Cumberland County Improvement Authority

AUDIT REPORT

YEARS ENDED
DECEMBER 31, 2018 AND 2017

Romano, Hearing, Testa & Knorr
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
AUDIT REPORT
YEARS ENDED DECEMBER 31, 2018 AND 2017
TABLE OF CONTENTS

TABLE OF CONTENTS (CONTINUED)

Romano, Hearing, Testa & Knorr
PROFESSIONAL ASSOCIATION
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Chairman and Commissioners of the
Cumberland County Improvement Authority
Millville, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Cumberland County Improvement Authority (the "Authority"), a component unit of the County of Cumberland, State of New Jersey, and its discretely presented component unit (Cumberland Empowerment Zone Corp.) as of and for the year ended December 31, 2018, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents. We have also audited the accompanying financial statements of the business-type activities of the Authority as of and for the year ended December 31, 2017 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the Authority's discretely presented component unit, as of and for the year ended December 31, 2018. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, 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 of material misstatement.

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Auditor's Responsibility (Continued)

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

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

Opinions

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Cumberland County Improvement Authority and the Authority's discretely presented component unit as of December 31, 2018 and 2017, and the respective changes in financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Discretely Presented Component Unit

As discussed in Note 1 to the financial statements, during the year ended December 31, 2018, the Authority entered into an enhanced relationship with the Cumberland Empowerment Zone Corp. ("CEZC") resulting in CEZC becoming a component unit of the Authority. As a result, the financial statements of CEZC are being discretely presented with those of the Authority for the year ended December 31, 2018. Note the CEZC was not a component unit of the Authority for the year ended December 31, 2017. Our opinion on the Authority's financial statements is not modified with respect to this matter.

Adoption of New Accounting Principles

As discussed in Note 1 to the financial statements, during the fiscal year ended December 31, 2018, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* and GASB Statement No. 87 *Leases.* The related disclosures for the implementation of these new accounting pronouncements are included in note 12. Our opinion is not modified with respect to this matter.

Emphasis of Matter (Continued)

Prior Period Restatement

Because of the implementation of GASB Statement No. 75, beginning net position on the statements of revenue, expenses and changes in net position has been restated for fiscal year December 31, 2018, as discussed in Note 12 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the Authority's total OPEB liability and related ratios, schedule of the Authority's proportionate share of the net OPEB liability, schedule of the Authority's OPEB contributions, schedule of the Authority's proportionate share of the net pension liability and schedule of the Authority's pension contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the basic financial statements. The accompanying supplementary schedules as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2019 on our consideration of the Cumberland County Improvement Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cumberland County Improvement Authority's internal control over financial reporting and compliance.

ROMANO, HEARING, TESTA & KNORR

Romano, Hearing, Testa & Knorr

Certified Public Accountants

August 21, 2019

Romano, Hearing, Testa & Knorr
PROFESSIONAL ASSOCIATION
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

Chairman and Members of the
Cumberland County Improvement Authority
Millville, 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; and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Cumberland County Improvement Authority (the "Authority"), a component unit of the County of Cumberland, State of New Jersey, and its discretely presented component unit (Cumberland Empowerment Zone Corp.) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 21, 2019. Our report includes a reference to other auditors who audited the financial statements of the Authority's discretely presented component unit (Cumberland Empowerment Zone Corp.), as described in our report on the Authority's financial statements. The financial statements of the Authority's discretely presented component unit were audited in accordance with auditing standards generally accepted in the United States of America and in accordance with *Government Auditing Standards.* In addition, our report on the financial statements included emphasis of matter paragraphs describing the inclusion of the discretely presented component unit, the adoption of new accounting principles, and a paragraph describing the restatement of the Authority's beginning net position for the year ended December 31, 2018

Internal Control Over Financial Reporting

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

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Internal Control Over Financial Reporting (Continued)

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 Cumberland County Improvement Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying Schedule of Findings and Recommendations as finding numbers 2018-001 and 2018-002.

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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

ROMANO, HEARING, TESTA & KNORR

Romano, Hearing, Testa & Knorr

Certified Public Accountants

August 21, 2019

REQUIRED SUPPLEMENTARY INFORMATION
PART I

Cumberland County Improvement Authority

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Cumberland County Improvement Authority's (the Authority) annual financial report presents the analysis of the Authority's financial performance during the year that ended on December 31, 2018. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Management believes the Authority's financial condition is strong. Operating revenue totaled $19.7 million which is an increase of $2.7 million or 16.2% over the prior year. Landfill Tipping Fees, the largest revenue source, accounted for $12.5 million, a decrease of $.1 million or 0.9%.

- During 2018, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (GASB 75). As a result of the implementation of GASB 75, beginning unrestricted net position as of January 1, 2018, was decreased by $3.2 million. The Authority also adopted GASB Statement No. 85 *Omnibus 2017* (GASB 85) which addresses a variety of topics including postemployment benefits (pensions and other postemployment benefits [OPEB]) and GASB Statement No. 86, *Certain Debt Extinguishment Issues* (GASB 86), both of which had no impact on the Authority's financial statements. The Authority elected early implementation of GASB Statement No. 87, *Leases* (GASB 87) which improves accounting and financial reporting for leases by governments. The cumulative effect of adopting GASB 87 resulted in a restatement of the beginning balances of Lease Receivables and Deferred Inflows-Leases as of January 1, 2018 with no change in net position. The notes to the financial statements provide a more thorough discussion of the implementation of these accounting pronouncements.

- Beginning in 2018, the Authority entered into an enhanced relationship with the Cumberland Empowerment Zone Corp. (CEZC), a not-for-profit entity that meets the criteria to be considered a component unit. CEZC's financial statements are discretely presented in a separate column in the Authority's financial statements to emphasize that it is legally separate from the government. For additional information relating to CEZC, refer to separately available financial statements available by contacting the Executive Director, Cumberland Empowerment Zone, 745 Lebanon Road, Millville, NJ 08332, or e-mail jeanninec@cezcorp.org.

- On July 1, 2018, the Cumberland County Board of Vocational Education ("District") transferred and conveyed the ownership and operation of certain land and improvements located in the Township of Deerfield, New Jersey ("Township") to the Authority for $1 in order to advance redevelopment on behalf of the Township. In July 2019, the Authority entered into an agreement to sell the Township property for $2,112,500 which was determined to be its fair value. Upon the completion of the sale, pursuant to the transfer of ownership agreement, the Authority will be entitled to 70% of the proceeds, and the District will be entitled to 30%.

- The Authority's Net Capital Assets increased by $26.1 million, an increase of 25.0%.

- The Authority's Total Assets increased by $156.0 million, an 88.4% increase.

- Operating expenses include cost of providing services, administrative and general, closure and postclosure costs and depreciation. The costs the Authority has control over, which are the cost of providing services and administrative and general expenses, totaled $13.5 million, an increase of $2.8 million or 25.9%. This is primarily the result of maintaining level fees while absorbing increasing costs of operation and building new lines of business.

- Closure and postclosure costs and depreciation expense totaled $3.5 million, a decrease of $0.8 million or 18.9%. These costs are not controlled by the Authority and the change was primarily due to changes in accounting estimate for closure and postclosure costs for all years presented.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority is a single enterprise fund even though it provides various services. The Authority's major fund is comprised of Solid Waste Operations. The Authority has also undertaken significant acquisition and construction projects with leasing agreements to various tenants under its economic development responsibilities. The Authority's Audit Report includes the required Basic Financial Statements, as described below, the Notes to Financial Statements, required supplementary information, which consists of this Management Discussion and Analysis section and required pension and other post employment benefits (OPEB) schedules, and finally, supplementary information.

REQUIRED FINANCIAL STATEMENTS

The financial statements report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities.

The ***Statements of Net Position*** includes all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). The statements provide the basis for computing rate of return, evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the ***Statements of Revenues, Expenses and Changes in Net Position***. These statements measure the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its solid waste user fees and other charges. These statements also measure the Authority's profitability and credit worthiness. The other required financial statement is the ***Statement of Cash Flows***. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities, and provides answers to such questions as "where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period?"

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

One of the most important questions asked about the Authority's finances is "Is the Authority, as a whole, better off or worse off as a result of the year's activities?" The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position report information about the Authority's activities in a manner that will help answer this question. These two statements report the net position of the Authority, and year-over-year changes in net position. You can think of the Authority's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors such as changes in economic conditions, customer growth, and legislative mandates also need to be part of this evaluation.

The analysis below focuses on the Authority's net position (Table 1) and changes in net position (Table 2) during the year.

Table 1
Net Position
(Dollars in Thousands)

	2018	2017	2016	2018-2017 Increase/(Decrease) $	%	2017-2016 Increase/(Decrease) $	%
Current Assets - Unrestricted	$ 10,356	$ 3,416	$ 6,718	$ 6,940	203.2%	$ (3,302)	-49.2%
Current Assets - Restricted	79,778	42,779	32,399	36,999	86.5%	10,380	32.0%
Noncurrent Assets	242,328	130,230	102,221	112,098	86.1%	28,009	27.4%
Total Assets	332,462	176,425	141,338	156,037	88.4%	35,087	24.8%
Deferred Outflows of Resources	2,391	2,984	3,907	(593)	-19.9%	(923)	-23.6%
Current Liabilities Payable from Unrestricted Assets	5,974	1,993	2,282	3,981	199.7%	(289)	-12.7%
Current Liabilities Payable from Restricted Assets	9,316	4,742	18,548	4,574	96.5%	(13,806)	-74.4%
Long Term Liabilities	195,773	122,770	76,429	73,003	59.5%	46,341	60.6%
Total Liabilities	211,063	129,505	97,259	81,558	63.0%	32,246	33.2%
Deferred Inflows of Resources	80,642	5,380	4,005	75,262	1398.9%	1,375	34.3%
Net Investment in Capital Assets	41,860	37,339	30,591	4,521	12.1%	6,748	22.1%
Restricted Net Position	5,676	5,275	10,054	401	7.6%	(4,779)	-47.5%
Unrestricted Net Position	(4,387)	1,910	3,336	(6,297)	-329.7%	(1,426)	-42.7%
Total Net Position	$ 43,149	$ 44,524	$ 43,981	$ (1,375)	-3.1%	$ 543	1.2%

The increase in current assets-unrestricted is primarily the result of increases in lease receivables and other receivables.

The increase in current assets-restricted is due to a decrease in cash and an increase in investments.

The increase in noncurrent assets is due to the increase in investments, lease and loan receivable, prepaid bond insurance and net capital assets.

The decrease in deferred outflows of resources is due to a decrease in deferred loss on defeasance of debt and deferred amount relating to pensions.

The increase in current liabilities payable from unrestricted assets is due to increases in accounts payable and other payables.

The increase in current liabilities payable from restricted assets is primarily due an increase in loans payable and construction contracts payable.

The increase in long-term liabilities is due to an increase in revenue bonds payable and loans/notes payable.

The increase in deferred inflows of resources is due to an increase in deferred amount relating to pensions and leases.

Table 2

Statement of Revenues, Expenses and Changes in Net Position

(Dollars in Thousands)

	2018	2017	2016	2018 - 2017 Increase/(Decrease) $	2018 - 2017 Increase/(Decrease) %	2017 - 2016 Increase/(Decrease) $	2017 - 2016 Increase/(Decrease) %
Operating Revenue:							
Landfill Tipping Fees	$ 12,524	$ 12,641	$ 12,139	$ (117)	-0.9%	$ 502	4.1%
Lease/Rental Income	3,693	2,710	2,095	983	36.3%	615	29.4%
Interest Income on Leases	154			154		-	
Project Management Fee	1,472	179	512	1,293	722.3%	(333)	-65.0%
Methane Gas Project Revenue	395	458	437	(63)	-13.8%	21	4.8%
Recycle Revenue	60	257	129	(197)	-76.7%	128	99.2%
Operating Grants	322	336	358	(14)	-4.2%	(22)	-6.1%
Project Income - Fleet Maintenance	323	227	164	96	42.3%	63	38.4%
Administrative/Bond Transaction Fee	81	27	-	54	200.0%	27	
Property Management Fee	469	30	-	439	1463.3%	30	
Other Operating Income	253	133	99	120	90.2%	34	34.3%
Total Operating Revenue	19,746	16,998	15,933	2,748	16.2%	1,065	6.7%
Operating Expenses:							
Cost of Providing Services	10,348	7,698	6,194	2,650	34.4%	1,504	24.3%
Administrative and General	3,147	3,019	2,788	128	4.2%	231	8.3%
Closure and Postclosure Costs	(2,739)	(570)	(4,361)	(2,169)	380.5%	3,791	-86.9%
Depreciation	6,286	4,942	4,967	1,344	27.2%	(25)	-0.5%
Total Operating Expenses	17,042	15,089	9,588	1,953	12.9%	5,501	57.4%
Operating Income (Loss)	2,704	1,909	6,345	795	41.6%	(4,436)	69.9%
Non Operating Revenue (Expenses):							
Interest Income	670	601	677	69	11.5%	(76)	-11.2%
Interest Expense	(2,316)	(1,505)	(1,400)	(811)	53.9%	(105)	7.5%
Pass Through Revenue (Expense) - Arts &				-			
Innovation Project	-	244	(244)	(244)	-100.0%	488	-200.0%
Net Decrease in Fair Value of Investments	(119)	(220)	(285)	101	-45.9%	65	-22.8%
Appropriated to County	(530)	(454)	(445)	(76)	16.7%	(9)	2.0%
Forgivable Loans/Grants	(100)	(200)	(200)	100	-50.0%	-	0.0%
Debt Issue Costs Incurred	(506)	(353)	(5)	(153)	43.3%	(348)	6960.0%
Gain on Disposal of Assets	-	432	155	(432)	-100.0%	277	178.7%
Contribution to Host /P.I.L.O.T. Program	(10)	(11)	(9)	1	-9.1%	(2)	22.2%
Contributions Received	1,479			1,479		-	
Other Non-Operating Income	314	100	107	214	214.0%	(7)	-6.5%
Total Non-Operating Revenue (Expenses)	(1,118)	(1,366)	(1,649)	248	-18.2%	283	-17.2%
Income (Loss) Before Capital Contributions and Transfers	1,586	543	4,696	1,043	192.1%	(4,153)	-88.4%
Capital Contributions	252	-	27	252		(27)	-100.0%
Change in Net Position	1,838	543	4,723	1,295	238.5%	(4,180)	-88.5%
Net Position-Beginning	44,524	43,981	39,258	543	1.2%	4,723	12.0%
Cumulative Effect of Change in Accounting Principles	(3,213)	-	-	(3,213)		-	
Net Position-Beginning (Restated)	41,311	43,981	39,258	(2,670)	-6.1%	4,723	12.0%
Total Net Position-Ending	$ 43,149	$ 44,524	$ 43,981	$ (1,375)	-3.1%	$ 543	1.2%

Total operating revenue increased $2.7 million or 16.2% year-over-year. Landfill tipping fees revenue decreased 0.9% due to taking in less dirt, however, solid waste taxable tons received increased by 7,153 tons or 3.8%. Other revenue increases included lease/rental income of 36.3%, project management fee 722.3%, project income-fleet maintenance 42.3%, administrative/bond transaction fee 200.0%, property management fee 1,463.3% and other operating income of 90.2%.

