399
	<u>Enterprise Fund</u>	
22,721,217	Solid Waste	13,292,037
16,678,275	Sports Complex	15,859,780
	<u>Fiduciary Funds</u>	
-	Special Escrow	1,359,724
355,533	Transportation Planning District	278,996
<u>\$ 56,367,755</u>	<u>Total</u>	<u>\$ 56,367,755</u>

U. RISK MANAGEMENT

Property and Liability Insurance

The Authority maintains commercial insurance coverage for property, liability and surety bonds that covers the risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

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. There were no reimbursements which were required to be paid to the State for the current year.

V. COMMITMENTS AND CONTINGENCIES

The Authority is exposed to risks of losses related to injuries to employees. The Authority has established a risk management program to account for and finance its uninsured risks of loss related to workmens' compensation. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Claims are based on actuarial valuation.

Workmens' compensation claims liability, claims incurred, and claims paid are provided below.

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V. COMMITMENTS AND CONTINGENCIES (CONTINUED)

	<u>2020</u>
Claims liability - January 1	\$ 6,711,631
Increase in provision	1,126,846
Claims paid	<u>(1,137,220)</u>
Claims liability - December 31	<u>6,701,257</u>
Less: current portion	<u>1,137,220</u>
Long-term portion	<u>\$ 5,564,037</u>

At year end approximately \$247,830 in current assets and liabilities was related to funds received from the State to administer the Camden Aquarium Project. The activity in the fund created for this purpose has no effect on the Authority's revenues or expenses.

On June 14, 2004, the Authority entered into a Participation agreement to license and operate an account wagering system in New Jersey pursuant to the Off-Track and Account Wagering Act (P.L. 201, c. 199) and the regulations promulgated by the New Jersey Racing Commission. Under the agreement the Authority began operating an on-line account wagering system and has contributed 70% of start-up costs for the project, appointed an Operating Board, and conducts and accounts for all day-to-day operations in return for 70% of available net project revenues or losses as defined by the agreement. The Authority's 70% financial interest was transferred to the New Meadowlands Racetrack (35%) and the NJTHA (35%) as part of a long-term lease agreement to assume the operating rights of the racetracks and off-track wagering sites.

On October 21, 2009, the Authority undertook a project consisting of construction of a new storm water basin and to purchase equipment for the project in order to alleviate storm water runoff at Monmouth Park Racetrack. The total cost for the equipment and the project is estimated at \$26,600,000, which includes capitalized interest, debt service and administrative expenses, and will be financed through loans from the New Jersey Environmental Infrastructure Trust and the NJDEP. The Borough of Oceanport applied for the project loan (not to exceed \$23,500,000), and the Authority applied for the equipment loan (not to exceed \$850,000) with the above financing authorities. The Authority pays the Borough a special assessment that is substantially similar to the Borough's loan repayment schedule and manages the project at its own cost. The project was completed in 2012. Repayment of the loans began in 2010 and ends in 2029.

W. CONCENTRATION OF RISK

The State of New Jersey appropriated and remitted to the Authority \$11.5 million in state aid. This amount is used to fund the General Fund operations.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

X. IMPACT OF CORONAVIRUS PANDEMIC

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Authority operates. Due to the impact of New Jersey Governor Murphy's Executive Order No. 107 dated March 21, 2020, mandating statewide stay-at-home practices and closure of all non-essential retail businesses, tourism tax revenue significantly decreased and events held at Wildwoods Convention Center and related net event income were reduced significantly. It is unknown how long these conditions will last and what the complete financial effect will be to the Authority.

Y. SUBSEQUENT EVENTS

Demolition of Former NJSEA Racing Grandstand

Given the high maintenance costs and lack of third-party tenants, the Authority has determined to demolish its former racing grandstand. A Memorandum of Understanding between the Authority and the New Jersey Department of Treasury ("NJ Treasury") has been executed under which over \$16 million has been deposited with the Authority from NJ Treasury to facilitate the demolition under an Agreement between the Authority and New Meadowlands Stadium Corporation. The Authority must relocate its information technology offices and equipment from the grandstand to its engineering/public safety building. By separate agreement, the Authority will construct, at the expense of the New Jersey State Police and NJ Treasury, a barrack facility in the engineering/public safety building. Work on the new information technology and New Jersey State Police facilities has commenced and bids for demolition were received March of 2022.

2026 World Cup

In collaboration with the City of New York, the Authority is in competition with other North American cities to host FIFA's 2026 World Cup Soccer Matches. Consulting firms have been retained to assist in the competition and to assess both the costs of securing and hosting the matches and the economic benefit to the New York Metropolitan Area in general and the State of New Jersey particularly.

Vaccine Center

In 2021, the Authority's former grandstand was utilized as a COVID-19 Mega Vaccination site. A monthly rental fee was paid by the State of New Jersey which helped offset maintenance costs. After successful operations, the site's use was terminated in June 2021.

American Dream Project

Due to the coronavirus pandemic, the American Dream project suffered an almost two-year loss/severe curtailment of operational revenue. This loss of revenue resulted in a default under the project's construction loan documents. The project has continued operations with the addition of new retail outlets and entertainment venues.

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Y. SUBSEQUENT EVENTS (Continued)

Hurricane Ida

On or about September 1, 2021, Hurricane Ida, then weakened to a tropical storm category, resulted in a major rainfall causing first time flooding of the Authority's Meadowlands Arena and the surrounding area, declared by both the State of New Jersey and the Federal Government as a disaster area. In addition to several feet of flooding of lower areas of the Arena, there was damage to the elevator system, other mechanical systems, and structural damage to Arena entrances. In addition to repairing damages, the Authority also effectuated improvements to reduce the impact of potential future flooding by modifying entrance elevations and slopes, together with additional and higher curbing. The Authority is seeking reimbursement for its repair and replacement costs concurrently from both its insurance carriers and disaster relief funds.

Keegan Landfill

On December 31, 2021, the Keegan Landfill ceased to accept clean cover material.