As mentioned in the financial highlights, the costs the Authority has control over are the cost of providing services and administrative and general expenses. These expenses totaled $13.5 million, an increase of $2.8 million or 25.9% which were primarily the result of developing new economic initiatives and increased facility/building capacity. Closure and postclosure costs and depreciation expense totaled $3.5 million, a decrease of $0.8 million or 18.9%. These costs are not controlled by the Authority and the change was primarily due to changes in accounting estimate, resulting in "negative expenditures" of $2.7 million and $0.6 million respectively for 2018 and 2017 netted against an increase of 27.2% related to depreciation expense.

The Authority's ending net position decreased $1.4 million or 3.1% due to the cumulative effect of changes in accounting principles of $3.2 million netted against the increase in net position from 2018 operations of $1.8 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 2018, the Authority had $130.4 million invested in a broad range of capital assets. This amount represents an increase of $26.1 million or 25.0% from the previous year. More detailed information about capital assets can be found in Note 3 to the financial statements. Total depreciation expense for the year was $6.3 million.

The following table summarizes the Authority's capital assets, net of accumulated depreciation, and changes therein, for the year ended December 31, 2018.

Table 3
Capital Assets, Net of Accumulated Depreciation
(Dollars in Thousands)

				2018-2017 Increase/(Decrease)		2017-2016 Increase/(Decrease)	
	2018	2017	2016	$	%	$	%
Land	$ 5,380	$ 5,380	$ 2,030	$ -	0.0%	$ 3,350	165.0%
Construction in Progress	28,021	9,535	21,282	18,486	193.9%	(11,747)	-55.2%
Building and Related Improvements	53,358	46,208	37,837	7,150	15.5%	8,371	22.1%
Improvements Other than Buildings	37,799	36,129	13,013	1,670	4.6%	23,116	177.6%
Machinery and Equipment	5,879	7,051	4,397	(1,172)	-16.6%	2,654	60.4%
Office Equipment	33	50	74	(17)	-34.0%	(24)	-32.4%
Total	$ 130,470	$ 104,353	$ 78,633	$ 26,117	25.0%	$ 25,720	32.7%

Investment in capital assets during 2018 consisted primarily of building improvement projects and other improvements to Authority facilities.

The Authority's Solid Waste and Other Operations FY 2019 capital budgets plan for investing $85.2 million in capital projects, including the following (in thousands):

	Solid Waste	Other	Total
Landfill Heavy Support Equipment	$ 715	$	$ 715
Budgeted Construction Projects	50		50
Closure/Post Closure	2,024		2,024
Building Improvements	90	75	165
Improvements Other	75	25	100
Office Furniture and Equipment	25		25
Machinery and Equipment	60		60
Economic Development Construction Projects		82,025	82,025
TOTAL	$ 3,039	$ 82,125	$ 85,164

Capital projects listed above are funded through budget appropriations, renewal and replacement reserves, closure/post closure reserves, and debt or bond authorizations.

Debt Administration

At December 31, 2018, the Authority had outstanding bond issues in the amount of $144.7 million with principal payments of $2.9 million due in one year as detailed in Note 4 to the financial statements. The Authority also had outstanding loans payable in the amount of $13.4 million with principal payments of $0.7 million due in one year. (See Note 4 to the financial statements).

Lease revenue bonds issued during 2018 included:

- $3.2 million bank financed bonds for a facility renovation project located in the City of Vineland with interest rates ranging from an initial ten-year fixed rate of 4.98% to a five-year fixed rate of 6.95% and maturities extending to 2033.

- $65 million county guaranteed bonds for a County Correctional project with interest rates ranging from 4.0% to 5.0% and maturities extending to 2058.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Tipping fee revenue is projected to increase for 2019 due to a rate increase that was necessary to offset overall expenses and fund landfill closure and post closure costs. Total tons are expected to hold steady. Recycle revenue has declined 76.7% and will continue to decline. Currently, the Authority is paying $60 per ton to dispose of single-stream waste which has not been passed on to our customers. The recycle markets continue to be volatile and uncertain, therefore additional recycle revenue sources are being sought. Methane gas revenue decreased 13.8% in 2018, however, contract changes and implementation of Phase X (cell 7) gas project expansion will positively impact future revenue. In addition, the gas collection system has not yet been extended to the new landfill cells. For 2019, rental income is expected to increase 42.8% due to additional rental properties and full-year leases. Project management fees are expected to increase 32.5% and fleet maintenance revenue is expected to increase 7.1% with additional entities utilizing the services available. Property management fees are expected to increase 91.3% due to additional shared service agreements with the counties of Cumberland, Cape May, and Salem. As the 2020 budget is developed, should a rate increase become necessary to offset overall

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (CONTINUED)

operations and fund landfill closure and post closure costs, those increases would be integrated over time to minimize the impact on its customers and governmental budgets.

The Authority continues to augment and diversify its revenue stream with a business model that includes new landfill services, economic development initiatives (shared service), conduit bond financing program, construction management, lease/rental agreements, fleet maintenance, and alternative energy projects. Additionally, the Authority has initiated several shared-service agreements with the municipalities and counties of Atlantic, Cumberland, Cape May, and Salem to expand services, increase efficiencies, and reduce operating costs.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Authority's customers, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Authority's President/CEO at the Cumberland County Improvement Authority, 745 Lebanon Road, Millville, NJ 08332, or e-mail ccia@ccia-net.com.

BASIC FINANCIAL STATEMENTS

EXHIBIT A

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2018 AND 2017

	2018		
	Authority	**Component Unit - CEZC**	**2017 Authority**
ASSETS			
CURRENT ASSETS - UNRESTRICTED:			
Cash	$ 939,509	$ 4,178,104	$ 1,038,797
Accounts Receivable	985,489		908,872
Loans Receivable	311,829	1,082,691	311,573
Interest Receivable - Loans	15,821		19,646
Grant Funds Receivable	252,156	21,787	
Other Receivables	2,201,779	75,872	530,470
Lease Receivables	5,366,331		
Notes Receivable		488,138	
Due from Restricted Assets	110,664		303,913
Inventories	136,143		262,108
Prepaid Expenses	36,432		40,634
Total Current Assets - Unrestricted	10,356,153	5,846,592	3,416,013
CURRENT ASSETS - RESTRICTED:			
Accounts Required by the Authority's Bond Resolutions/Loan Agreements:			
Cash	26,392,971		31,538,613
Cash Held by Fiscal Agent	6,816,825		7,357,350
Other Restricted Accounts:			
Cash	948,121	381,762	3,765,271
Investments	45,352,077		
Interest Receivable	268,193		118,003
Total Current Assets - Restricted	79,778,187	381,762	42,779,237
NONCURRENT ASSETS:			
Investments - Required by Bond Resolutions/Loan Agreements	17,961,256		
Investments - Other Restricted Accounts	18,288,965	153,544	20,292,940
Investment in Redevelopment Sites	2,112,500		
Lease Receivables - Noncurrent	60,598,299		
Loans Receivable - Noncurrent	12,608,179		5,462,786
Mortgages Receivable		6,483,708	
Prepaid Bond Insurance	289,715		121,859
Capital Assets, Net	130,469,576		104,352,173
Total Noncurrent Assets	242,328,490	6,637,252	130,229,758
TOTAL ASSETS	332,462,830	12,865,606	176,425,008
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Loss on Defeasance of Debt	317,183		406,461
Deferred Amount Relating to Pensions	2,073,909		2,577,773
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,391,092	-	2,984,234

The accompanying Notes to Financial Statements are an integral part of these statements.

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2018 AND 2017

	2018		
	Authority	**Component Unit - CEZC**	**2017 Authority**
CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED ASSETS:			
Accounts Payable - Operations	$ 1,488,167	$ 124,670	$ 591,795
Other Payables	3,312,140		400,000
Accrued Liabilities	115,459		59,577
Accrued Liabilities - Pension	318,802		285,244
Note Payable		1,486,398	
Customer Deposits	164,963		171,799
Security Deposits	166,769		166,686
Landfill Taxes Payable	167,937		154,822
Host Community Benefit Payable	46,099		42,177
Unearned Revenue	193,443		121,057
Unearned Grant Revenue	144	480,096	
Total Current Liabilities Payable From Unrestricted Assets	5,973,923	2,091,164	1,993,157
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:			
Loans Payable	729,303		
Contracts Payable - Construction	4,494,725		1,201,960
Contracts Payable - Retainage	290,146		87,165
Revenue Bonds Payable	2,940,908		2,473,908
Accrued Interest Payable - Revenue Bonds	580,994		521,987
Due to Unrestricted Assets	110,664		303,913
License Agreement Escrow	169,500		153,020
Total Current Liabilities Payable From Restricted Assets	9,316,240	-	4,741,953
LONG-TERM LIABILITIES:			
Revenue Bonds Payable	146,357,440		78,715,860
Loans/Notes Payable	12,653,047	42,885	7,357,350
Accrued Closure and Postclosure Care Costs	26,040,029		28,779,356
Accrued Liability Pension	159,401		142,623
Net Pension Liability	6,310,635		7,167,623
Net OPEB Obligation	4,110,859		473,031
Accrued Compensated Absences	141,735		134,320
Total Long-Term Liabilities	195,773,146	42,885	122,770,163
Total Liabilities	211,063,309	2,134,049	129,505,273
DEFERRED INFLOWS OF RESOURCES:			
Deferred Amount Relating to Pensions	2,201,950		1,595,314
Deferred Amount Relating to Arts & Innovation Project	3,784,375		3,784,375
Deferred Amount Relating to Leases	74,655,744		
TOTAL DEFERRED INFLOWS OF RESOURCES	80,642,069	-	5,379,689
NET POSITION:			
Net Investment in Capital Assets	41,860,245		37,338,770
Restricted:			
Operations	1,488,490		1,324,740
Debt Service	1,826,944		1,753,955
Equipment Renewal and Replacement	2,360,323		2,197,103
Unrestricted	(4,387,458)	10,731,557	1,909,712
Total Net Position	$ 43,148,544	$ 10,731,557	$ 44,524,280

The accompanying Notes to Financial Statements are an integral part of these statements.

EXHIBIT B

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018		
	Authority	**Component Unit - CEZC**	**2017 Authority**
OPERATING REVENUE:			
Landfill Tipping Fees	$ 12,524,282		$ 12,641,411
Lease/Rental Income	3,693,040	16,022	2,710,152
Interest Income on Leases	153,912		
Interest Income on Mortgages/Loans		243,544	
Project Management Fee	1,471,780		178,709
Methane Gas Project Revenue	394,888		457,962
Recycle Revenue	59,919		256,896
Operating Grants	322,126	506,678	336,425
Project Income - Fleet Maintenance	323,262		226,551
Administrative/Bond Transaction Fee	81,238	10,159	27,419
Property Management Fee	468,500		30,000
Other Operating Income	252,707	62,174	132,451
Total Operating Revenue	19,745,654	838,577	16,997,976
OPERATING EXPENSES:			
Cost of Providing Services	10,348,159	518,381	7,697,385
Administrative and General	3,147,368	353,680	3,019,406
Closure and Postclosure Costs	(2,739,327)		(570,417)
Depreciation	6,285,814		4,942,439
Total Operating Expenses	17,042,014	872,061	15,088,813
OPERATING INCOME (LOSS)	2,703,640	(33,484)	1,909,163
NON-OPERATING REVENUE (EXPENSES):			
Interest Income	669,859		601,162
Interest Expense	(2,315,957)		(1,505,557)
Pass Through Revenue - Arts & Innovation Project			244,372
Net Increase (Decrease) in Fair Value of Investments	(118,814)		(219,737)
Appropriated to County	(530,240)		(454,172)
Forgivable Loans/Grants	(100,000)		(200,000)
Debt Issue Costs Incurred	(505,559)		(352,754)
Gain on Disposal of Assets			431,620
Contribution to Host Community/P.I.L.O.T. Program	(10,276)		(10,596)
Contributions Received	1,478,750		
Other Non-Operating Income	313,946		99,855
Total Non-Operating Revenue (Expenses)	(1,118,291)	-	(1,365,807)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,585,349	(33,484)	543,356
CAPITAL CONTRIBUTIONS	252,156		
CHANGE IN NET POSITION	1,837,505	(33,484)	543,356
NET POSITION-BEGINNING	44,524,280	10,765,041	43,980,924
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES	(3,213,241)		
NET POSITION-BEGINNING (RESTATED)	41,311,039	10,765,041	43,980,924
TOTAL NET POSITION-ENDING	$ 43,148,544	$ 10,731,557	$ 44,524,280

The accompanying Notes to Financial Statements are an integral part of these statements.

EXHIBIT C

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers and Users	$28,031,272	$16,537,434
Cash Payments to Suppliers for Goods and Services	(3,012,503)	(6,309,241)
Cash Payments for Employee Services	(6,352,846)	(4,325,574)
Other Operating Receipts and Payments	(1,276,653)	372,797
Net Cash Provided by Operating Activities	17,389,270	6,275,416
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Appropriated to County	(530,240)	(454,172)
P.I.L.O.T. Program-Municipal	(10,276)	(10,596)
Loans Payable		(1,000,000)
Loans Receivable	(7,241,824)	230,121
Other Non-Operating Revenue and Expenses	313,946	99,855
Net Cash Used by Non-Capital Financing Activities	(7,468,394)	(1,134,792)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(28,783,113)	(30,922,602)
Proceeds from Sale of Capital Assets		434,627
Proceeds from Loan/Lease Issues	6,025,000	7,317,846
Proceeds from Bond Issue	68,190,000	33,935,000
Premiums Received on the Issuance of Debt	2,642,405	937,160
Proceeds from NJEIT		3,526,176
Principal Paid on Bonds	(2,473,908)	(2,169,272)
Debt Issue Costs Paid	(505,559)	(352,754)
Bond Insurance Paid	(173,400)	(57,447)
Interest Paid on Bonds	(2,417,589)	(1,628,182)
Net Cash Provided by Capital and Related Financing Activities	42,503,836	11,020,552
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investment Securities	(63,927,410)	(11,052,126)
Proceeds from Sale and Maturities of Investment Securities	2,499,238	9,801,828
Interest Received on Investments	400,855	401,130
Net Cash Used by Investing Activities	(61,027,317)	(849,168)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,602,605)	15,312,008
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	43,700,031	28,388,023
CASH AND CASH EQUIVALENTS AT END OF YEAR	$35,097,426	$43,700,031

The accompanying Notes to Financial Statements are an integral part of these statements.