REQUIRED SUPPLEMENTARY INFORMATION

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET
VERSUS ACTUAL
Year Ended December 31, 2020

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance
Revenues					
East Rutherford					
NMSCO Ground Lease	\$ 6,300,000	\$ -	\$ 6,300,000	\$ 6,300,000	\$ -
NMR Shared Services	6,519,355	-	6,519,355	6,892,223	372,868
Arena Revenue	2,351,061	-	2,351,061	2,348,247	(2,814)
Monmouth Park Reimbursables	2,509,979	-	2,509,979	2,600,395	90,416
(2) Convention Center	-	-	-	1,146,265	1,146,265
(2) Tourism Tax Revenue	-	-	-	3,444,861	3,444,861
Misc. Other	2,810,558	-	2,810,558	2,977,097	166,539
Total - East Rutherford	20,490,953	-	20,490,953	25,709,088	5,218,135
Lyndhurst					
Lease Revenues	1,137,467	-	1,137,467	1,306,083	168,616
Land Use Fee Income	955,923	-	955,923	877,780	(78,143)
Misc. Other	437,015	-	437,015	404,178	(32,837)
Total - Lyndhurst	2,530,405	-	2,530,405	2,588,041	57,636
Solid Waste Revenue	4,652,993	-	4,652,993	4,691,217	38,224
Total Revenues	27,674,351	-	27,674,351	32,988,346	5,313,995
Expenditures					
East Rutherford					
Salaries/Fringe	6,051,051	-	6,051,051	5,414,566	(636,485)
Utilities	2,809,198	-	2,809,198	2,887,550	78,352
New Jersey Racing Commission	2,362,852	-	2,362,852	2,351,740	(11,112)
Professional Services	4,157,029	-	4,157,029	4,412,310	255,281
Pension	1,554,242	-	1,554,242	6,113,469	4,559,227
Workers Compensation	1,200,000	-	1,200,000	822,972	(377,028)
Repairs/Maintenance - Building/Other	1,466,592	-	1,466,592	1,669,855	203,263
(2) Convention Center	-	-	-	4,943,191	4,943,191
Misc. Other	2,850	-	2,850	189,961	187,111
Total East Rutherford	19,603,814	-	19,603,814	28,805,613	9,201,800
Lyndhurst					
Salaries/Fringe	9,816,427	-	9,816,427	10,526,483	710,056
Services	2,303,215	-	2,303,215	2,335,035	31,820
Capital/Maintenance	969,396	-	969,396	64,506	(904,890)
Repairs/Maintenance	412,815	-	412,815	355,268	(57,547)
Ramapo Partnership	600,000	-	600,000	600,250	250
Misc. Other	236,719	-	236,719	380,339	143,620
Total Lyndhurst	14,338,572	-	14,338,572	14,261,881	(76,691)
Solid Waste Operating Expenses	8,992,701	-	8,992,701	9,574,664	581,963
Total Expenditures	42,935,088	-	42,935,088	52,642,157	9,707,072
Total Operating Gain (Loss)	(15,260,737)	-	(15,260,737)	(19,653,811)	(4,393,077)
Other Revenues and Expenditures					
State Appropriations	11,500,000	-	11,500,000	11,500,000	-
Reserve Fund Utilization	16,744,416	-	16,744,416	-	(16,744,416)
Business-type depreciation and amortization	-	-	-	(8,255,104)	(8,255,104)
Adjustments related to pension and OPEB	-	-	-	1,663,494	1,663,494
PILOT / Property Taxes / CAFO	(12,983,679)	-	(12,983,679)	(12,591,068)	392,611
Transfer of Renewable Energy reserved funds to Fiduciary Funds	-	-	-	(1,349,318)	(1,349,318)
Total Non-operating Revenues & Expenditures	15,260,737	-	15,260,737	(9,031,996)	(14,688,311)
Excess of revenues over expenditures	\$ -	\$ -	\$ -	\$ (28,685,807)	\$ (19,081,388)
Amounts reported for Governmental Activities in the statement of revenues, expenditures and changes in fund balance are different because of:					
Capital Outlay				\$ (64,506)	
Depreciation expense				(619,140)	
Pension expense				2,374,492	
Post-employment healthcare benefits				1,022,523	
Excess of revenues over expenditures				(25,972,438)	
Fund Balance, beginning of year				177,351,293	
Fund Balance, end of year, governmental funds basis				\$ 151,378,855	

- (1) NJSEA policy is to prepare an entity-wide budget for its operations and does prepare budgets by major funds.
(2) Wildwoods Convention Center activities are not budgeted by NJSEA. Budgets for Wildwoods Convention Center are prepared by the Greater Wildwoods Tourism Improvement & Development Authority (GWTIDA).

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

SCHEDULE OF THE AUTHORITY'S, PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – PUBLIC EMPLOYEES RETIREMENT SYSTEM
December 31, 2020

PERS – Last 10 Fiscal Years									
	2020	2019	2018	2017	2016	2015	2014		
Authority's proportion of the net pension liability	0.1084811440%	0.0997146684%	0.0950367800%	0.1013676481%	0.1376070051%	0.1714730000%	0.1769954550%		
Authority's proportionate share of net pension liability	\$ 17,690,438	\$ 17,967,071	\$ 18,712,270	\$ 23,596,769	\$ 40,755,248	\$ 38,492,333	\$ 33,138,370		
Authority's covered-employee payroll	8,147,626	7,706,813	7,244,806	6,805,869	7,963,473	12,049,996	11,446,921		
Authority's proportionate share of net pension liability as a % of payroll	217.12%	233.13%	258.29%	346.71%	511.78%	319.44%	289.50%		
Total pension liability	42,777,145	41,373,076	40,325,601	45,465,790	68,080,650	73,921,290	69,154,727		
Plan fiduciary net position	25,086,707	23,406,005	21,613,333	21,869,021	27,325,402	35,429,038	36,016,337		
Plan fiduciary net position as a % of total pension liability	58.65%	56.57%	53.60%	48.10%	40.14%	47.93%	52.08%		

(1) In accordance with the Governmental Accounting Standards Board, the Authority is required to present ten years of detail, however, only seven years of data is available at this time.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

SCHEDULE OF CONTRIBUTIONS – PUBLIC EMPLOYEES RETIREMENT SYSTEM
Year Ended December 31, 2020

	PERS - Last 10 Fiscal Years									
	2020	2019	2018	2017	2016	2015	2014			
Contractually required contribution	\$ 1,186,729	\$ 868,398	\$ 945,309	\$ 939,063	\$ 1,222,481	\$ 1,474,211	\$ 1,527,382			
Contributions in relation to the contractually required contribution	1,186,729	868,398	945,309	939,063	1,222,481	1,474,211	1,527,382			
Authority's covered-employee payroll	8,147,626	7,706,813	7,244,806	6,805,889	7,963,473	12,049,996	11,446,921			
Contributions as a % of covered-employee payroll	14.57%	11.27%	13.05%	13.80%	15.35%	12.23%	13.34%			

(1) In accordance with the Governmental Accounting Standards Board, the Authority is required to present ten years of detail, however, only seven years of data is available at this time.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

SCHEDULE OF CONTRIBUTIONS – OTHER POST-EMPLOYMENT BENEFITS
Year Ended December 31, 2020

	Last 10 Fiscal Years				
	2020	2019	2018	2017	2016
Proportion of the net OPEB liability	0.204415%	0.190465%	0.198912%	0.194440%	0.238124%
Proportionate share of net OPEB liability	\$ 36,685,569	\$ 25,800,524	\$ 31,162,783	\$ 39,696,460	\$ 51,714,386
Contributions	2,344,932	2,395,835	3,035,347	3,212,357	1,711,301 *

(1) In accordance with the Governmental Accounting Standards Board, the Authority is required to present ten years of detail in the above Schedule of Authority's Contributions and Schedule of Authority's Proportionate Share of Net OPEB Liability and Contributions, however, only five years of data are available at this time.