EXHIBIT C

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
		(Continued)
CASH AND CASH EQUIVALENTS - STATEMENT OF NET POSITION:		
Cash and Cash Equivalents - Unrestricted	$ 939,509	$ 1,038,797
Accounts Required by Authority's Bond Resolutions/Loan Agreements:		
Cash and Cash Equivalents	26,392,971	31,538,613
Cash Held by Fiscal Agent	6,816,825	7,357,350
Cash and Cash Equivalents - Other Restricted Accounts	948,121	3,765,271
	$35,097,426	$43,700,031
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	$ 2,703,640	$ 1,909,163
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	6,285,814	4,942,439
Increase (Decrease) in Cash Resulting From Changes in:		
Customer Accounts Receivable	17,446	(53,432)
Other Receivables	(1,671,309)	(126,078)
Lease Receivables	(66,058,693)	(59,620)
Inventories	125,965	(219,986)
Prepaid Expenses	4,202	25,174
Deferred Outflows Related to Pensions	503,864	825,515
Accounts Payable - Operations	896,372	(392,593)
Other Payables	2,278,390	
Accrued Liabilities	55,882	(49,289)
Customer & Security Deposits	(6,753)	121,386
Landfill Taxes Payable	13,115	(4,372)
Host Community Benefit Payable	3,922	(4,289)
Unearned Revenue	72,530	29,999
License Agreement Escrow	16,480	36,219
Accrued Liabilities - Pension	50,336	24,992
Accrued Liabilities - OPEB	424,587	244,645
Accrued Compensated Absences	7,415	9,253
Pension Liability	(856,988)	(1,787,860)
Accrued Closure and Postclosure Costs	(2,739,327)	(570,417)
Deferred Inflows Related to Pensions	606,636	1,374,567
Deferred Inflows Related to Leases	74,655,744	
Total Adjustments	14,685,630	4,366,253
Net Cash Provided by Operating Activities	$17,389,270	$ 6,275,416

The accompanying Notes to Financial Statements are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cumberland County Improvement Authority is a public body politic and corporate constituting a political subdivision of the State of New Jersey. It was established as an instrumentality exercising public and essential governmental functions under the provisions of the County Improvement Authorities Law, P.L. 1960, C.183 (N.J.S.A. 40:37A-44 et. seq.), as amended and supplemented. The Authority was established December 30, 1980 by resolution of the Board of Chosen Freeholders of the County of Cumberland.

Since its inception, the Authority's primary responsibility has been to maintain the financial stability and operating efficiencies of the solid waste facility in a deregulated atmosphere while continuing to offer and expand the environmentally beneficial programs to its constituency. The Authority's Solid Waste Complex is the home of the Sanitary Landfill and related solid waste and recycling initiatives. In addition to its primary responsibility of operating the County's Solid Waste Facility, the Authority has become the County's designated economic and redevelopment entity and has undertaken a significant redevelopment portfolio that includes the acquisition, construction, and property management of buildings occupied by state, county, municipal and not-for-profit tenants. Other activities include a "Conduit Bond Financing Program", alternative energy projects, and Shared Services Programs including but not limited to, Fleet Maintenance, Facilities Management, Project and Construction Management, Recycling, and real estate transactions on behalf of the County and other Municipalities.

As a public body, under existing statute, the Authority is exempt from both federal and state taxes.

Financial Reporting Entity

The Authority is a component unit of the County of Cumberland as it meets the financial accountability criteria for component units set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34, and* GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. The financial statements of the County of Cumberland are not presented in accordance with generally accepted accounting principles (GAAP) and do not present the financial statements of its component units in accordance with those GASB Statements. The financial statements of the Authority would be either blended or discretely presented with those of the County reported using generally accepted accounting principles (GAAP) applicable to governmental entities.

Beginning in 2018, the Authority entered into an enhanced relationship with a not-for-profit entity, the Cumberland Empowerment Zone Corp. (CEZC), that meets the criteria to be considered a component unit. The 2018 financial statements of the CEZC are discretely presented in the Authority's financial statements. Discretely presented component units are reported in a separate column in the government's financial statements to emphasize that it is legally separate from the government. The CEZC issues a financial report that includes financial statements and supplementary information. That report may be obtained by contacting Jeannine MacDonald, Executive Director of the Cumberland Empowerment Zone Corp., 745 Lebanon Road, Millville, NJ 08332 or by email jeanninec@cezcorp.org.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The accounts of the Authority are an enterprise fund. An enterprise fund is a Proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises- where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or the change in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

The accompanying 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 when a liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Authority are landfill tipping fees, lease/rental income, interest income on leases, project management fees, methane gas project revenue, operating grant revenue, project income-fleet maintenance and property management fees. The Authority also recognizes recycling can school program and other recycling program revenues and bond transaction/financing fees, as operating revenue. Operating expenses include cost of providing services, administrative and general expenses, closure and postclosure costs and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

Budgets and Budgetary Accounting

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. The budget must be introduced by the governing body at least 60 days prior to end of the current fiscal year, and adopted no later than the beginning of the Authority’s fiscal year. The budget is adopted on the accrual basis of accounting with provision for cash payments for bond principal. Depreciation and amortization expense are not included as budget appropriations. The Authority may make budget transfers and amendments at any time, which must be approved by resolution of the Authority and by the State of New Jersey Division of Local Government Services if the legal level line items are affected. Detailed line item transfers not affecting the legal level line items may be made by management at any time. There are no statutory provisions that budgetary line items not be over-expended.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase. Investments are stated at fair value.

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to adopt a cash management plan and to deposit and/or invest its funds pursuant to that plan.

The governing body of the Authority has adopted a cash management plan ("the plan") and, as required, approves the plan annually. The plan includes the designation of the public depositories to be utilized by the Authority to deposit public funds.

Eligible depositories are defined in section 1 of P.L. 1970, c.236 (C. 17.9-41) and are limited to banks or trust companies having their place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or with the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey governments and their component units.

N.J.S.A. 17:9-41 et. seq., which establishes the requirements for the security of deposits of governmental units, requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA).

GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in the State of New Jersey or state or federally chartered banks, savings banks or associations located in another state with a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least five percent (5%) of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

The cash management plan adopted by the Cumberland County Improvement Authority requires it to deposit funds in public depositories protected from loss under the provisions of GUDPA.

Accounts Receivable

The Authority has provided for doubtful accounts by the allowance method. The allowance for doubtful accounts is based upon management's estimate of potentially uncollectible accounts.

Prepaid Expenses

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond the year end.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory is stated at cost determined on a first-in, first-out basis. Inventories of recyclables on hand have no cost basis and therefore are not reflected in the Statements of Net Position.

Capital Assets

Capital assets, which consist of property, plant and equipment are stated at cost, which includes direct construction costs and other expenditures related to construction.

Capital assets are defined by the Authority as assets with an initial individual cost of $5,000 or more and an estimated useful life in excess of one year.

Construction in progress is stated at cost, which includes interest expense incurred during construction. The Authority reduces the capitalized project costs by the amount of interest earned from the investment of excess funds, which has the effect of reducing the cost of borrowing. Construction costs are charged to construction in progress until such time as the facility is put into operation.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets for all plant and equipment with the exception of landfill cells, which are being depreciated based upon the percentage of waste landfilled to the total projected capacity of the cell. Depreciation is provided over the following useful lives:

Buildings and Improvements	20-50 Years
Improvements Other Than Buildings:	
Infrastructure	20 Years
Landfill Cells	(See above)
Machinery and Equipment	3, 5 and 10 Years
Office Furniture and Equipment	10 Years

Bond Premiums and Discounts

Bond premiums and discounts are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond premium or discount.

Deferred Outflows and Deferred Inflows of Resources

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

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Deferred Inflows of Resources (Continued)

The Authority reports the following as deferred outflows of resources:

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

Deferred Loss on Defeasance of Debt – The deferred loss on defeasance of debt is recorded as a deferred outflow of resources. It is amortized over the shorter of the remaining life of the old debt or new debt based upon the interest method as a component of interest expense.

The Authority reports the following as deferred inflows of resources:

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

The Authority also reports the deferred amount relating to the Arts & Innovation Project and deferred amounts relating to lease revenues as deferred inflows of resources.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other than Pensions

For the year ended December 31, 2018, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). Prior to 2018, the Authority reported postemployment benefits other than pensions in accordance with Governmental Accounting Standards Board (GASB) Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions.* In September 2016, the Authority switched from the State Health Benefits Program (SHBP) to a self-insured plan.

The Authority records its other postemployment benefits cost (expense) based on the actuarially determined amount. Required financial statement disclosures are included in Note 5.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conduit Debt Obligations

The Authority has issued certain debt bearing its name to lower the cost of borrowing for specific governmental third parties. This debt is commonly referred to as conduit or non-commitment debt. The underlying Lease or Loan Agreements, which serve as collateral for the promise of payments by the third parties, call for payments that are equal to those required by the debt. These payments are made by the third party directly to an independent trustee who is appointed to service and administer the arrangement.

The Authority assumes no responsibility for repayment of this debt beyond the resources provided by the underlying Lease or Loan Agreements which is payable from the third party's revenues, but which is also a general obligation of the third party payable ultimately from the levy of *ad valorem* taxes on all real property in the third party's jurisdiction. As of December 31, 2018 and 2017 there were three Series of Conduit Bonds outstanding in the aggregate principal amount of $116,170,000 and $118,465,000 respectively, which are treated strictly as conduit debt obligations under Interpretation No. 2 of the Governmental Accounting Standards Board and are therefore not included in the financial statements.

Net Position

In accordance with the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis –for State and Local Governments*, the Authority has classified its net position into three components. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced, by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component as the unspent amount.

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets". This component includes net position that may be designated for specific purposes by the Board.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants

Contributions received from various sources as grants are recorded in the period earned. Developer financed construction is recorded in the period in which applicable construction costs are incurred. Donated assets are recorded at fair market value at the date of the gift. Grants not externally restricted and utilized to finance operations are identified as operating revenue.

Grants externally restricted for non-operating purposes are recorded as capital contributions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The estimates and assumptions affect the amounts reported in the financial statements. The actual results may differ from these estimates.

Income Taxes

The Authority is exempt from income taxes pursuant to Internal Revenue Code Section 115.

Subsequent Events

Management has evaluated subsequent events through August 21, 2019, the date the financial statements were available for issue.

Reclassifications

Certain prior year financial statement information has been reclassified to conform to the current year presentation. These reclassifications have no effect on the prior year net position or change in net position.

Adoption of Accounting Pronouncements

For the year ended December 31, 2018, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). This Statement addresses accounting and financial reporting for other postemployment benefits (OPEB) that are provided to the employees of state and local governmental employers. GASB 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to OPEB in the basic financial statements, in addition to requiring more extensive note disclosures and required supplementary information. The cumulative effect of adopting this Statement totaled $3,213,241, and was recognized as a restatement of the Authority's December 31, 2017 net position (reported as of January 1, 2018), on the Statements of Revenue, Expenses and Changes in Net Position (see Note 12).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Pronouncements (Continued)

For the year ended December 31, 2018, the Authority adopted GASB Statement No. 85, *Omnibus 2017* (GASB 85). The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). While this Statement addresses implementation issues related to GASB 75, which does have a material impact on the financial statements, the adoption of this Statement had no impact on the Authority's financial statements.

For the year ended December 31, 2018, the Authority adopted GASB Statement No. 86, *Certain Debt Extinguishment Issues* (GASB 86). The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The adoption of this Statement had no impact on the Authority's financial statements.

For the year ended December 31, 2018, the Authority adopted GASB Statement No. 87, *Leases* (GASB 87). The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Authority is implementing this Statement as a lessor. The cumulative effect of adopting this Statement resulted in a restatement of both the Authority's Lease Receivable and Deferred Inflows – Leases as of December 31, 2017 (reported as of January 1, 2018) in the amount of $50,872,834 with no change in net position (see Note 12).

Recent Accounting Pronouncements Not Yet Effective

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83). This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. GASB 83 will be effective for periods beginning after June 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements although no impact is expected.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements Not Yet Effective (Continued)

In January 2017, the GASB issued Statement No. 84*, Fiduciary Activities* (GASB 84). This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. GASB 84 will be effective for periods beginning after December 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements although no impact is expected.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (GASB 88). The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is currently evaluating the impact of the adoption of this Statement and has not yet determined the impact of this Statement on the financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (GASB 89). The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements Not Yet Effective (Continued)

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this Statement and has not yet determined the impact of this Statement on the financial statements.

In August 2018, the GASB issued Statement No. 90, Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61) (GASB 90). The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is currently evaluating the impact of the adoption of this Statement and has not yet determined the impact of this Statement on the financial statements.

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations (GASB 91). The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement also requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management is currently evaluating the impact of the adoption of this Statement and has not yet determined the impact of this Statement on the financial statements.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

In accordance with the Authority's Solid Waste System Revenue Bond Resolution, as supplemented by the Series 2006 Solid Waste System Revenue Bond Resolution, and the Series 2015A County Guaranteed Solid Waste Revenue Refunding Bond Resolution, the Authority has established the following cash and investment accounts for the deposit of all revenues received by the Authority for the Solid Waste Facility:

Construction Fund - Proceeds from any source for payment of costs related to the construction, acquisition or restoration of any System Component, including grants, loans, proceeds derived from the issuance of bonds and insurance proceeds. Payments of costs related to the construction or acquisition of the Facilities Project.

Gross Revenue Fund - Transfers to the Closure/Post Closure Funds, and the Authority Revenue Fund.

Authority Revenue Fund - Balance of funds remaining in the Gross Revenue Fund after the applicable transfers have been made from that fund. Transfers to the Operating Fund, principal and interest accounts in the Bond Service Fund, Bond Reserve fund, if necessary, transfers to pay amounts due to the County pursuant to the County guarantee, if any, transfers to Renewal and Replacement Accounts, the General Fund and the Rebate Fund.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Operating Fund - Amounts necessary to meet the Operating Fund Requirement. Amounts required for operating expenses.

Bond Service Fund Account - The portion of each principal installment that would accrue during such period if each installment were deemed to accrue daily in equal amounts from the preceding installment due date.

Bond Service Fund Capitalized Interest Account - Proceeds of the Series 2006 Bonds as determined by an authorized officer of the Authority. Payment of interest on the bonds during the construction period.

Bond Reserve Fund - An amount equal to the maximum annual principal and interest payable during the current or any subsequent fiscal year on the bonds, not to exceed 10% of the proceeds of any bonds issued under the resolution. Payment of debt service on the Series 2015A Bonds or amounts needed to bring the Bond Service Accounts up to the Bond Service Requirement.

General Renewal - An amount, if any, needed to equal the system reserve requirement. Transfers to Bond Reserve Fund, if needed, to satisfy the Bond Reserve Requirement and/or reasonable and necessary expenses with respect to Systems Components for major repairs, renewals, replacements or maintenance items of a type not recurring annually or at shorter intervals.

Landfill Cell Replacement Account - Amounts as to be determined by the Authority. Subsequent phase (landfill cell) development.

Equipment Renewal and Replacement Account - Amounts to be determined by the Authority. Replacement of operating equipment.

General Fund - The amount remaining after all required transfers have been made.

Rebate Fund - An amount required to meet the Authority's rebate obligation. Rebates of arbitrage earnings to the United States Government.

In accordance with the Authority's 2014 County Guaranteed Facilities Acquisition Revenue Bond Resolution, the Authority has established the following cash and investment accounts for the deposit of all related revenue:

Construction Fund - Monies from any source for payment of costs related to the construction, acquisition, or restoration of the Facilities Project, including any monies received from the proceeds of insurance, and condemnation awards that are applied to the Facilities Project. Costs related to the construction or acquisition of the Facilities Project.

Revenue Fund - All amounts received by the Authority as rent by any tenant of the facilities pursuant to any lease; payments by County pursuant to County Guaranty; and any amounts received as security for the payment of a particular series of bonds. Insurance proceeds in excess of condemnation award that are not applied to the repair or replacement of the Facilities Project. Transfers to Debt Service Fund to satisfy the Bond Service Requirement.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Debt Service - The portion of each principal and interest installment to meet the Debt Service Requirement. Payment of principal and interest due on the bonds; payment of a particular series of bonds.

Sinking Fund - An amount equal to one-tenth (1/10) of the amount due and payable on or before the next succeeding twelve-month period. Sinking Fund Installments which are due and payable.

Rebate Fund - An amount required to meet the Authority's rebate obligation. Rebates of arbitrage earnings to the United States Government.

General Fund - The amount remaining after all required transfers have been made.

General Fund Cost of Issuance – The amount to pay the costs and expenses which are incurred in connection with the Bonds. Costs and expenses relative to the issuance of the Bonds.

Operating Fund - Amounts necessary to meet the Operating Fund Requirement. Amounts required for operating expenses.

In accordance with the Authority's 2015 Lease Revenue Bonds – State Office Buildings Project (Series 2015), the Authority has established the following cash and investment accounts for the deposit of all related revenue:

Construction Fund - Monies from any source for payment of costs related to the construction, acquisition or restoration of the Facilities Project, including any monies received from the proceeds of insurance, and condemnation awards that are applied to the Facilities Project. Costs related to the construction or acquisition of the Facilities Project.

Debt Service Requirement - The portion of each principal and interest installment to meet the Debt Service. Payment of principal and interest due on the bonds; payment of a particular series of Bonds.

Rebate Fund - An amount required to meet the Authority's rebate obligation. Rebates of arbitrage earnings to the United States Government.

General Fund - The amount remaining after all required transfers have been made.

In accordance with the Authority's 2017 Lease Revenue Bonds – City General Obligation Lease Revenue Bonds (Vineland Public Safety Building Project, Series 2017), the Authority has established the following cash and investment accounts for the deposit of all related revenue:

Acquisition Fund – Proceeds from the Series 2017 Bonds and certain other sources to be used for payment of costs related to the construction, acquisition of the Facilities Project, To the extent not otherwise utilized, moneys shall be transferred to the Debt Service Fund.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Revenue Fund - All amounts received by the Authority as lease payments pursuant to the lease agreement with the City of Vineland; certain other payments by the City pursuant to the lease agreement or Trust Indenture. Transfers to Debt Service Fund to satisfy the Debt Service Requirement.

Debt Service - The portion of each principal and interest installment to meet the Debt Service Requirement. Payment of principal and interest due on the bonds; payment of a particular series of bonds.

Debt Service Capitalized Interest – A portion of the proceeds of the Series 2017 Bonds in an amount to equal the Capitalized Interest on the Bonds. Payment of Capitalized Interest on the Series 2017 Bonds.

Operating Fund – Proceeds of the Series 2017 Bonds and any City of Vineland moneys, as may be the case, representing costs of issuance, the initial Authority Financing Fee and Authority Administrative Expenses as defined.

Proceeds Fund – Revenues paid pursuant to the Lease Agreement and not necessary to complete the Construction Project or any Additional Projects shall be transferred from the Acquisition Fund to the Proceeds fund and applied as a credit toward the City's Lease Payment obligations.

Debt Retirement Fund – Subject to certain limitations, if on any Lease Payment Date the amount on deposit in the Debt Service Fund is less than the amount required to be in such fund, funds shall be transferred from the Debt Retirement Fund to the Debt Service Fund. If funds are available in the Debt Retirement Fund that are not required to make up any deficit in the Debt Service Fund, the amounts shall be applied to the purchase or redemption of the applicable series of Bonds.

Rebate Fund - An amount required to meet the Authority's rebate obligation. Rebates of arbitrage earnings to the United States Government.

In accordance with the Authority's 2018 Lease Revenue Bonds – County Guaranteed Lease Revenue Bonds (County Correctional Facility Project, Series 2018), the Authority has established the following cash and investment accounts for the deposit of all related revenue:

Acquisition Fund – Proceeds from the Series 2018 Bonds and certain other sources to be used for payment of costs related to the construction of the Project. To the extent not otherwise utilized, moneys shall be transferred to the Debt Service Fund.

Revenue Fund - All amounts, including lease payments received by the Authority from the County under the lease agreement with the County of Cumberland or pursuant to the Guaranty of the County; certain other payments by the County pursuant to the lease agreement or Trust Indenture. Transfers to Debt Service Fund to satisfy the Debt Service Requirement.

Debt Service - The portion of each principal and interest installment to meet the Debt Service Requirement. Payment of principal and interest due on the bonds; payment of a particular series of bonds.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Debt Service Capitalized Interest – A portion of the proceeds of the Series 2018 Bonds in an amount to equal the Capitalized Interest on the Bonds. Payment of Capitalized Interest on the Series 2018 Bonds.

Operating Fund – Proceeds of the Series 2018 Bonds and any County of Cumberland moneys, as may be the case, representing costs of issuance, the initial Authority Financing Fee and Authority Administrative Expenses as defined.

Proceeds Fund – Revenues paid pursuant to the Lease Agreement and Trust Indenture and not necessary to complete the Construction Project or any Additional Projects shall be transferred from the Acquisition Fund to the Proceeds fund and applied as a credit toward the County's Lease Payment obligations.

Debt Retirement Fund – Subject to certain limitations, if on any Lease Payment Date prior to any Interest Payment Date or Principal Installment due date, the amount on deposit in the Debt Service Fund is less than the amount required to be in such fund, funds shall be transferred from the Debt Retirement Fund to the Debt Service Fund. If funds are available in the Debt Retirement Fund that are not required to make up any deficit in the Debt Service Fund, the amounts shall be applied to the purchase or redemption of the applicable series of Bonds.

Rebate Fund - An amount required to meet the Authority's rebate obligation. Rebates of arbitrage earnings to the United States Government.

In addition to the accounts required by the Bond Resolutions, the Authority has also established the following restricted accounts:

Taxes Account - An account in which the State of New Jersey mandated Sanitary Landfill Taxes and Host Community Benefit Tax are deposited and remitted to the proper authorities.

Closure and Postclosure Escrow Funds - Accounts in which a mandatory portion of the Tipping Fee is deposited per the New Jersey Department of Environmental Protection (NJDEP) requirements. May only be used for expenses with respect to the proper closure and post-closure of the landfill.

Self-Insurance Fund - The Authority maintains a self-insurance fund to cover deductibles and for general liability co-insurance requirements.

Development Account – An account established for the purpose of enabling the Authority to act as a vehicle for economic development within the County.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

COMPLIANCE WITH THE RATE COVENANT CONTAINED IN THE AUTHORITY'S SOLID WASTE BOND RESOLUTION

Section 712 (2) of the Authority's Solid Waste Bond Resolution requires the Authority to estimate, compute, make and charge rates so that Authority Revenues, as defined in the Resolution, shall at least equal 110% of Bond Service, plus the amount needed, if any, for the Operating Fund to equal the Operating Fund Requirement; the Bond Reserve Fund to equal the Bond Reserve Requirement; the Renewal and Replacement Fund to equal the System Reserve Requirement; to provide the amount which is payable during the Fiscal Year to amortize any future closure costs; to provide for payment of all other charges related to the System which are payable out of such charges; to provide for any amounts required to be paid during the Fiscal Year pursuant to any Authority Agreement; to provide for payment of any additional amounts which are necessary to comply with the provisions of the Resolution and all other statutory and legal obligations of the Authority relating to the operation of the System or in the provision of Disposal Services.

Revenues are defined in the Authority's Bond Resolution to be "any funds, other than funds which have been borrowed by the Authority, which the Authority deposits in the Revenue Fund, regardless of the source thereof." For the years 2018 and 2017, Revenues as defined were sufficient to meet the rate covenant contained in Section 712 (2) of the Authority's Bond Resolution.

AMOUNTS REQUIRED BY BOND RESOLUTIONS

The following cash and investment accounts are required by the Authority's Solid Waste Bond Resolutions:

	Series 2015 A Operating Fund		Series 2015 A Bond Reserve Fund	Series 2015A Debt Service Fund
Required Amount	$ 1,488,490		$ 1,959,675	$ 1,690,925
Cash and Investments	443,166		1,963,545	1,749,375
Surplus (Deficit)	$ (1,045,324)	*	$ 3,870	$ 58,450

*Deficit is the result of timing differences – additions were made to the Operating Fund in January 2019.

The following cash and investment accounts are required by the Lease Revenue Bond Resolutions:

	Series 2014 Debt Service Fund		Series 2015 Debt Service Fund	
Required Amount	$ 443,010		$ 100,227	
Cash and Investments	437,689		86,276	
Surplus (Deficit)	$ (5,321)	*	$ (13,951)	*

*Deficit is the result of timing differences – additions were made to the 2014 and 2015 Debt Service Funds in January 2019.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

ARBITRAGE RULES

The Authority is subject to certain arbitrage rules added to the Internal Revenue Code in 1969 and amended by TEFRA in 1992 and by the 1986 TRA. Under these rules, interest earnings on certain investments of proceeds of the Authority's bonds are subject to the limitations imposed by the arbitrage provisions of the Internal Revenue Code. The Authority is required to rebate certain arbitrage profits on non-purpose investments at least once every five years. At December 31, 2018 and 2017, no material arbitrage profits were subject to rebate.

NOTE 3 DETAIL NOTES - ASSETS

CASH AND CASH EQUIVALENTS

At December 31, 2018 the carrying amount and bank balance of the Authority's time and demand deposits were $3,855,096 and $5,885,507, respectively. At December 31, 2017 the carrying amount and bank balance of the Authority's time and demand deposits were $4,066,852 and $4,653,115, respectively. All of the time and demand deposits were covered by either federal deposit insurance or by the Governmental Unit Deposit Protection Act (GUDPA).

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. Although the Authority does not have a formal policy regarding custodial credit risk, as described in Note 1, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act.

Under the Act, the first $250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). The Authority's public funds in excess of the FDIC insured amounts are protected by GUDPA. As of December 31, 2018, $500,000 of the Authority's bank balance of $5,885,507 was insured and $5,385,507 was uninsured and collateralized. As of December 31, 2017, $250,000 of the Authority's bank balance of $4,653,115, was insured and $4,403,115 was uninsured and collateralized.

In addition to the bank deposits described above, as of December 31, 2018 and 2017, the Authority had $1,883,319 and $627,195 respectively, invested in a government money market fund which is not covered by federal deposit insurance or by GUDPA, but which invests exclusively in general obligations issued by the U.S. Government and backed by its full faith and credit and which carries a credit rating of AAA.

At December 31, 2018 and 2017 the Authority had $22,542,185 and $31,648,634, respectively, invested in the New Jersey Cash Management Fund ("the Fund") which is not covered by either federal deposit insurance or by GUDPA. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above.

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

CASH AND CASH EQUIVALENTS

At December 31, 2018 and 2017 the Authority also reported Cash Held by Fiscal Agent in the amount of $6,816,825 and $7,357,350 respectively, consisting of proceeds from a term loan with a banking institution that are being held by that banking institution for expenditures to be made for the Authority's Food Specialization Project.

INVESTMENTS

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. All of the Authority's $81,602,298 investments in U.S. Treasury obligations and agencies and other governmental agencies are held in the name of the counterparty not in the name of the Authority.

Interest Rate Risk- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. N.J.S.A. 40A:5-15.1 limits the investments that the Authority may purchase in order to limit the exposure of governmental units to credit risk. The Authority's Cash Management Plan also limits its investment choices to those permitted by N.J.S.A. 40A:5-15.1.

Concentration of Credit Risk – The Authority does not place a limit on the amount that may be invested in any one issuer. All of the Authority's investments are government bonds held in various Federal Agencies, NJ State Agencies, NJ Counties or School Districts.

As of December 31, 2018, the Authority had the following investments and maturities:

Quality/Rating	Total Fair Value
Treasury/Agency	$ 78,195,124
AAA	
AA	612,168
Other	2,795,006
Total Investments	$ 81,602,298

	Investment Maturities (in Years)		
Total	Less than 1	1-5	6-10
$ 81,602,298	$ 45,352,077	$ 32,807,741	$ 3,442,480

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

INVESTMENTS (CONTINUED)

As of December 31, 2017, the Authority had the following investments and maturities:

Quality/Rating	Total Fair Value
Treasury/Agency	$ 6,259,383
AAA	11,265,952
AA	367,605
Other	2,400,000
Total Investments	$ 20,292,940

	Investment Maturities (in Years)		
Total	Less than 1	1-5	6-10
$ 20,292,940	$ -	$ 16,487,515	$ 3,805,425

INVESTMENTS IN REDEVELOPMENT SITES

On July 1, 2018, the Cumberland County Board of Vocational Education ("District") transferred and conveyed the ownership and operation of certain land and improvements located in the Township of Deerfield, New Jersey ("Township") to the Authority for $1 in order to advance redevelopment on behalf of the Township. The property is valued at fair market value based upon a subsequently executed agreement of sale in the amount of $2,112,500. Upon the completion of the sale, pursuant to the transfer of ownership agreement, the Authority will be entitled to 70% of the proceeds, and the District will be entitled to 30%.

GRANT FUNDS RECEIVABLE AND UNEARNED GRANT REVENUE

The amounts reflected in Exhibit A as grant funds receivable and unearned grant revenue consist of the following:

Name of Grant	Receivable (Unearned Revenue) Jan. 1, 2018	Earned/ Expended 2018	Received 2018	Receivable (Unearned Revenue) Dec. 31, 2018
NJDEP:				
Recycling Grants:				
REA Tax Entitlement Grant 2017	$ -	$ 143,176	$ 143,320	$ (144)
Clean Communities (Passed through the County of Cumberland)				
2018		173,951	173,951	
TD Bank Sponsorship Grant		5,000	5,000	
USEDA Food Project Grant		252,156		252,156
	$ -	$ 574,283	$ 322,271	$ 252,012

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

LOANS RECEIVABLE

In January 2010, the Authority entered into a forgivable loan/grant agreement in the amount of $1,000,000 with the City of Millville to complete the infrastructure improvements to the Levoy Theater Redevelopment Project. The loan/grant bears interest at a rate of 3% per annum on the unpaid principal balance. The principal amount shall be treated as a forgivable loan in ten annual principal reductions of $100,000 each beginning in 2011 and ending in 2020. The balance at December 31, 2018 and 2017 is $200,000 and $300,000, respectively. The current portion of the receivable at December 31, 2018 is $100,000.