* Only contributions related to retirees are reported for 2016. Data for contributions related to active employees, net of employee deductions are unavailable at this time.

INDEPENDENT AUDITORS' 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

To the Honorable Chair and Members of the
New Jersey Sports and Exposition Authority
Lyndhurst, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the New Jersey Sports and Exposition Authority ("the Authority"), as of and for the year then ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated April 18, 2022. Our report qualified our opinion on the business-type activities and the Sports Complex Enterprise Fund because the Authority chose not to provide a fair value measurement regarding the closure of its entertainment arena located in East Rutherford, New Jersey, following its closure in 2015 and therefore, the amount of any impairment loss cannot be determined; and because the Authority did not fully implement Governmental Accounting Standards Board Statement No. 78.

Internal Control Over Financial Reporting

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

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

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

INDEPENDENT AUDITORS' 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 (CONTINUED)

Compliance and Other Matters

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

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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mercadion, P.C.

Certified Public Accountants

April 18, 2022

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

SCHEDULE OF CURRENT YEAR FINDINGS AND RECOMMENDATIONS
December 31, 2020

None reported.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
December 31, 2020

None reported.

EXHIBIT II

Meadowlands Conservation Trust Annual Audit

MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
AND
COMPREHENSIVE ANNUAL FINANCIAL REPORT

December 31, 2020

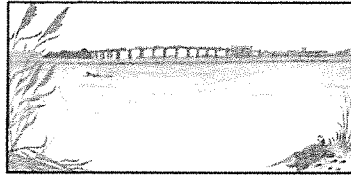
MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

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LETTER OF TRANSMITTAL

Protecting the Environment



MEADOWLANDS CONSERVATION TRUST

October 7, 2021

The Board of Trustees
Meadowlands Conservation Trust

RE: 2020 Annual Report and Comprehensive Annual Financial Report

Letter of Transmittal - Chairman

The Comprehensive Annual Financial Report of the Meadowlands Conservation Trust ("MCT") for the year ended December 31, 2020 is submitted herein. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Trust. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the MCT's financial position, results of operations, and cash flows in accordance with generally accepted accounting principles. In accordance with the accounting principles, Meadowlands Conservation Trust is a component unit of the State of New Jersey, and as such, is included in the State of New Jersey's Annual Report. The accompanying Management Discussion and Analysis provides detailed narrative information on the financial statements provided in the Comprehensive Annual Financial Report.

Profile of the Trust

The Meadowlands Conservation Trust was established within the former New Jersey Meadowlands Commission, now the New Jersey Sports and Exposition Authority, through an Act of Legislation in 1999 to acquire land through either fee simple acquisition or conservation easements with the purpose of permanently preserving wetlands, water ways and open space in the Hackensack River Watershed. The Trust operates with a seven member board of trustees¹ and is generally a land trust in the Hackensack River Watershed. The New Jersey Sports & Exposition Authority ("NJSEA") provides operational staff, and assistance to the board of trustees.

Accounting System and Budgetary Controls

The MCT's financial statements are prepared by NJSEA's Chief Financial Officer and financial staff in accordance with generally accepted accounting principles. The MCT financial statements are prepared using the principles of Fiduciary Funds as prescribed by Government Accounting Standard Board Statement #34. In an effort to ensure compliance with the NJSEA's and the Trust's By-Laws and to safeguard its assets, an internal control structure has been developed and implemented by management.

Under the direction of NJSEA's Chief Financial Officer and the financial department, the Trust's internal control areas include:

- Authorization levels for expenditures of Trust's funds;
- Specific procedures to follow when initiating purchase requisitions, purchase orders, receiving goods and payments for services;
- Separation of accounts payable and receivable functions;
- Bank reconciliation review;
- Controls over deposits; and
- Production of system-generated and manual checks.

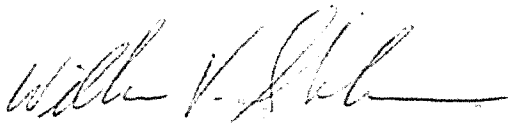
The internal control structure also includes approved organization structures and Board approved budgets for capital and operating expenditures.

The MCT follows the procurement policies and procedures established by New Jersey State Contract Law. The standards include a threshold, over which the board of trustees must approve all transactions.

Independent Audit

The certified public accounting firm of Mercadien, P.C. was retained to perform an audit of the 2020 fiscal year in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. In June 1999, the GASS adopted their Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for state and local governments. The Meadowlands Conservation Trust adopted GASS Statement No. 34 in fiscal year 2004, including the Management Discussion and Analysis (MD&A). The MD&A is considered to be required supplemental data and precedes the financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The audit firm of Mercadien, P.C. reports directly to the three-member audit committee of the board of trustees. An initial meeting prior to the start of the audit and a subsequent exit conference was held to discuss the results of the audit. The results show that subsequent to the appropriation of \$1.59 million in the FY2022 State Budget, the MCT is in a position to continue as a viable organization.

Regards,



Captain William Sheehan, Chairman

¹ While the enabling legislation provides for seven Trustees, currently, the MCT only has five Trustees and has requested appointments for the remaining two Trustees.

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Meadowlands Conservation Trust**

Report on the Financial Statements

We have audited the accompanying financial statements of the Meadowlands Conservation Trust ("MCT") (a component unit of the State of New Jersey) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which comprise the MCT'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 misstatement whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 MCT'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the MCT as of December 31, 2020 and 2019, and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages five through seven be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the MCT's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2021, on our consideration of the MCT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the MCT'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 MCT's internal control over financial reporting and compliance.

Mercadion, P.C.

Certified Public Accountants

October 13, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2020

This section of the Meadowlands Conservation Trust (MCT) annual financial report represents our discussion and analysis of the MCT's financial performance during the fiscal year that ended December 31, 2020. Please read it in conjunction with the MCT's financial statements and accompanying notes.

Overview of the Financial Report

The annual financial report consists of three parts: Management's Discussion and Analysis (this section), the Financial Statements and Notes to the Financial Statements; and required supplementary information. The MCT accounts for its financial activities under the fiduciary fund type, where the MCT acts as trustee of assets for the benefit of the citizens of the State of New Jersey.

Management's Discussion and Analysis:

This discussion and analysis is intended to present an overview of the MCT's financial performance for the years ended December 31, 2020 and 2019. It is intended to provide an assessment of how the MCT's financial position has improved or deteriorated and identify factors that, in management's view, significantly affected the MCT's overall financial position. It may contain opinions, assumptions or conclusions by the MCT's management that should not be considered a replacement for the financial statements included in this report.

Basic Financial Statements:

The statements of fiduciary net position provide information about the nature and amount of investments in resources (assets) and the obligations to MCT creditors (liabilities).

The statements of fiduciary changes in net position measure the MCT's operations for the periods presented and can be used to determine how MCT has funded its costs.