In April 2014, the Authority entered into a loan agreement with the City of Bridgeton in the amount of $300,000 for the purpose of acquiring single stream recycling containers. No interest will be charged on the outstanding principal balance for the term of the loan. Principal payments in the amount of $60,000 will be made in five annual payments beginning on June 1, 2015 and ending on June 1, 2019. The balance at December 31, 2018 and 2017 is $60,000 and $120,000, respectively. The current portion of the receivable at December 31, 2018 is $60,000.

In November of 2016, the Authority entered into a loan agreement in the amount of $200,000 at an interest rate of 1% with the Holly City Development Corporation (HCDC) for the development and gap financing for a grant approved by the NJ Department of Community Affairs since the HCDC must first expend the funds, and then be reimbursed by the grant. A principal payment of $100,000 was made in November of 2017 leaving a balance of $100,000 as of December 31, 2017. The original maturity date was June 1, 2018, which the Authority extended by twelve months to June of 2019. The balance at December 31, 2018 is $100,000. The current portion of the receivable at December 31, 2018 is $100,000.

In May 2016, the Authority entered into a loan agreement in the amount of $521,556 with the Township of Deerfield for the purchase of a special emergency and fire rescue vehicle. The loan bears interest at a rate of 0.25% per annum on the unpaid principal balance. Principal payments in the amount of $52,876 will be made in ten annual payments beginning on July 1, 2017 and ending July 1, 2026. The balance at December 31, 2018 and 2017 is $418,283 and $469,984 respectively. The current portion of the receivable at December 31, 2018 is $51,829.

In 2015, the Authority adopted several resolutions with respect to the Arts & Innovation Center to be used by the Cumberland County College for its Arts & Business Innovation Campus (Project) including resolutions 1) authorizing the acquisition of the Project, 2) approving contracts with the architect to design the Project and with the general contractors to construct the Project, 3) approving entering into a Development Agreement with the Millville Urban Redevelopment Corporation (MURC). In 2016 it was determined it would be beneficial for the Project to be financed through utilizing the federal New Markets Tax Credit (NMTC). As a result, in April 2016 the Authority adopted a resolution making findings and determinations with respect to the authorization of various transactions related to the ownership, development, construction, financing and management of the Arts and Innovation Center Project and to the execution and delivery of various agreements by the Authority in connection therewith. This resolution defined the Authority’s role in the transaction to be that of a Leveraged Lender authorizing the Authority to make a leveraged loan in an amount equal to $4,784,375 to Millville Arts Center Investment Fund, LLC.

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

LOANS RECEIVABLE (CONTINUED)

The Leveraged Loan was made on May 19, 2016 and is evidenced by a Loan Agreement and a Promissory Note. Terms of the Loan call for interest only payments to be made to the Authority for the first seven (7) years of the loan at an interest rate of 75/100 of One Percent (0.75%).

Beginning in the year 2023, through the year 2036, the balance of principal and interest shall amortize on a basis of a fifty-two (52) year schedule. Beginning in 2037, the principal and interest shall amortize on the basis of a twenty (20) year schedule through the maturity date of May 18, 2056.

The leveraged loan was funded from the following sources - proceeds in the amount of $3,200,000 from the issuance of taxable Chapter 12 Bonds by the County of Cumberland for the benefit of the College; proceeds of a loan from the Cumberland Empowerment Zone Corporation (CEZC) in the principal amount of $1,000,000; a New Jersey Department of Community Affairs grant in the amount of $540,003 passed through the Holly City Development Corporation; and the Authority made a capital contribution towards the Project in the amount of $200,000 as well as an additional amount advanced in the amount $44,372. The balance of the leveraged loan receivable as of December 31, 2018 and 2017 is $4,784,375, all of which is non-current.

In March of 2018 the Authority adopted a resolution approving a project and project financing for a Food Specialization Project ("Project") located in the City of Bridgeton, New Jersey. The Authority acquired the property for the Project from the City of Bridgeton and is acting as developer for the project undertaking the design, development, financing and construction of the Project. In May of 2018 the Authority entered into a Fund Loan Agreement with 481 Bridgeton Investment Fund, LLC. ("Borrower"). Pursuant to the agreement the Authority provided a leveraged loan in the principal amount of $7,357,350 to the Borrower related to the development of the Project. Funds for the leveraged loan were derived from the proceeds of a $7,357,350 "source loan" from a local lender. The leveraged loan has a 30-year term, maturing May 23, 2048 at an interest rate of 1.78% per annum. The Authority is to receive interest only payments for the first seven (7) years of the loan term. Beginning in the year 2025, through the year 2032, the balance of principal and interest shall amortize on a basis of a fifty (50) year amortization. Thereafter, the principal and interest shall amortize on the basis of a sixteen (16) year schedule through the maturity date of May 23, 2048. The balance of the leveraged loan receivable as of December 31, 2018 is $7,357,350, all of which is non-current.

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

LEASE RECEIVABLES AND DEFERRED INFLOWS – LEASES

The Authority leases certain buildings/properties to the State of New Jersey, County of Cumberland, City of Vineland, certain Not-for-Profit Entities and Commercial enterprises. The lease terms are as follows:

Lesee	Number of Leases	Lease Term
County of Cumberland	3	(1) Lease is for 20 years; (2) Leases are for 10 years with (2) 5-year extensions
State of New Jersey	6	10 years with (2) 5-year extensions
City of Vineland	1	15 years
Not-For-Profit Organizations	3	5-6 years
Commercial Entities	2	3 years

For lease payments that secure the Authority's debt related to the leased property, there are no provisions for the lessee to terminate or abate lease payments prior to the end of the lease term. As described in Notes 1 and 12, the Authority adopted GASB 87, *Leases* (GASB 87) in 2018. The cumulative effect of adopting this Statement resulted in a restatement of the Authority's beginning balances of Lease Receivables and Deferred Inflows – Leases (as of January 1, 2018) in the amount of $50,872,834 with no change in net position. Deferred Inflows recognized in 2018 was $3,747,726 and the Interest portion of Lease payments received was $153,912.

The following is a summary of changes in lease receivables for the year ended December 31, 2018

	Balance Jan. 1, 2018 (As Originally Stated)	Restatement	Balance Jan. 1, 2018 (As Restated)	2018 Leases	2018 Reductions	Balance Dec. 31, 2018	Amounts Due Within One Year
Lease Receivables	$ -	$ 50,872,834	$ 50,872,834	$ 27,530,636	$ (12,438,840)	$ 65,964,630	$ 5,366,331

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

LEASE RECEIVABLES AND DEFERRED INFLOWS – LEASES (CONTINUED)

The annual lease payments to be received by the Authority, including principal and interest, as of December 31, 2018 are as follows:

Year Ending December 31,	Future Lease Payments Principal	Interest	Total
2019	$ 5,366,331	$ 224,339	$ 5,590,670
2020	4,407,426	188,473	4,595,899
2021	3,602,225	147,082	3,749,307
2022	3,575,993	145,431	3,721,424
2023	3,606,565	146,765	3,753,330
2024-2028	18,122,250	739,999	18,862,249
2029-2033	18,925,721	771,047	19,696,768
2034-2038	8,242,649	352,868	8,595,517
2039-2043	115,398	5,729	121,127
2044 - Thereafter	72	3	75
	$ 65,964,630	$ 2,721,736	$ 68,686,366

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance Jan. 1, 2018	Additions	Reductions	Balance Dec. 31, 2018
Non-Depreciable Capital Assets:				
Land	$ 5,379,672	$ -	$ -	$ 5,379,672
Construction In Progress	9,534,619	35,534,534	17,047,859	28,021,294
Total Non-Depreciable Capital Assets	14,914,291	35,534,534	17,047,859	33,400,966
Depreciable Capital Assets:				
Building and Related Improvements	65,125,200	12,316,709	2,335,611	75,106,298
Improvements Other than Buildings	77,838,826	3,374,663		81,213,489
Machinery And Equipment	15,637,849	560,781		16,198,630
Office Equipment	677,413		6,292	671,121
Total Depreciable Capital Assets	159,279,288	16,252,153	2,341,903	173,189,538
Less Accumulated Depreciation:				
Building and Related Improvements	18,916,837	2,831,617		21,748,454
Improvements Other than Buildings	41,710,023	1,704,897		43,414,920
Machinery And Equipment	8,587,096	1,732,492		10,319,588
Office Equipment	627,450	16,808	6,292	637,966
Less Accumulated Depreciation	69,841,406	6,285,814	6,292	76,120,928
Net Depreciable Capital Assets	89,437,882	9,966,339	2,335,611	97,068,610
Total Capital Assets, Net	$ 104,352,173	$ 45,500,873	$19,383,470	$130,469,576

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance Jan. 1, 2017	Additions	Reductions	Balance Dec. 31, 2017
Non-Depreciable Capital Assets:				
Land	$ 2,029,604	$ 3,350,068	$ -	$ 5,379,672
Construction In Progress	21,282,342	26,862,338	38,610,061	9,534,619
Total Non-Depreciable Capital Assets	23,311,946	30,212,406	38,610,061	14,914,291
Depreciable Capital Assets:				
Building and Related Improvements	53,205,907	11,919,293		65,125,200
Improvements Other than Buildings	53,668,980	24,169,846		77,838,826
Machinery And Equipment	14,153,563	2,973,374	1,489,088	15,637,849
Office Equipment	681,336		3,923	677,413
Total Depreciable Capital Assets	121,709,786	39,062,513	1,493,011	159,279,288
Less Accumulated Depreciation:				
Building and Related Improvements	16,526,419	2,390,418		18,916,837
Improvements Other than Buildings	40,655,663	1,054,360		41,710,023
Machinery And Equipment	8,599,051	1,477,133	1,489,088	8,587,096
Office Equipment	607,840	20,528	918	627,450
Less Accumulated Depreciation	66,388,973	4,942,439	1,490,006	69,841,406
Net Depreciable Capital Assets	55,320,813	34,120,074	3,005	89,437,882
Total Capital Assets, Net	$ 78,632,759	$ 64,332,480	$38,613,066	$104,352,173

Depreciation expense for the years ended December 31, 2018 and 2017 was charged to:

	2018	2017
Solid Waste Operations	$ 4,473,669	$3,316,914
Other Operations	1,812,145	1,625,525
	$ 6,285,814	$4,942,439

NOTE 4 DETAIL NOTES – LIABILITIES

LONG-TERM LIABILITIES

Bonds Payable

In June 2015, the Authority issued its 2015A County Guaranteed Solid Waste Revenue Refunding Bonds (Series 2015A), in the principal amount of $14,595,000. The Bonds are secured by a pledge on the Revenues generated at the Solid Waste Facility as well as the guarantee of the County of Cumberland. The proceeds derived from the issuance and sale of the Bonds are being used to advance refund the callable portion of the Authority's 2006 Revenue Bonds (Series 2006) dated August 3, 2006 then outstanding in the aggregate principal amount $14,930,000. A portion of the proceeds of the 2015A Bonds were deposited in an irrevocable escrow fund established with the trustee for the 2006 bonds, to defease the 2006 bonds which were defeased in 2017.

The 2015A Bonds maturing on and after January 1, 2018, are subject to redemption prior to maturity at the option of the Authority, as a whole at any time or in part from time to time, on January 1, 2017, and on any date thereafter and, if in part, in such order of maturities and in such principal amount within any maturity as shall be determined by the Authority and within any maturity by lot, at a redemption price equal to 100% of the principal amount of 2015A Bonds to be redeemed, together with accrued interest to the date fixed for redemption.

The outstanding balance of the Series 2015A Bonds at December 31, 2018 consists of serial and term bonds that mature in various amounts ranging from $1,395,000 in 2019 to $1,930,000 in 2026 with interest rates ranging from 3.00% to 5.00%. The outstanding balance of the Series 2015A Bonds at December 31, 2018 and 2017 is $13,260,000 and $14,595,000 respectively.

In May 2014, the Authority issued its Lease Revenue Bonds - Board of Social Services/Employment and Training Facilities Project (Series 2014), in the principal amount of $17,955,000. The 2014 Bonds are guaranteed by the County of Cumberland, and were issued to provide for the financing of the acquisition and renovation of an existing facility which a portion will be initially leased to Cumberland County Board of Social Services (BOSS) and to finance the construction of a new facility which a portion will be initially leased to the County for use by County Office of Employment and Training, capitalized interest on Series 2014 Bonds, and costs and expenses incurred by the Authority and County in connection with the issuance and delivery of the 2014 Bonds. Lease revenues from this property are pledged to the payment of debt service on the Bonds.

The 2014 Bonds maturing on and after May 1, 2025, are subject to redemption prior to maturity at the option of the Authority, upon written consent of the County, as a whole at any time or in part from time to time, on May 1, 2024, and on any date thereafter and, if in part, in such order of maturities and in such principal amount within any maturity as shall be determined by the Authority and within any maturity by lot, at a redemption price equal to 100% of the principal amount of 2014 Bonds to be redeemed, together with interest accrued to the redemption date.

The outstanding balance of the Series 2014 Bonds at December 31, 2018 consists of serial and term bonds that mature in various amounts ranging from $505,000 in 2019 to $1,110,000 in 2039 with interest rates ranging from 3.00% to 5.00%. The outstanding balance of the Series 2014 Bonds at December 31, 2018 and 2017 is $16,325,000 and $16,810,000, respectively.

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable (Continued)

In July 2015, the Authority issued its 2015 Lease Revenue Bonds – State Office Buildings Project (Series 2015), in the principal amount of $3,975,000. The 2015 Bonds were issued to finance the renovation of a portion of an existing facility located at 275 N. Delsea Drive, Vineland, NJ to be utilized though a lease with the State Department of Treasury for State purposes by agencies of State government as may be determined by the State (DCF Facility) and the construction of a new facility to be located at property currently owned by the Authority at 9 West Park Avenue, Vineland, NJ, to be utilized for State purposes with the Treasury Department, by the Transportation, Motor Vehicles Commission or other State agency (MVC Facility), and costs and expenses incurred by the Authority in connection with the issuance and delivery of the Series 2015 Bonds.

The 2015 Bonds maturing on and after June 15, 2026, are subject to redemption prior to maturity at the option of the Authority, as a whole at any time or in part from time to time, on June 15, 2025, and on any date thereafter and, if in part, in such order of maturities and in such principal amount within any maturity as shall be determined by the Authority and within any maturity by lot, at a redemption price equal to 100% of the principal amount of 2015A Bonds to be redeemed, together with accrued interest to the date fixed for redemption.

The outstanding balance of the Series 2015 Bonds at December 31, 2018 consists of serial bonds that mature in various amounts ranging from $175,000 in 2019 to $395,000 in 2030 with an interest rate of 3.690%. The outstanding balance of the Series 2015 Bonds at December 31, 2018 and 2017 is $3,535,000 and $3,710,000, respectively.