Notes to the Financial Statements:

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

Financial Highlights

2020

- In CY2020, the MCT's net position decreased \$250,269. This was driven by total deductions exceeding total additions by \$150,269 and the recognition of \$100,000 bad debt expense.
- Total revenues for the MCT decreased \$7,730 in 2020 due primarily to decreases in license plate sales and interest income. In CY2020, the MCT's revenues were \$126,935, recognizing Kane Tract Maintenance funds from Ameream, LLC of \$100,000; license plate sales from the New Jersey Motor Vehicle Commission (NJMVC) of \$17,954, and \$8,981 of interest.

MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2020

Financial Highlights (Continued)

2019

- In CY2019, the MCT's net position increased \$1,388,421. The key component of this increase was an appropriation of \$1,490,000 in the State of New Jersey FY2020 Budget. The appropriation was to reinstate a portion of the funds that were previously re-appropriated in the State of New Jersey FY2018 Budget.
- Total revenues for the MCT increased \$7,824 in 2019 due primarily to an increase in license plate sales and interest income. In CY2019, the MCT's revenues were \$134,665, recognizing Kane Tract Maintenance funds from Ameream, LLC of \$100,000; license plate sales from the New Jersey Motor Vehicle Commission (NJMVC) of \$20,458, and \$14,207 of interest.

Financial Summary

The MCT's comparative condensed summary of net position at December 31 is shown below in Figure 1.

Figure 1
Condensed Summary of Statements of Fiduciary Net Position

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current assets	\$ 2,905,415	\$ 3,191,588	\$ 1,937,362
Non-current assets	5,800,000	5,900,000	6,000,000
Capital assets	27,886,260	27,898,760	27,911,260
Total assets	<u>\$ 36,591,675</u>	<u>\$ 36,990,348</u>	<u>\$ 35,848,622</u>
Other Liabilities	\$ 5,933,934	\$ 6,082,338	\$ 6,329,033
Total liabilities	<u>5,933,934</u>	<u>6,082,338</u>	<u>6,329,033</u>
Invested in capital assets	27,886,260	27,898,760	27,911,260
Restricted	2,771,481	3,009,250	1,608,329
Total net position	<u>30,657,741</u>	<u>30,908,010</u>	<u>29,519,589</u>
Total Liabilities and Net Position	<u>\$ 36,591,675</u>	<u>\$ 36,990,348</u>	<u>\$ 35,848,622</u>

Revenue and Expense Highlights

2020

Total operating revenues for the years ended December 31, 2020 and 2019, were \$126,935 and \$134,665, respectively, a decrease of \$7,730. Operating expenses for the same periods were \$277,204 and \$250,004, respectively, an increase of \$27,200 compared to 2019. A comparative condensed summary of the statements of changes in fiduciary net position is shown in Figure 2.

MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2020

Revenue and Expense Highlights (Continued)

2019

Total operating revenues for the years ended December 31, 2019 and 2018, were \$134,665 and 126,841, respectively, an increase of \$7,824. Operating expenses for the same periods were \$250,004 and \$278,724, respectively, a decrease of \$28,719 compared to 2018. A comparative condensed summary of the statements of changes in fiduciary net position is shown in Figure 2.

Figure 2
Condensed Summary of the Statements of
Changes in Fiduciary Net Position

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenue Restricted for Kane Tract Maintenance	\$ 100,000	\$ 100,000	\$ 100,000
NJDMV - Plate Sales	17,954	20,458	17,326
Other	8,981	14,207	9,515
Total Revenues	<u>126,935</u>	<u>134,665</u>	<u>126,841</u>
Operating Costs	<u>277,204</u>	<u>250,004</u>	<u>278,724</u>
Total Operating Costs	<u>277,204</u>	<u>250,004</u>	<u>278,724</u>
Bad Debt Expense	(100,000)	-	-
Appropriation of Funds in the State of New Jersey FY 2020 Budget	-	1,490,000	-
Insurance Proceeds	-	13,760	-
Changes in Net Position	(250,269)	1,388,421	(151,883)
Beginning Net Position	30,908,010	29,519,589	29,671,472
Ending Net Position	<u>\$ 30,657,741</u>	<u>\$ 30,908,010</u>	<u>\$ 29,519,589</u>

Contacting Financial Management

The financial management report is designed to provide citizens, people served by the MCT, vendors, and creditors with a general overview of the MCT's finances. If you have any questions about this report or need additional financial information, contact Christine Sanz, Chief Executive Officer, Meadowlands Conservation Trust at One DeKorte Park Plaza, Lyndhurst, New Jersey 07071.

BASIC FINANCIAL STATEMENTS

MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

STATEMENTS OF FIDUCIARY NET POSITION

	December 31,	
	2020	2019
ASSETS		
Cash - on hand	\$ 1,398,344	\$ 1,659,033
Cash - Restricted for Kane Tract Maintenance	1,398,091	1,432,555
Accounts Receivable	8,980	-
Kane Tract Maintenance Receivable - Current, net of allowance	100,000	100,000
Kane Tract Maintenance Receivable - Non-Current	5,800,000	5,900,000
Capital Assets - Net	27,886,260	27,898,760
TOTAL ASSETS	\$36,591,675	\$36,990,348
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 33,934	\$ 82,338
Unearned Revenue	5,900,000	6,000,000
TOTAL LIABILITIES	5,933,934	6,082,338
NET POSITION		
Net Investment in Capital Assets	27,886,260	27,898,760
Restricted for Kane Tract Maintenance	1,398,091	1,432,555
Restricted for Other Trust Activities	1,373,390	1,576,695
TOTAL NET POSITION	30,657,741	30,908,010
TOTAL LIABILITIES AND NET POSITION	\$36,591,675	\$36,990,348

MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

	Years Ended December 31,	
	2020	2019
Additions		
MCT Restricted Revenue	\$ 100,000	\$ 100,000
NJDMV - Plate Sales	17,954	20,458
Interest	8,981	14,207
Total Additions	126,935	134,665
Deductions		
Insurance	13,148	11,767
Program Expenses	15,819	21,382
Professional Fees	40,958	29,355
Buildings & Ground Maintenance	19,779	-
Administrative Services - NJSEA	175,000	175,000
Depreciation	12,500	12,500
	277,204	250,004
Other Changes		
Bad Debt Expense	(100,000)	-
State Appropriation	-	1,490,000
Insurance Claim Proceeds	-	13,760
Total Other Changes	(100,000)	1,503,760
Changes in Net Position	(250,269)	1,388,421
Net Position, Beginning of Year	30,908,010	29,519,589
Net Position, End of Year	<u>\$ 30,657,741</u>	<u>\$ 30,908,010</u>

MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Meadowlands Conservation Trust (the "MCT"), which is a component unit of the State of New Jersey, was established in 1999. The MCT operates with a board of trustees whose main objectives are to acquire and hold or convey to other governmental entities or qualified non-profit organizations, environmentally important, valuable or sensitive lands located in the Hackensack Meadowlands or within the Hackensack River Watershed, and to preserve and manage those lands in their natural state or in a largely natural or undeveloped state for the purposes of conserving and enhancing natural resources, protecting elements of natural diversity, providing open space, or providing public outdoor passive recreational opportunities.