In May 2017, the Authority issued indebtedness in connection with a financing involving the New Jersey Environmental Infrastructure Trust to finance a solid waste project (the “Series 2017A NJEIT Bonds” and the “Series 2017B NJEIT Bonds”). The Authority’s Series 2017A NJEIT Bonds were issued in the principal amount of $2,510,000, with interest rates ranging from 3.00% to 5.00% and serial maturities ranging from $95,000 in 2019 to $175,000 in 2036. The Series 2017B NJEIT Bonds were issued in the principal amount of $7,648,515 at zero interest with annual principal payments in the amount of $388,908 from 2019 through 2036. As of December 31, 2018 and 2017, $2,420,000 and $2,510,000 principal amount of the Series 2017A NJEIT Bonds remained outstanding, respectively and $7,000,335 and $7,389,243 principal amount of the Series 2017B NJEIT Bonds remained outstanding, respectively.

In October 2017, the Authority issued Revenue Bonds (Office Building Acquisition Project), Series 2017 (Federally Taxable) in the principal amount of $12,000,000 at an interest rate of 4.950%. The proceeds from the sale of the Bond, by and between the Authority and Capital Bank of New Jersey, as purchaser and paying agent, have been used to finance the acquisition of an existing industrial/office complex located at 51-71 West Park Avenue which is comprised of (a) a 32,000 square foot office building, (b) a 30,000 square foot maintenance facility, and (c) a 270,000 square foot warehouse/distribution center. The bond is a first priority mortgage pursuant to which the Authority has assigned, subject to certain reserved rights, its interest under the Lease agreements. The Bonds may not be prepaid prior to October 4, 2027. Annual principal maturities range from $232,000 in 2019 to $912,000 in 2042. As of December 31, 2018 and 2017, the outstanding balance is $12,000,000.

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable (Continued)

In December 2017, the Authority issued its City General Obligation Lease Revenue Bonds (Vineland Public Safety Building Project), Series 2017, in the initial aggregate principal amount of $21,935,000 (the "Series 2017 Vineland Public Safety Building Bonds"), to provide funds which will be used to finance the acquisition of certain real property in the City of Vineland, County of Cumberland, New Jersey (the "City") on behalf of the City, which, together with certain real property currently owned by the City, will comprise the Project Site for the development and construction of an approximately 53,000 square foot public safety facility on the project site and the costs of equipping the Facility. The Bonds bear interest at 3.25% to 5.00%. Principal maturities range from $640,000 in 2021 to $1,410,000 in 2042. As of December 31, 2018 and 2017, the outstanding balance is $21,935,000.

In September 2018, the Authority issued its Revenue Bonds (Facilities Renovation Project), Series 2018 in the principal amount of $3,200,000 to finance various renovations and improvements to the existing industrial/office complex in the City of Vineland. The payment of the principal of and the interest on these Bonds is secured by lease payments made to the Authority by the City of Vineland. The Bonds bear interest at 4.980% to 6.950%. Principal maturities range from $150,000 in 2019 to $286,000 in 2033. As of December 31, 2018, the outstanding balance is $3,200,000.

In December 2018, the Authority issued its County Guaranteed Lease Revenue Bonds (County Correctional Facility Project), Series 2018, in the initial aggregate principal amount of $64,990,000 to provide funds which will be used to finance the acquisition of certain real property in the City of Bridgeton, County of Cumberland, New Jersey for the development and construction of a 100,000 square food, approximately 408 bed correctional facility and a 25,000 square foot, three-story holding center and criminal courtroom facility. The Bonds bear interest at 4.00% to 5.50%. Principal maturities range from $640,000 in 2021 to $3,355,000 in 2058. As of December 31, 2018, the outstanding balance is $64,990,000.

Loans/Notes Payable

In December 2017, the Authority ("Borrower") secured a term loan with TD Bank, N.A. ("Lender") in the amount of $7,357,350 at a fixed interest rate of 3.86%. The loan is secured by property located at E. Broad to Willow Streets, City of Bridgeton, Cumberland County, New Jersey to be used to fund a loan from the Borrower to the Investment Fund in connection with the NMTC Transaction and to pay costs and expenses incident to closing the Loan. Principal payments commence in February of 2019. As of December 31, 2018 and 2017, the entire principal amount of $7,357,350 remained outstanding.

In June 2018, the Authority entered into a Project Development and Management Agreement with the Cumberland Empowerment Zone Corp. (CEZC) for the Bridgeton Redevelopment Project and the Authority's Administration Building Projects. The CEZC loaned the Authority $1,000,000 for each of those projects with a 7-year term for the Bridgeton Redevelopment Project and a 5-year term for the Authority's Administration Building Project. The balance as of December 31, 2018 is $2,000,000.

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

Loans Payable (Continued)

In July 2018, the Authority secured financing for certain equipment acquisitions (via lease/purchase agreements) in the amount of $3,000,000 related to the Compressed Natural Gas (CNG) Facility located at the Authority's Solid Waste Complex, and $700,000 related to one of the Authority's leased facilities (51-71 W. Park Avenue, Vineland, New Jersey). The $3,000,000 borrowing is for a 10-year term at 3.380% interest. Principal payments range from $257,146 in 2019 to $346,823 in 2028. The outstanding balance at December 31, 2018 is $3,000,000. The $700,000 borrowing is for a 7-year term at 3.240% interest. Principal payments range from $90,693 in 2019 to $109,815 in 2025. The outstanding balance at December 31, 2018 is $700,000.

In November 2018 the Authority secured a loan from TD Bank, NA. in the amount of $325,000 in connection with the acquisition of certain real property in the City of Millville related to the Millville Redevelopment Project. The loan bears interest at a rate of 1.75% above the LIBOR Rate and matures on November 14, 2019. The interest rate at December 31, 2018 is 4.208% and the outstanding balance at December 31, 2018 is $325,000.

Accrued Closure and Postclosure Care Costs

State and federal laws and regulations require the Authority to place a final cover on its Deerfield Township landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the Authority reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each statement of net position date.

The $26,040,029 reported as accrued closure and postclosure care costs at December 31, 2018 represents the cumulative amount reported to date based on the use of approximately 58.10% of the estimated capacity of the landfill.

The Authority will recognize the remaining $18,775,980 of the total estimated cost of closure and postclosure care of $44,816,009 as the remaining estimated capacity is filled.

These amounts are based on what it would cost to perform all closure and postclosure care in 2018. The Authority expects to close the landfill in the year 2042. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The Authority is required by state laws and regulations to make annual contributions to a trust to finance closure and postclosure care costs. The Authority is in compliance with these requirements, and at December 31, 2018, cash and investments of $18,344,429 ($18,180,575-cost), are held for these purposes. These are reported as restricted assets on the statements of net position. The Authority expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

Accrued Closure and Postclosure Care Costs (Continued)

The amounts reported above as accrued closure and postclosure care costs and remaining estimated cost of closure and postclosure care, percent of estimated capacity of the landfill used and the estimated date the Authority expects to close the landfill are based on the most recent report prepared by the Authority's Consulting Engineers. That report reflected a change in the timing, methodology and cost of final closure from the previous report resulting in a change in accounting estimate. As a result, the accrued closure and postclosure costs decreased from $28,779,356 as of December 31, 2017, to $26,040,029 as of December 31, 2018 resulting in a negative expense of $(2,739,327) for the year ended December 31, 2018.

Net Pension Liability

For details on the net pension liability, refer to Note 5. The Authority’s annual required contribution to the Public Employees’ Retirement System is budgeted and paid on an annual basis.

Accrued Compensated Absences

Current policy allows employees who retire from the Authority via PERS to be reimbursed for fifty percent (50%) of accrued sick leave up to a maximum of $12,000, calculated at the then current rate.

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of changes in long-term liabilities for the year ended December 31, 2018:

Type of Debt:	Balance Jan. 1, 2018 (As Originally Stated)	Restatement	Balance Jan. 1, 2018 (As Restated)	Additions	Reductions	Balance Dec. 31, 2018	Amounts Due Within One Year
Revenue Bonds Payable:							
Solid Waste System Revenue Bonds:							
Series 2015A	$ 14,595,000	$ -	$ 14,595,000	$ -	$ 1,335,000	$ 13,260,000	$ 1,395,000
Series 2017	9,899,243		9,899,243		478,908	9,420,335	483,908
Lease Revenue Bonds:							
Series 2015	3,710,000		3,710,000		175,000	3,535,000	175,000
Series 2014	16,810,000		16,810,000		485,000	16,325,000	505,000
Capital Bank Series 2017	12,000,000		12,000,000			12,000,000	232,000
Vld PD Series 2017	21,935,000		21,935,000			21,935,000	
Capital Bank Series 2018				3,200,000		3,200,000	150,000
DOC Series 2018				64,990,000		64,990,000	
Unamortized Debt Premium	2,240,525		2,240,525	2,642,405	249,917	4,633,013	
Total Revenue Bonds Payable	81,189,768	-	81,189,768	70,832,405	2,723,825	149,298,348	2,940,908
Loans Payable:							
CEZC				2,000,000		2,000,000	
Series 2017 Food Specialization Center	7,357,350		7,357,350			7,357,350	56,465
Equip. Loan - W. Park				700,000		700,000	90,693
Equip. Loan - CNG Station				3,000,000		3,000,000	257,145
Series 2018 Millville Redevelopment				325,000		325,000	325,000
Total Loans Payable	7,357,350	-	7,357,350	6,025,000	-	13,382,350	729,303
Accrued Closure and Postclosure Care Costs	28,779,356		28,779,356		2,739,327	26,040,029	
Net Pension Liability	7,167,623		7,167,623		856,988	6,310,635	
Accrued Liability - Pensions	142,623		142,623	16,778		159,401	
Net OPEB Obligation	473,031	3,213,241	3,686,272	424,587		4,110,859	
Accrued Compensated Absences	134,320		134,320	32,605	25,190	141,735	
	$ 125,244,071	$ 3,213,241	$ 128,457,312	$ 77,331,375	$ 6,345,330	$ 199,443,357	$ 3,670,211

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of changes in long-term liabilities for the year ended December 31, 2017:

Type of Debt:	Balance Jan. 1, 2017	Additions	Reductions	Balance Dec. 31, 2017	Amounts Due Within One Year
Revenue Bonds Payable:					
Solid Waste System					
Revenue Bonds:					
Series 2015A	$14,595,000	$ -	$ -	$ 14,595,000	$ 1,335,000
Series 2006	1,270,000		1,270,000		
Series 2017		10,158,515	259,272	9,899,243	478,908
Lease Revenue Bonds:					
Series 2015	3,880,000		170,000	3,710,000	175,000
Series 2014	17,280,000		470,000	16,810,000	485,000
Capital Bank Series 2017		12,000,000		12,000,000	
Vld PD Series 2017		21,935,000		21,935,000	
Unamortized Debt Premium	1,561,206	937,160	257,841	2,240,525	
Total Revenue Bonds Payable	38,586,206	45,030,675	2,427,113	81,189,768	2,473,908
Loans Payable:					
CEZC	1,000,000		1,000,000		
Series 2017 Food Specialization Center		7,357,350		7,357,350	
Total Loans Payable	1,000,000	7,357,350	1,000,000	7,357,350	-
Accrued Closure and Postclosure Care Costs	29,349,773		570,417	28,779,356	
Net Pension Liability	8,955,483		1,787,860	7,167,623	
Accrued Liability - Pensions	134,313	8,310		142,623	
Net OPEB Obligation	228,386	244,645		473,031	
Accrued Compensated Absences	125,067	10,233	980	134,320	
	$78,379,228	$52,651,213	$ 5,786,370	$125,244,071	$ 2,473,908

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

The annual debt service requirements to maturity, including principal and interest, for revenue bonds and loans payable as of December 31, 2018 are as follows:

Year Ending December 31,	Solid Waste Revenue Bonds		Lease Revenue Bonds		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 1,878,908	$ 653,344	$ 1,062,000	$ 4,692,340	$ 729,303	$ 484,094
2020	1,948,907	584,193	1,720,000	5,230,979	422,090	457,854
2021	2,023,907	504,319	2,508,000	5,145,688	437,410	442,534
2022	2,103,908	420,694	2,567,000	5,022,388	452,457	427,486
2023	2,188,908	332,944	2,733,000	4,896,180	1,468,025	407,481
2024-2028	8,164,538	565,719	15,932,000	22,429,850	3,240,243	1,535,504
2029-2033	2,694,538	153,969	18,677,000	18,681,329	486,843	1,213,714
2034-2038	1,676,722	34,131	20,658,000	14,460,775	591,903	1,100,711
2039-2043			18,213,000	10,127,536	719,641	961,951
2044-2048			37,915,000	14,972,100	874,498	793,998
2049-2053					1,063,868	589,789
2054-2058					1,293,496	341,637
2059-2063					1,572,694	63,778
2064					29,879	
	22,680,336	$ 3,249,313	121,985,000	$ 105,659,165	13,382,350	$ 8,820,531
Add:						
Unamortized Debt Premium	864,752		3,768,260			
	$ 23,545,088		$ 125,753,260		$ 13,382,350	

COMMITMENTS AND CONTINGENCIES

As of December 31, 2018 and 2017 the Authority has entered into various commitments for construction related professional services and construction contracts in its Solid Waste Operation in the amount of $115,500 and $3,357,573 respectively. Costs incurred on those contracts to December 31, 2018 and 2017 totaled $92,026 and $3,130,297 respectively.

As described in Note 1, the Authority has undertaken a significant redevelopment portfolio that includes acquisition, construction, and property management of buildings occupied by state, county, municipal and not-for-profit tenants. These projects are included in the Authority's Other Operations. As of December 31, 2018 and 2017 the Authority has entered into various commitments for construction related professional services and construction contracts in its Other Operations in the amount of $38,314,307 and $9,750,342 respectively. Costs incurred on those contracts to December 31, 2018 and 2017 totaled $21,946,115 and $4,548,216 respectively.

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM

PENSIONS

A substantial number of Authority employees participate in the Public Employees' Retirement System ("PERS"), a defined benefit pension plan, which is administered by the New Jersey Division of Pensions and Benefits ("the Division"). In addition, Authority employees may participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by obtained from:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
http://www.state.nj.us/treasury/pensions

Plan Descriptions

Defined Contribution Retirement Program (DCRP) – DCRP is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least $5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least $5,000.00 annually.

Public Employees' Retirement System – PERS is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Authority, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Vesting and Benefit Provisions

Defined Contribution Retirement Program – Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Public Employees' Retirement System – The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

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

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

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Contributions

Defined Contribution Retirement Program – The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Authority contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The number of employees participating in the DCRP for the years ended December 31, 2018, 2017 and 2016, there were 19, 10 and 8, respectively. For the years ended December 31, 2018, 2017 and 2016, the Authority's contributions for covered employees were $5,432, $3,258 and $1,692, respectively.

Public Employees' Retirement System – The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, 2017 and 2016, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes 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 assets.

Covered Authority employees are required to contribute a percentage of their salary toward their pension benefits. P.L. 2011, c78, effective June 28, 2011, increased the active member contribution rate 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 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. Employee contributions were $225,900, $187,495 and $152,300 for the years ended December 31, 2018, 2017, and 2016, respectively. The payroll subject to pension for the Authority's employees covered by PERS was $2,830,522, $2,240,579 and $2,109,414 for the years ended December 31, 2018, 2017 and 2016, respectively.