There is established in the MCT, a trust fund, to be known as the "Meadowlands Conservation Trust Fund," and the monies therein are to be held in those depositories as the State Treasurer may select. The State Treasurer shall deposit into the trust fund all monies: (1) received as a grant or other form of aid by the trust or by the State and designated for the trust; (2) given, donated, bequeathed, or endowed to the trust from public or private sources; (3) received as rent or as a royalty by the trust or by the State on behalf of the trust; (4) received as net revenues from the Division of Motor Vehicles in the Department of Transportation in connection with the issuance of Meadowlands conservation license plates as provided pursuant to sections 9 through 14 of P.L. 1999, c. 31 (C.39:3-27.100 C.39:3-27.105); and (5) appropriated or otherwise made available to the trust by the State. The monies in the trust fund are specifically dedicated and shall be utilized only for the purposes of the trust as set forth in this act. Such grants, contributions, donations and reimbursements from federal aid programs as may be lawfully used for the purposes of the trust as set forth in this act shall also be held in the trust fund. Monies in the trust fund shall not be expended except in accordance with appropriations from the trust fund made by law. Any act appropriating monies from the trust fund to acquire land shall identify the particular project or projects to be funded by the monies, and any expenditure for a land acquisition project for which the location is not identified by municipality and county in the appropriation shall require the approval of the Joint Budget Oversight Committee or its successor. Pending their application to the purposes set forth in this act, the monies in the trust fund shall be invested and reinvested as are trust funds in the custody of the State Treasurer, in the manner provided by law. Net earnings received from the investment or deposit of monies in the trust fund shall be deposited therein and become part of the trust fund to be used only for the purposes of the trust.

Money in the Meadowlands Conservation Trust Fund shall not be utilized for the development of any land for any purpose or for the acquisition of land that will not remain in a natural or largely natural or undeveloped state, except that up to 5% of the monies annually received and deposited into the trust fund may be utilized to pay for development of sites to allow for public access, and environmental education and interpretation, and for the development of trails, and up to 2% of the monies annually received and deposited into the trust fund may be utilized to pay for promotional and program awareness efforts.

The accounting policies of the MCT conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation – Fund Accounting

Fiduciary Fund

This fund accounts for the receipt of funds designated for the purpose of acquiring and holding environmentally sensitive property within the Hackensack Meadowlands or Hackensack River Watershed area.

The accounts of the MCT are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts.

Measurement Focus/Basis of Accounting

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

The MCT financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Assets, Liabilities, Revenue and Net Position

Cash

Cash includes cash in banks and certificates of deposit with original maturities of less than ninety days or less from the date of purchase.

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 MCT's policy is based on New Jersey statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Depository Protection Act (GUDPA) or in a qualified investment established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2020 and 2019, there were no amounts exposed to custodial credit risk.

MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Interest Rate Risk

The MCT does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statute 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statute 40A:5-15.1(a) limits municipal investment maturities to those specified in the Statute. The type of allowable investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The MCT places no limit on the amount which can be invested with any one issuer.

Accounts Receivable, Net of Allowance for Doubtful Accounts

The MCT evaluates all accounts receivable on an annual basis. An allowance for doubtful accounts is set up by charging expense. Amounts are charged against the allowance for doubtful accounts when management believes that collectability of certain receivables are uncertain.

Capital Assets

Capital assets are stated at cost. Land is considered inexhaustible and, therefore, not depreciated. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings 20 years

Expenditures for maintenance and repairs are charged to expense, and renewals and betterments are capitalized. Upon sale or retirement, the cost of the asset and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in the results of operations.

MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the equity generated from the operation of the MCT. The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less accumulated depreciation, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted - the difference between the assets and liabilities that is not reported in the net investment in capital assets.

Unearned Revenue

Revenues received by the MCT before the earnings process has been completed are recorded as unearned revenue.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

B. CAPITAL ASSETS

Capital asset activity as of December 31, 2020 and 2019, was as follows:

	January 1, 2020	Additions	Disposals	December 31, 2020
Capital assets being depreciated				
Buildings	\$ 250,000	\$ -	\$ -	\$ 250,000
Less: accumulated depreciation	(112,500)	(12,500)	-	(125,000)
	137,500	(12,500)	-	125,000
Capital assets not being depreciated				
Land	27,761,260	-	-	27,761,260
Capital assets, net	<u>\$ 27,898,760</u>	<u>\$ (12,500)</u>	<u>\$ -</u>	<u>\$ 27,886,260</u>
	January 1, 2019	Additions	Disposals	December 31, 2019
Capital assets being depreciated				
Buildings	\$ 250,000	\$ -	\$ -	\$ 250,000
Less: accumulated depreciation	(100,000)	(12,500)	-	(112,500)
	150,000	(12,500)	-	137,500
Capital assets not being depreciated				
Land	27,761,260	-	-	27,761,260
Capital assets, net	<u>\$ 27,911,260</u>	<u>\$ (12,500)</u>	<u>\$ -</u>	<u>\$ 27,898,760</u>

MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

B. CAPITAL ASSETS (CONTINUED)

Acquisition of the Richard P. Kane Natural Area

On March 25, 2005, the MCT took full title to the Empire Tract (the "Tract"), located within Carlstadt and South Hackensack, through a transfer of deed from Mills Corporation. The Tract was later renamed the Richard P. Kane Natural Area. This 587-acre tract of land was once slated to become a megamall before it was determined to be ecologically important and worthy of preservation. The developer Mills Corporation's original plans intended for the filling of the 206 acres of wetlands to be developed into a retail facility, office building, warehousing space and hotel. The remaining 381 acres would then be turned into a storm water retention basin. The Tract's acreage is predominantly comprised of wetlands with approximately twenty-five acres of uplands on the property.

Mills and its successors are required to pay \$100,000 per year, for a period of 75 years, to the MCT for costs related to implementation and maintenance of wetland preservation and enhancements associated with the perpetual preservation of the Tract. During 2017, MCT collected \$700,000 in funds from Ameream, LLC, representing payments for the years 2011-2017 and recorded a receivable for \$6.2 million. See Note A for more details on MCT's accounts receivable policy. Annual funding from Ameream, LLC of \$100,000 was current through December 31, 2019. In 2020, an allowance for doubtful accounts was set up for \$100,000 because the amount due from Ameream was not received during the year and its collectability is uncertain.

C. RISK MANAGEMENT

Property and Liability Insurance

The MCT maintains commercial insurance coverage for property, liability and surety bonds that covers the risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage.

D. APPROPRIATION OF FUNDS IN THE STATE OF NEW JERSEY'S FY2020 BUDGET

The FY2020 State Budget included an appropriation of \$1,490,000 to reinstate a portion of the \$3,080,458 Trust's funds that were swept into the General Fund's FY2018 State Budget. No amounts were appropriated in the FY2021 State Budget.

MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

E. IMPACT OF CORONAVIRUS PANDEMIC

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the MCT operates. Financial impacts of the aforementioned closures and restrictions included decreased license plate sales and other earnings. It is unknown how long these conditions will last and what the complete financial affect will be to MCT.

F. SUBSEQUENT EVENT

The State's FY2022 Budget included an appropriation of \$1.59 million to reinstate the balance of the Trust's funds previously swept into the General Fund as described in Note D.

SUPPLEMENTARY INFORMATION

MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

SCHEDULE OF NET POSITION BY COMPONENT – LAST TEN FISCAL YEARS (UNAUDITED)
December 31, 2020

Net Position by Component, Last Ten Fiscal Years
(accrual basis of accounting)

	<u>Year</u>	<u>Net Investment in Capital Assets</u>	<u>Restricted*</u>	<u>Total Net Position</u>
Fiduciary Activities	2011	\$ 27,969,180	\$ 1,976,181	\$ 29,945,361
	2012	27,956,680	3,357,037	31,313,717
	2013	27,944,180	5,520,018	33,464,198
	2014	27,931,680	5,275,757	33,207,437
	2015	27,919,180	4,710,201	32,629,381
	2016	27,936,260	4,351,236	32,287,496
	2017	27,923,760	1,747,712	29,671,472
	2018	27,911,260	1,608,329	29,519,589
	2019	27,898,760	3,009,250	30,908,010
	2020	27,886,260	2,771,481	30,657,741

* Restricted Net Position contains funds restricted solely for the maintenance of Richard P. Kane Natural Area ("Tract"). Those funds at December 31, 2020 and December 31, 2019, are \$1,398,091 and \$1,432,555, respectively.

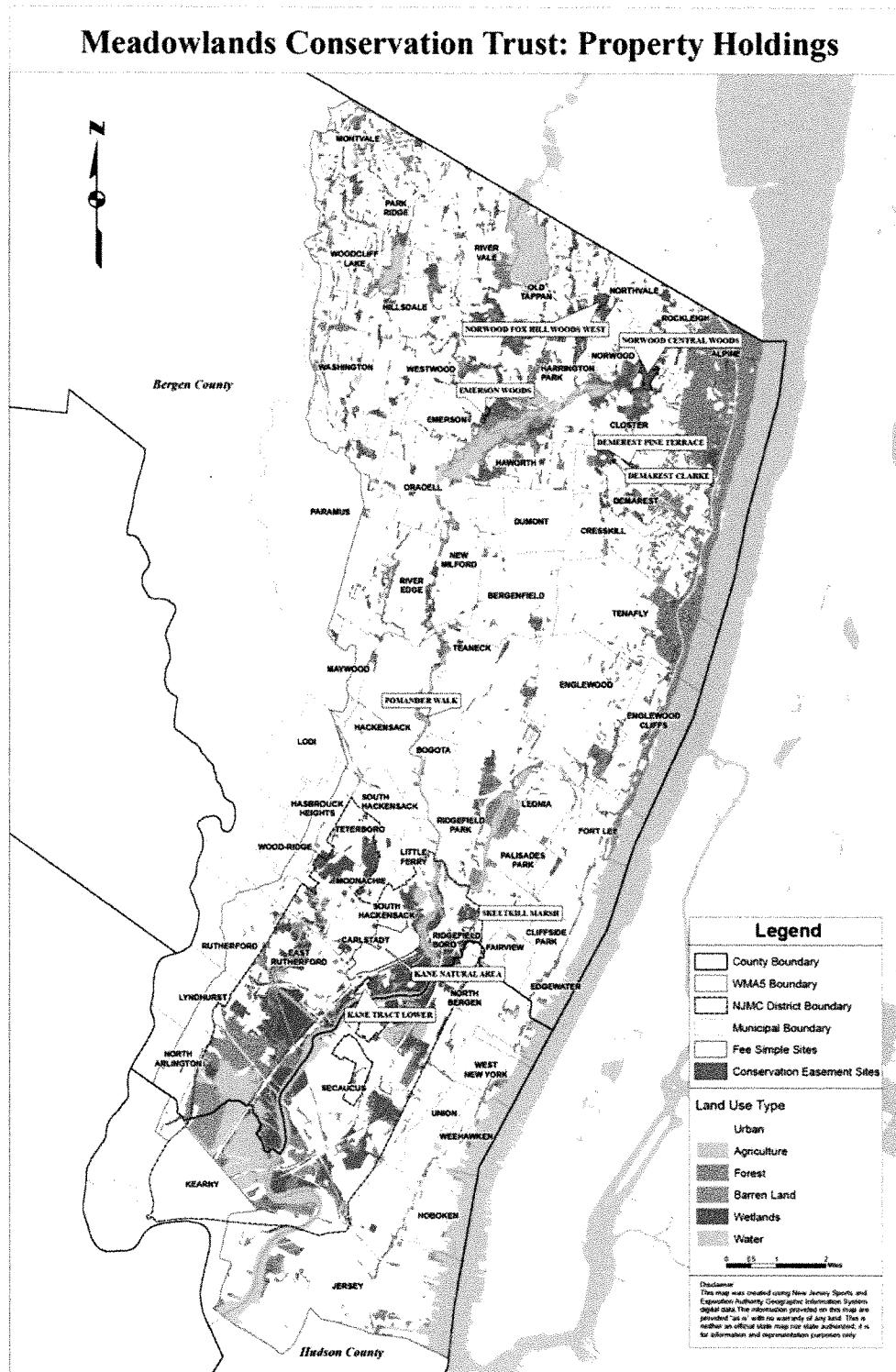
MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