The Authority is required by statute to contribute to the employee's pension benefits based on an annual actuarial calculation. The valuation is a determination of the financial condition of the retirement system. The Authority's required annual contributions to the PERS were $318,802, $285,245 and $268,626 for the years ended December 31, 2018, 2017, and 2016, respectively, and is included in the accompanying financial statements. The percentage of employer's contribution rate as a percentage of covered payroll for 2018, 2017 and 2016 was 11.26%, 12.73% and 12.73%, respectively.

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

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

At December 31, 2018 and 2017, the Authority reported a liability of $6,310,635 and $7,167,623, respectively for its proportionate share of the net pension liability. The net pension liability at December 31, 2018 and 2017 were measured as of June 30, 2018 and 2017, respectively. The total pension liability used to calculate the net pension liability on June 30, 2018 and 2017 was determined by an actuarial valuation as of July 1, 2017 and 2016, respectively. At June 30, 2018, the Authority's proportion was 0.0320508100%, which was an increase of 0.0012598889% from its proportion measured as of June 30, 2017. At June 30, 2017, the Authority's proportion was 0.0307909211%, which was an increase of 0.0005533796% from its proportion measured as of June 30, 2016.

At December 31, 2018 and 2017, respectively, the Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	2018		2017	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between Expected and Actual Experience	$ 120,345	$ 32,540	$ 168,773	$ -
Changes of Assumptions	1,039,890	2,017,809	1,444,031	1,438,737
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	59,194	48,807	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	754,273	92,407	773,539	156,577
Authority Contributions Subsequent to the Measurement Date	159,401	-	142,623	-
	$ 2,073,909	$ 2,201,950	$ 2,577,773	$ 1,595,314

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED) PENSIONS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – PERS (Continued)

Deferred outflows of resources related to pensions in the amount of $159,401 and $142,623 will be included as a reduction of the net pension liability in the year ending December 31, 2018 and 2017, respectively. This amount is based on an estimated April 1, 2019 and April 1, 2018 contractually required contribution. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending Dec 31,		
2019	$	(54,448)
2020		(54,448)
2021		(54,448)
2022		(54,448)
2023		(54,448)
2024		(15,201)
	$	(287,442)

The Authority will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	5.00	-
June 30, 2016	5.00	-
June 30, 2017	-	5.00
June 30, 2018	-	5.00

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2018 and 2017 measurement dates were determined by actuarial valuations as of July 1, 2017 and 2016, respectively, which were rolled forward to June 30, 2018 and 2017, respectively.

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

	June 30, 2018	June 30, 2017
Inflation	2.25%	2.25%
Salary Increases:		
Through 2026	1.65% - 4.15% Based on Age	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014	July 1, 2011 - June 30, 2014

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018 and 7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in PERS's target asset allocation as of June 30, 2018 and 2017 are summarized in the table on the following page:

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

	June 30, 2018		June 30, 2017	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Absolute Return/Risk Mitigation	5.00%	5.51%	5.00%	5.51%
Buyouts/Venture Capital	8.25%	13.08%	8.25%	13.08%
Cash	5.50%	1.00%	5.50%	1.00%
Credit Oriented Hedge Funds	1.00%	6.60%	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	1.00%	6.61%
Emerging Market Equities	6.50%	11.64%	6.50%	11.64%
Equity Related Real Estate	6.25%	9.23%	6.25%	9.23%
Global Diversified Credit	5.00%	7.10%	5.00%	7.10%
Investment Grade Credit	10.00%	3.78%	10.00%	3.78%
Non-U.S. Developed Markets	11.50%	9.00%	11.50%	9.00%
Private Real Estate	2.50%	11.83%	2.50%	11.83%
Public High Yield Bonds	2.50%	6.82%	2.50%	6.82%
U.S. Equity	30.00%	8.19%	30.00%	8.19%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
	100.00%		100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 5.66% and 5.00% as of June 30, 2018 and 2017, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.00%, and a municipal bond rate of 3.87% and 3.58% as of June 30, 2018 and 2017, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% and 40% of the actuarial determined contributions as of June 30, 2018 and 2017, respectively. The local employers contributed 100% of their actuarially required contributions for both June 30, 2018 and 2017. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return of plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

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

The following presents the Authority's proportionate share of the net pension liability at June 30, 2018 and 2017, respectively, calculated using the discount rate as disclosed above, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	June 30, 2018		
	1% Decrease 4.66%	Current Discount Rate 5.66%	1% Increase 6.66%
Authority's Proportionate Share of the Net Pension Liability	$ 7,934,909	$ 6,310,635	$ 4,947,991

	June 30, 2017		
	1% Decrease 4.00%	Current Discount Rate 5.00%	1% Increase 6.00%
Authority's Proportionate Share of the Net Pension Liability	$ 8,891,937	$ 7,167,623	$ 5,731,077

DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Authority employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional and participants elect how their salary deferrals are invested. Investment options include the following: stock funds, bond funds, and money market accounts, including various risk alternatives. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Investments are managed by the plan trustees under one of various pools of investment options offered by the Nationwide Retirement Solutions, Inc. Deferred Compensation Program, who is a provider of deferred compensation services in good standing with the State of New Jersey Division of Local Government Services.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Authority or its creditors. Since the Authority does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Authority's financial statements.

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan Description and Benefits Provided - The self-insured plan will be administered through Southern Coastal Regional Employee Benefits Fund/PERMA. The plan provides fully paid health benefits to employees retiring with the minimum of fifteen (15) years of service with the Authority and has reached the threshold of sixty-two (62) years of age. The benefits would be available to the employee from the age of eligibility (62 years) until the employee reaches the age of sixty-five (65). The benefit provisions of the plan may be established or amended by the Board of the Authority. A separate financial report is not issued.

Employees Covered by Benefit Terms - At December 31, 2018, the following employees were covered by the benefit terms:

Retired Employees Receiving Benefits	4
Active Employees Eligible to Retire and Receive Benefits	1
Active Employees	54
Total Participants	59

Contributions - Contributions to pay for the health premiums of participating retirees are paid by the Authority on a monthly basis. For the years ended December 31, 2018, the Authority contributed $24,973 and for current premiums. Plan members are not required to contribute to the cost of those premiums.

Net OPEB Liability

The Authority's total OPEB liability of $4,110,859 as of December 31, 2018 was measured as of December 31, 2018. The liabilities were determined by an actuarial valuation as of December 31, 2018.

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Actuarial Assumptions and Other Inputs - The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified as of December 31, 2018 are as follows:

Mortality Rate Table	RP-2000
Turnover	NJ State Pension Ultimate Withdrawal Rates
Assumed Retirement Age	At first eligibility after completing 15 year of service and attainment of age 62
Full Attribution Period	Service to Assumed Retirement Age
Discount Rate	4.10%
CPI Increase	2.50%
Salary Increase	2.50%
Medical Trend	5.8%, reducing by 0.1% per year, leveling at 5% in 2026
Prescription Trend	10.0%, reducing by 0.5% per year to 2022 and 1.0% thereafter, leveling at 5% in 2026

The discount rate was based on the 20-year Municipal AA bond rate.

An experience study was not performed on the actuarial assumptions used in the December 31, 2018 valuation since the plan had insufficient data to produce a study with credible results. Mortality rates and termination rates were based on standard tables either issued by the SOA or developed for the applicable grade of employee. The actuary has used his/her professional judgement in applying these assumptions to this plan.

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Changes in the Total OPEB Liability

The following table shows the changes in the total OPEB liability for the year ended December 31, 2018:

	12/31/2018	
Balance at Beginning of Year		$3,686,272
Changes for the Year:		
Service Cost	$ 287,161	
Interest Cost	162,399	
Benefit Payments	(24,973)	
Net Changes		424,587
Balance at End of Year		$4,110,859

In the fiscal year ended December 31, 2018, there were no changes of benefit terms.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated for using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	June 30, 2018		
	1% Decrease 5.10%	Current Discount Rate 4.10%	1% Increase 3.10%
Total OPEB Liability	$4,296,037	$ 4,110,859	$3,967,847

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Changes in the Total OPEB Liability (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	June 30, 2018		
	1% Decrease	Health Care Cost Trend Rate	1% Increase
Total OPEB Liability	$3,799,216	$ 4,110,859	$4,509,270

OPEB Expense

For the year ended December 31, 2018, the Authority recognized OPEB expense of $449,560.

NOTE 6 DETAILED NOTES – NET POSITION

RESTRICTED NET POSITION

The Authority has restricted net position for the following purposes in accordance with the requirements of its Bond Resolution and laws or regulations.

	2018	2017
Solid Waste Operation:		
Operations	$ 1,488,490	$ 1,324,740
Debt Service	1,395,000	1,335,344
Equipment Renewal and Replacement	2,360,323	2,197,103
	5,243,813	4,857,187
Other Operations:		
Debt Service	431,944	418,611
Total Restricted	$ 5,675,757	$ 5,275,798

NOTE 6 DETAILED NOTES – NET POSITION (CONTINUED)

UNRESTRICTED NET POSITION

Designated Net Position:

Solid Waste Operations

The Authority has, by resolution, designated a portion of its Unrestricted Net Position for Self-Insurance and Renewable Energy Projects. The self-insurance fund is defined as "A Designated Fund to maintain the deductible exposure of all the Authority's insurance coverage plus twenty-five percent." The amount of net position designated for self-insurance as of December 31, 2018 and 2017 is $594,375 and $590,625, respectively. In prior years, the Authority had also designated by resolution a portion of its Unrestricted Net Position for Renewable Energy Projects. The renewable energy project account is defined as "A segregated account solely used for the purpose of developing renewable energy projects in Cumberland County approved by the Authority". The Authority adopted a resolution in 2018 to undesignated the net position previously designated for renewable energy projects. The designated balance as of December 31, 2017 is $2,567,170.

The Solid Waste Operation's unrestricted net position-designated for subsequent year's expenditures at December 31, 2018 and 2017 consists of $553,611 and $530,240, respectively; which has been appropriated and included as anticipated revenue in the Authority's 2019 and 2018 budgets respectively.

The unrestricted net position-designated for forgivable loans/grants consisted of the following:

	2018	2017
City of Millville	$ 200,000	$ 300,000

Other Operations

The Authority has, by resolution, designated a portion of its Other Operations unrestricted net position for Replacement Reserve for Economic Development Operations. The replacement reserve fund was established to receive transfers to anticipate necessary future major repairs and capital expenditures. The amount of net position designated for replacement reserve as of December 31, 2018 and 2017 is $184,968 and $114,864, respectively.

NOTE 6 DETAILED NOTES – NET POSITION (CONTINUED)

UNRESTRICTED NET POSITION (CONTINUED)

Undesignated Net Position:

Solid Waste Operations

The balance of unrestricted and undesignated net position (deficit) as of December 31, 2018 and 2017 of $(6,728,520) and $(4,645,163) respectively, is comprised of the following:

	2018	2017
Amount Related to Pensions (GASB 68 and 71)	$ (6,670,407)	$ (6,445,591)
Amount Related to OPEB (GASB 75)	(3,601,584)	
Undesignated before GASB 68, 71 Pension and GASB 75 OPEB Related Items	3,543,471	1,800,428
	$ (6,728,520)	$ (4,645,163)

Other Operations

The balance of unrestricted and undesignated net position (deficit) as of December 31, 2018 and 2017 of $808,108 and $2,451,976 respectively, is comprised of the following:

	2018	2017
Amount Related to Pensions (GASB 68 and 71)	$ (246,482)	$ (167,452)
Amount Related to OPEB (GASB 75)	(398,855)	
Undesignated before GASB 68, 71 Pension and GASB 75 OPEB Related Items	1,453,445	2,619,428
	$ 808,108	$ 2,451,976

NOTE 7 INTEREST EXPENSE

Interest expense consisted of the following:

	2018	2017
Interest on Bonds and Notes	$ 3,290,034	$ 1,666,065
Add: Amortization of Deferred Loss on Defeasance of Debt	89,278	97,333
Less: Amortization of Premium on Bonds	(249,917)	(257,841)
Less: Capitalized to Construction in Progress	(813,438)	
Net Interest Expense	$ 2,315,957	$ 1,505,557

NOTE 8 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority purchases commercial insurance for Pollution Liability and Crime.

The Authority is also a member of Cumberland County Insurance Commission (the "Commission"). The Commission is operated in accordance with regulations of the Division of Local Governmental Services of the Department of Community Affairs for the purpose of securing significant savings in insurance costs as well as providing stability in coverage. It is governed by three County officials who serve as commissioners and are appointed by the Board. Coverage in excess of the Commission's self-insured retention limit is provided through the Commission's membership in the New Jersey Counties Excess Joint Insurance Fund established in March 2010.

The Commission provides the Authority coverage for General and Automobile Liability; Workers' Compensation and Employer's Liability; and Property Damage other than Motor Vehicles, including Equipment Breakdown. Through membership in the New Jersey Counties Excess Joint Insurance Fund offered by the Commission, the Authority also has coverage for Public Officials and Employment Practices.

The Commissioner of Insurance may order additional assessments to supplement the Commission's claim, loss retention or administrative accounts to assure the payment of the Commission's obligations.

The Commission provides its own financial report for the year ended December 31, 2018, which can be obtained from:

Cumberland County Insurance Commission
790 East Commerce Street
Bridgeton, NJ 08032

Settled claims have not exceeded commercial insurance coverage in any of the past three years. The Authority also maintains a self-insurance fund as described in Note 2. The purpose of this account is to cover deductibles and general liability co-insurance requirements.

In September 2016, the Authority switched to a self-insured health insurance fund, Southern Coastal Regional Employee Benefits Fund which is administered by PERMA.

NOTE 9 MAJOR CUSTOMERS - CONCENTRATION

In 2018, approximately forty percent (40%) of the solid waste received by the Authority at its Solid Waste Complex was delivered by two (2) haulers. In 2017, those haulers delivered approximately forty-three percent (43%).

NOTE 10 RELATED PARTY TRANSACTIONS

The Members of the Authority are appointed by the Board of Chosen Freeholders of the County of Cumberland. Accordingly, the Freeholders have the ability to influence the nature and amounts of the business done by the Authority. The Authority and the County have engaged in significant transactions with each other. These transactions include the issuance of conduit debt obligations, leasing of property, economic development activities, shared services for property management, project management services, and providing fleet maintenance and repair services. In addition the County guarantees payment of debt service on certain of the Authority's debt issues.