SCHEDULE OF CHANGES IN NET POSITION-- LAST TEN FISCAL YEARS (UNAUDITED)
Year Ended December 31, 2020

Deductions	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fiduciary Activities:										
Salaries and Wages	\$ 15,715	\$ 12,043	\$ 337	\$ 347	\$ 355	\$ 357	\$ 361	\$ 2,496	\$ -	\$ -
Fringe Benefits	281	140	3,004	182	12,086	73	-	-	-	-
Supplies	61,553	48,091	204,409	239,499	176,143	380,761	243,824	252,300	234,804	244,925
Services	-	12,697	-	49,887	41,962	27,108	23,800	11,428	2,700	19,779
Repairs and Maintenance	-	-	-	-	-	-	-	-	-	-
Land Tract Fees	-	-	-	-	-	-	-	-	-	-
Other	389	60	-	-	412,500	12,500	12,500	12,500	12,500	12,500
Total Fiduciary Activities Deductions	\$ 77,938	\$ 73,031	\$ 207,750	\$ 289,915	\$ 643,046	\$ 420,799	\$ 280,484	\$ 278,724	\$ 250,004	\$ 277,204
Additions										
Fiduciary Activities:										
Contributions:										
MCT Restricted Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 700,000	\$ 100,000	\$ 100,000	\$ 100,000
Sale of Mitigation Rights	930,268	1,378,156	2,330,584	3,924	38,702	22,126	-	-	-	-
Donations of Cash	100	250	-	-	-	-	3,401	-	-	-
Donations of Land	-	-	-	-	-	29,580	-	-	-	-
NJDMV - Plate Sales	19,866	20,147	21,026	19,844	20,924	17,497	20,346	17,326	20,458	17,954
Other	30,254	42,834	6,621	9,386	5,364	9,711	21,173	9,515	14,207	8,981
Total Fiduciary Activities Additions	\$ 980,488	\$ 1,441,387	\$ 2,358,231	\$ 33,154	\$ 64,990	\$ 78,914	\$ 744,919	\$ 126,841	\$ 134,665	\$ 126,935
Bad Debt Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (100,000)
State of New Jersey Budget	-	-	-	-	-	-	(3,080,458)	-	1,490,000	-
Appropriation	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	13,760	-
Change in Net Position	\$ 902,550	\$ 1,368,356	\$ 2,150,481	\$ (256,761)	\$ (578,056)	\$ (341,885)	\$ (2,616,023)	\$ (151,883)	\$ 1,388,421	\$ (250,269)
Total Fiduciary Trust										

MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

PROPERTY HOLDINGS MAP (UNAUDITED)



**INDEPENDENT AUDITORS' 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**

**Board of Trustees
Meadowlands Conservation Trust**

Report on the Financial Statements

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Meadowlands Conservation Trust ("MCT"), as of and for the year ended December 31, 2020, and the related notes to financial statements, which comprise the basic financial statements, and have issued our report thereon dated October 13, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

**INDEPENDENT AUDITORS' 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
(CONTINUED)**

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.

Mercadieu, P.C.

Certified Public Accountants

October 13, 2021

MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

SCHEDULE OF CURRENT YEAR FINDINGS AND RECOMMENDATIONS
Year Ended December 31, 2020

None reported.

MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended December 31, 2020

None reported.

EXHIBIT III

Landfill Closure Escrow Fund Annual Audit Keegan Landfill Facility

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

ALTERNATIVE LANDFILL CLOSURE ESCROW FUND
KEEGAN LANDFILL FACILITY –
MEADOWLANDS FINANCIAL STATEMENTS

September 30, 2021

**NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)**

**ALTERNATIVE LANDFILL CLOSURE ESCROW FUND - KEEGAN LANDFILL FACILITY –
MEADOWLANDS FINANCIAL STATEMENTS**

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INDEPENDENT AUDITORS' 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	10

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
The New Jersey Sports and Exposition Authority
Lyndhurst, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the New Jersey Sports and Exposition Authority Alternative Landfill Closure Escrow Fund - Keegan Landfill Facility – Meadowlands Financial Statements ("Escrow Fund"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which comprise the Fund'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 the financial reporting provisions of the Sanitary Landfill Closure and Contingency Fund Act of 1981 (Amended 1987) (the "Act") of the Department of Environmental Protection, State of New Jersey; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and financial reporting provisions of the Act of the Department of Environmental Protection, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements as a basis for designing 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the statement of assets and fund balance of the Escrow Fund as of September 30, 2021, and the statement of revenues, expenditures and changes in fund balance for the year then ended, in accordance with the financial reporting provisions of the audit requirements of the Sanitary Landfill Closure and Contingency Fund Act of 1981 (Amended 1987) as described in Note B.

Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the financial reporting provisions of the audit requirements of the Sanitary Landfill Closure and Contingency Fund Act of 1981 (Amended 1987), which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2021, on our consideration of the Escrow Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Escrow Fund'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 Escrow Fund's internal control over financial reporting and compliance.

Restriction on Use

This report is intended solely for the information and use of management, the New Jersey Sports and Exposition Authority, and the Department of Environmental Protection, State of New Jersey, Bureau of Solid Waste Regulation, and is not intended to be and should not be used by anyone other than these specified parties.

Mercadieu, P.C.
Certified Public Accountants

October 27, 2021

BASIC FINANCIAL STATEMENTS

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

ALTERNATIVE LANDFILL CLOSURE ESCROW FUND - KEEGAN LANDFILL FACILITY –
MEADOWLANDS FINANCIAL STATEMENTS

STATEMENT OF ASSETS AND FUND BALANCE

September 30, 2021

ASSETS

Cash	\$ 924,483.08
Investments	<u>1,004,495.30</u>
Total Assets	<u>\$ 1,928,978.38</u>

FUND BALANCE

Held in Trust for Closure Purposes:	
Fund Balance - Restricted	<u>\$ 1,928,978.38</u>
Total Fund Balance	<u>\$ 1,928,978.38</u>

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

**ALTERNATIVE LANDFILL CLOSURE ESCROW FUND - KEEGAN LANDFILL FACILITY –
MEADOWLANDS FINANCIAL STATEMENTS**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended September 30, 2021

Month	Date of Deposit	Tons	Deposit	Interest Earned	Month Total
October 2020	N/A	-	\$ -	\$ 1.20	\$ 1.20
November 2020	N/A	-	-	4,377.11	4,377.11
December 2020	N/A	-	-	338.54	338.54
January 2021	N/A	-	-	8.86	8.86
February 2021	N/A	-	-	9.24	9.24
March 2021	N/A	-	-	9.24	9.24
April 2021	N/A	-	-	191.49	191.49
May 2021	N/A	-	-	12.03	12.03
June 2021	N/A	-	-	12.16	12.16
July 2021	N/A	-	-	386.04	386.04
August 2021	N/A	-	-	7.81	7.81
September 2021	N/A	-	-	4,695.31	4,695.31
Totals		-	\$ -	\$ 10,049.03	10,049.03
Realized Loss on Investments					(4,744.00)
Less: Trustee Fees					40.00
Net Increase in Fund Balance					5,265.03
Fund Balance - Beginning of Year					1,923,713.35
Fund Balance - End of Year					<u>\$ 1,928,978.38</u>

See notes to financial statements.

**NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)**

**ALTERNATIVE LANDFILL CLOSURE ESCROW FUND - KEEGAN LANDFILL FACILITY –
MEADOWLANDS FINANCIAL STATEMENTS**

NOTES TO FINANCIAL STATEMENTS

A. ORGANIZATION

The Alternative Landfill Closure Escrow Fund - Keegan Landfill Facility (the “Escrow Fund”) was established by the New Jersey Meadowlands Commission on November 21, 2016, in compliance with New Jersey Public Law 1981, C. 306, the Sanitary Landfill Closure and Contingency Fund Act. A portion of the funds received for solid and liquid wastes accepted for disposal during the year are deposited to the Escrow Fund in order to have funds available for the cost of future closure of the landfill. No withdrawals, therefore, may be made without written approval by the New Jersey State Department of Environmental Protection (“NJDEP”).

Effective February 5, 2015, the New Jersey Meadowlands Commission was made a part of the New Jersey Sports and Exposition Authority (the “Authority”).

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Escrow Fund have been prepared on a basis of accounting consistent with the Sanitary Landfill Closure and Contingency Fund Act of 1981; consequently, certain expenses are recognized when cash is disbursed rather than when the obligation is incurred.

The Escrow Fund is considered part of the Authority and does not include all of the operations of the Authority. Accordingly, the accompanying financial statements report only that portion of the Authority that deals with the Escrow Fund.

(b) Cash and Investments

Custodial Credit Risk Deposits

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The Authority's policy is based on New Jersey Statutes requiring cash be deposited only in qualified investments established in New Jersey Statutes that are treated as cash equivalents. As of September 30, 2021, the Authority's bank balance of \$924,483.08 was held as cash by Pershing, the custodian for the account, and in a TD Wealth Bank Deposit Sweep Program Fund insured by the Federal Deposit Insurance Corporation. In addition, Pershing purchases additional insurance from Lloyds of London for the Authority's accounts.

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B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Generally accepted accounting principles ("GAAP") establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The levels of the fair value hierarchy under GAAP are described below.

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the assets or liabilities.
- Inputs that are derived principally from or corroborated by observable market data correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Escrow Account believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

As of September 30, 2021, there was \$1,004,495.30 invested in U.S. Treasuries (Level 2) at cost, which approximates market value.

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NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Rate Risk

The purchases of U.S. Treasury and Agency investments carry investment rate risk where a possible rise in interest rates could lead to a fair value loss in the current value of such securities. The Escrow Fund follows the guidance provided by the Governmental Accounting Standards Board for accounting for increases or decreases in fair value of securities.

Credit Risk

New Jersey Statute 40A:5-15.1 limits investments to those specified in the Statutes. The type of allowed investments are Bonds of the United States of America; obligations of federal agencies; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Escrow Fund places no limit on the amount the Escrow Fund may invest in any one issuer.

(c) Deposits and Escrow Fund

Deposits to the Escrow Fund are required to be made on or before the 20th day of the month following their receipt.

C. KEEGAN LANDFILL LITIGATION

The Authority's lease with the Town of Kearny (the "Town") for the Keegan Landfill property expired June 2016. Negotiations between the parties for an extension of the lease failed. The Authority filed an action to condemn the Keegan Landfill property. The Superior Court of New Jersey affirmed the Authority's right to condemn the landfill after a challenge was made by the Town. The Town has subsequently appealed the court's decision. The appeal was decided in favor of the Authority. The Town requested certification by the New Jersey Supreme Court. The appeal was denied. The Town subsequently filed a petition for a Writ of Certiorari with the United States Supreme Court. The petition was denied. The court ruled in favor of the valuation determined by the Authority of \$1,880,000.

**NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
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**ALTERNATIVE LANDFILL CLOSURE ESCROW FUND - KEEGAN LANDFILL FACILITY –
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NOTES TO FINANCIAL STATEMENTS

D. PENDING LITIGATION

On May 24, 2019, the Hudson County Superior Court issued an injunction closing the Keegan Landfill. An appellate court reversed the injunction on May 31, 2019, allowing the landfill to reopen. On June 12, 2019, the New Jersey Supreme Court reinstated the decision of the Hudson County Superior Court, closing the landfill until a plenary hearing on July 25, 2019.

On September 30, 2019, The Hudson County Superior Court issued a ruling on the plenary hearing held on July 25, 2019. It was the opinion of the court that the temporary injunction to close the Keegan Landfill be made final and the landfill be closed permanently.

On November 1, 2019, the Authority filed a motion for leave to appeal in the Appellate Division to address the mistaken findings of fact and applications of law made by the Chancery Court in the Keegan Landfill matter regarding the landfill closing. On December 10, 2019, the Appellate Division granted a motion for leave to appeal the permanent injunction issued by the Hudson County Superior Court.

On December 19, 2019, the Board of Commissioners of the Authority approved resolution 2019-48, authorizing the President and CEO to take the necessary steps to settle the matters regarding the Keegan Landfill and the Town of Kearny. The settlement will be in the form of a Judicial Consent Order and will memorialize, among other terms, the permanent closure of the Keegan Landfill.

On March 6, 2020, the Judicial Consent Order memorialized the closing of the Keegan Landfill, among other settlement terms.

On April 9, 2020, the Town of Kearny's appeal of the Superior Court of New Jersey decision was denied, and the ruling of the valuation of the Keegan Landfill at \$1,880,000 was upheld.

On May 9, 2020, the Town of Kearny petitioned the New Jersey Supreme Court for certification. On June 30, 2020, the Court denied the Town's petition.

E. COMMITMENTS AND CONTINGENCIES

On March 22, 2019, the Authority entered into an Administrative Consent Order (ACO) with the NJDEP regarding noncompliance with N.J.A.C. 7:27- 7.3 at the Keegan Landfill. The noncompliance was regarding emission of hydrogen sulfide (H₂S) in a concentration greater than 30 parts per billion by volume (ppbv) over a thirty-minute period. The ACO requires the Authority to take all actions that may be necessary to maintain compliance with the Air Pollution Control Act. As a result of an ACO between the Authority and NJDEP, the Authority has installed a gas collection and monitoring system to remediate the hydrogen sulfide (H₂S) emissions from the landfill.

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F. IMPACTS OF CORONAVIRUS PANDEMIC

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Authority operates. Due to the impact of New Jersey Governor Murphy’s Executive Order No. 107 dated March 21, 2020, mandating statewide stay-at-home practices and closure of all non-essential retail businesses, it is reasonably possible certain revenues will decrease. It is unknown how long these conditions will last and what the complete financial effect will be to the Escrow Fund.

G. SUBSEQUENT EVENTS

Management has evaluated subsequent events occurring after September 30, 2021, through the date of this report, which is the date the financial statements were available to be issued. No items were noted that required disclosure.

INDEPENDENT AUDITORS' 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

The Board of Commissioners of
The New Jersey Sports and Exposition Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements of the Sanitary Landfill Closure and Contingency Fund Act of 1981 (Amended 1987) (the "Act"), the statement of assets and fund balance and the statement of revenues, expenditures and changes in fund balance of the New Jersey Sports and Exposition Authority Alternative Landfill Closure Escrow Fund - Keegan Landfill Facility – Meadowlands Financial Statements (the "Escrow Fund") as of and for the year ended September 30, 2021, and the related notes to the financial statements, and have issued our report thereon October 27, 2021.

Internal Control Over Financial Reporting

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

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

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

INDEPENDENT AUDITORS' 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 (CONTINUED)

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Escrow Fund'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 Escrow Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mercadion, P.C.
Certified Public Accountants

October 27, 2021