NOTE 11 SUBSEQUENT EVENTS

In February 2019 the Authority adopted a resolution authorizing the issuance and sale of its County Guaranteed Revenue Bonds (Authority Administration Building Project) in the principal amount of up to $5,500,000. The Series 2019 Bonds are being issued to provide funds which will be used to pay: (1) the costs of acquisition of certain real property located in the Township of Deerfield, County of Cumberland, New Jersey (the "Project Site"); (2) the costs of design and construction of an approximately 15,000 square foot Authority administration building, which will be utilized to create office space for the Authority's officers and employees (the "Facility"); (3) the completion of such other improvements and work and acquisition of equipment and materials as may be necessary or appropriate in connection with the construction of the Facility; and (4) the costs and expenses incurred by the Authority and the County in connection with the issuance and delivery of the Series 2019 Bonds (collectively, the "Project"). The Authority issued its Series 2019 County Guaranteed Revenue Bonds in the aggregate principal amount of $4,970,000 in April 2019.

In October 2018, the Authority adopted a resolution authorizing the issuance of its County General Obligation Revenue Bonds (Technical High School Project) in the aggregate principal amount not-to-exceed $26,200,000. The funds are to be used to finance a capital improvement project consisting of: (i) the development and construction of new educational facilities, including classrooms, offices and administrative space for the Technical School ("Facility"); (ii) the acquisition of certain real property in the County on which the Facility will be constructed; (iii) the costs of equipping the Facility; (iv) all other costs and expenses necessary for or related to the development, construction and equipping of the Facility. The Authority issued its Series 2019 County General Obligation Revenue Bonds (Technical High School Project) in the aggregate principal amount of $21,035,000 in January 2019. The Bonds are considered Conduit Debt of the Authority, as the payment of debt service will be made by the County of Cumberland to the Authority

In July 2019, the Authority entered into an agreement to sell the Deerfield Township property it received from the Cumberland County Board of Vocational Education. The sales price is $2,112,500. Also see Investment in Redevelopment Sites at Note 3.

NOTE 12 RESTATEMENT

As indicated in Note 1 to the financial statements, the Authority adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, for the year ended December 31, 2018. As a result of implementing this Statement, a restatement of unrestricted net position was required to record the Authority's net OPEB obligation. It was not practicable to restate the financial statements for the year ended December 31, 2017. The January 1, 2018 unrestricted net position has been restated to reflect the cumulative effect of implementing GASB 75 as follows:

		GASB 75 Implementation			
	As Previously Reported Dec. 31, 2017	Deferred Outflows	Net OPEB Liability	Deferred Inflows	As Restated Jan. 1, 2018
Net Investment in Capital Assets	$ 37,338,770	$ -	$ -	$ -	$ 37,338,770
Restricted	5,275,798				5,275,798
Unrestricted	1,909,712		(3,213,241)		(1,303,529)
	$ 44,524,280	$ -	$ (3,213,241)	$ -	$ 41,311,039

Also as indicated in Note 1 to the financial statements, for the year ended December 31, 2018, the Authority adopted GASB Statement No. 87, *Leases.* The Authority implemented this Statement as a lessor. The cumulative effect of adopting this Statement resulted in a restatement of the Authority's beginning balances of Lease Receivables and Deferred Inflows – Leases (as of January 1, 2018) in the amount of $50,872,834 with no change in net position. It was not practicable to restate the financial statements for the year ended December 31, 2017.

NOTE 13 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES

The significant disclosures of the discretely presented component unit, Cumberland Empowerment Zone Corp. (CEZC) are as follows:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Operations - The purpose for which the corporation is organized is to utilize and implement the benefits of the "Empowerment Zone" program created by the taxpayer relief act of 1997 of the United States government awarded to Cumberland County. The activities of the corporation may include, but are not limited to, developing a strategic vision to create economic opportunity, sustainable community development, and community-based partnerships. The corporation will help facilitate the collaboration of government, public institutions, businesses, community-based organizations, and residents of the "Empowerment Zone" to achieve a coordinated approach to neighborhood economic development.

Basis of Accounting - The financial statements of Cumberland Empowerment Zone Corp. have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

NOTE 13 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Codification ASC 958 “Financial Statements of Not-for-Profit Organizations”. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions - The part of net assets of a not-for-profit entity that is not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Net Assets with Donor Restrictions - Net assets with donor restrictions of the organization are those whose use has been limited by donor-imposed stipulations that specifies a use for a contributed asset that is more specific than broad limits resulting from either the nature of the organization, the environment in which it operates, or purposes specified in its articles of incorporation or bylaws or comparable documents for an unincorporated association.

Public Support and Revenue - Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The Empowerment Zone received various non-cash donations in previous years for which a fair value has not been determined at the balance sheet date.

Income Tax - The organization is a nonprofit organization within the meaning of section 501(c) (3) of the Internal Revenue code and is not subject to income tax. The organization files information returns in the U.S. federal jurisdiction and the State of New Jersey. The Company is not subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2015.

Distributions - The organization bylaws and agreements stipulate, among other things, that the organization will not make distributions of assets or income to any of its officers or directors.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Cash Equivalents - For the statement of cash flows, all unrestricted investment instruments with original maturities of three months or less are cash equivalents. The Empowerment Zone deposits monies that are restricted by grant agreement or donor stipulations into a separate account. When the restriction expires, monies are transferred to the operating account for payment of related expenditures.

NOTE 13 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements - Financial Accounting Standards Codification FASB ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. The Statement applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between parties at a specific date. As a basis for considering the assumptions used in measuring fair value FASB ASC 820 establishes a fair value hierarchy that distinguishes between (1) market participant assumptions and (2) the reporting entity's own assumptions. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into the following three broad levels:

Level 1 Inputs :	This level uses quoted prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.
Level 2 Inputs :	This level uses inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
Level 3 Inputs :	This level uses inputs that are unobservable for the asset or liability. Situations where there is little, if any, market activity for the asset or liability at the measurement date.

At December 31, 2018 and 2017, the entity had certificates of deposits for $0 and $1,014,638 respectively, which is a level 1 input. The book value approximates its market value.

B. NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by grantors.

C. CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Empowerment Zone loans money to the local community. These organizations are located in Cumberland County. Realization of these receivables is dependent upon the performance of the organizations, the economic conditions within this industry as well as the general business climate. As a result, management continually monitors its receivables. As of December 31, 2018 and 2017, the allowance for uncollectible accounts is $330,885 and $315,930, respectfully.

The Empowerment Zone maintains cash balances in a financial institution located in Vineland, New Jersey. The balances at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Cash at the 2018 and 2017 year ends exceeded the federally insured limits by $3,906,160 and $5,766,662, respectively.

NOTE 13 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

C. CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS (CONTINUED)

D. PROGRAM SERVICES/EXPENSES

Represents amounts used to carry out projects specified by contract or restricted donation.

E. 21ST CENTURY COMMUNITY LEARNING CENTER GRANT

The New Jersey Department of Education provides a grant to the Cumberland Empowerment Zone Corp. to provide high quality educational enrichment programs.

F. COMMITTMENTS

On January 10, 2007 the Empowerment Zone entered into an agreement with the Enterprise Zone Development Corp. of Vineland and Millville, NJ. The Enterprise Zone will remit $500,000 for the sole purpose of creating a commercial loan program to promote economic development and job creation in the City of Vineland Urban Enterprise Zone.

G. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through July 5, 2019, the date which the financial statements were available to be issued.

H. PROPERTY REPOSSESED

In 2003, CEZC approved a $55,000 loan to assist Jackson in purchasing a building and starting a new salon. Jackson defaulted on the loan and CEZC advanced funds into the repossession and took ownership of the property. Jackson continued to use the property and paid CEZC rent, insurance, taxes, and utilities. A new lease has not been drawn up, however, the Jackson's continue making monthly payments without issue. CEZC will continue to hold the property until the debt is lower before transferring it back to the Jacksons.

I. RIVER GROVE PROJECT

In 2012, CEZC entered into a joint venture with Gateway Community Action Agency to develop a 68-unit apartment building as part of an affordable housing project in the city of Bridgeton, NJ. Eastern Pacific Development Corporation joined the project as a development partner in 2015. The CEZC formed a non-profit entity (Cumberland Empowerment Housing Corporation) to facilitate the project. The empowerment zone loaned the new entity approximately $481,000 and will be paid back with interest. In 2018, full funding had been secured for the project and closing on the project financing took place in May 2019.

J. CUMBERLAND REDEVELOPMENT PROJECT

The Cumberland Empowerment Zone contributed funds towards the purchase of real estate located in Bridgeton, NJ. Thru 2017 the CEZC was collecting rent. In May 2018, the property at 46-50 East Commerce Street was sold for $160,000 to the United Advocacy Group. CEZC received a $5,000 deposit and will finance the remaining balance.

NOTE 13 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

K. JOINT VENTURES

On May 1, 2016, superseded by an agreement on June 14, 2018, the CEZC entered into an agreement with the Cumberland County Improvement Authority (CCIA) to outsource employee services to CCIA for the purpose of buying, leasing and developing real estate: sharing resources to further economic development goals in Cumberland County and provide assistance to businesses in exchange for certain compensation.

On November 8, 2016 the CEZC entered into an agreement with TRIAD Associates to outsource employees to provide economic development support associated with revolving loan programs being implemented by Municipal and County government, Economic Development Corporations, Authorities and related entities in exchange for compensation plus mileage, tools parking and related travel expenses.

L. CONSTRUCTION LOAN

On October 10, 2018 the CEZC entered into a mortgage loan note with TD Bank, N.A. for $2,450,000 at a rate of 3.97% for 25 years. The loan balance at December 31, 2018 was $1,486,398. The purpose of this note was to provide funding for the construction of administrative offices for the Cumberland County Improvement Authority (CCIA). The resultant receivable from CCIA and loan payable to TD Bank were paid in full in April 2019.

M. MORTGAGES RECEIVABLE

Mortgages receivable consisted of the following at December 31, 2018 and 2017.

	2018	2017
Mortgage Receivable (HUD Projects)	$ 1,577,411	$ 2,453,092
Mortgage Receivable (2nd Generation Funds)	5,108,859	2,146,479
Mortgage Receivable (UEZ Loans)	128,325	140,026
Less: Allowance for Doubtful Accounts	(330,887)	(315,930)
	$ 6,483,708	$ 4,423,667

The above amounts represent monies due to the empowerment zone from outside organizations and are secured by capital projects. These amounts are due and payable on a monthly basis at an interest rate between 3% and 5%. Related fees and interest income are recorded as an increase in net assets in the statement of activities.

In 2006 the Empowerment Zone established a policy to provide an allowance for uncollectible mortgages at 2% of new loans issued. Prior to this date management reviewed its receivable balance on an annual basis to provide an allowance based upon their estimates of uncollectible mortgages. Management continuously monitors its receivables and at times provides an additional allowance based upon its evaluation of the receivables in comparison to the reserve established.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION - PART II
SCHEDULES OF PROPORTIONATE SHARE, EMPLOYER CONTRIBUTIONS AND NOTES
STATE OF NEW JERSEY PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

Schedule of Proportionate Share of Net Pension Liability at June 30 (measurement date)

	2018	2017	2016	2015	2014	2013
Authority's Proportion of the Net Pension Liability	0.0320508100%	0.0307909211%	0.0302375415%	0.0286952278%	0.0234671743%	0.0256294937%
Authority's Proportionate Share of the Net Pension Liability	$ 6,310,645	$ 7,167,634	$ 8,955,493	$ 6,441,504	$ 4,393,697	$ 4,898,305
Authority's Covered-Employee Payroll (Plan Measurement Year)	$ 2,279,784	$ 2,123,576	$ 2,106,244	$ 1,928,132	$ 1,543,668	$ 1,742,508
Authority's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	276.81%	337.53%	425.19%	334.08%	284.63%	281.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Schedule of Employer Contributions

	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	$ 318,802	$ 285,245	$ 268,626	$ 246,702	$ 193,460	$ 193,113
Contributions in Relation to the Contractually Required Contribution	(318,802)	(285,245)	(268,626)	(246,702)	(193,460)	(193,113)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered-Employee Payroll	$ 2,830,522	$ 2,240,579	$ 2,109,414	$ 2,071,361	$ 1,913,595	$ 1,630,482
Contributions as a Percentage of Authority's Covered-Employee Payroll	11.26%	12.73%	12.73%	11.91%	10.11%	11.84%

Notes

Changes in Benefit Terms - There were no significant changes in benefits for the July 1, 2017 and 2016 actuarial valuation.

Changes in Assumptions - In accordance with Paragraph 44 of GASB Statement No. 67 the discount rate for June 30, changed as follows:

2018	2017	2016	2015	2014	2013
5.66%	5.00%	3.98%	4.90%	5.39%	5.55%

Schedule Presentation - These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

See accompanying independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION
PART III

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION - PART III
POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios at December 31

	2018
Total OPEB Liabiltiy	
Service Cost	$ 287,161
Interest on Total OPEB Liability - Over Measurement Period	162,399
Benefit Payments	(24,973)
Net Change on Total OPEB Liability	424,587
Total OPEB Liability - Beginning	3,686,272
Total OPEB Liabiltiy - Ending	$ 4,110,859
Covered-Employee Payroll	$ 2,830,522
Total OPEB Liability as a Percentage of Covered-Employee Payroll	145.23%

Notes

Changes in Benefit Terms - There were no significant changes in benefits for the December 31, 2018 actuarial valuation.

Changes in Assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018
5.66%

Schedule Presentation - These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

See accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
NET INVESTMENT IN CAPITAL ASSETS, RESTRICTED AND UNRESTRICTED
YEARS ENDED DECEMBER 31, 2018 AND 2017

	SOLID WASTE OPERATIONS							OTHER OPERATIONS				TOTAL	
		UNRESTRICTED		RESTRICTED					UNRESTRICTED		RESTRICTED		
	INVESTMENT IN CAPITAL ASSETS	UNDESIGNATED	DESIGNATED	OPERATING RESERVE	RENEWAL AND REPLACEMENT	DEBT SERVICE	CLOSURE AND POST-CLOSURE	INVESTMENT IN CAPITAL ASSETS	UNDESIGNATED	DESIGNATED	DEBT SERVICE	2018 (MEMO)	2017 (MEMO)
OPERATING REVENUE:													
Landfill Tipping Fees	$	$ 12,524,282	$	$	$	$	$	$	$	$	$	$ 12,524,282	$ 12,641,411
Lease/Rental Income									3,693,040			3,693,040	2,710,152
Interest Income on Leases									153,912			153,912	
Project Management Fee									1,471,780			1,471,780	178,709
Methane Gas Project Revenue		394,888										394,888	457,962
Recycle Revenue		59,919										59,919	256,896
Operating Grants		317,126							5,000			322,126	336,425
Administrative/Bond Transaction Fee									81,238			81,238	27,419
Project Income - Fleet Maintenance									323,262			323,262	226,551
Property Management Fee									468,500			468,500	30,000
Other		79,604							173,103			252,707	132,451
	-	13,375,819	-	-	-	-	-	-	6,369,835	-	-	19,745,654	16,997,976
OPERATING EXPENSES:													
Cost of Providing Services		7,789,651							2,558,508			10,348,159	7,697,385
Administrative and General		2,345,450							801,918			3,147,368	3,019,406
Closure and Postclosure Costs		(2,739,327)										(2,739,327)	(570,417)
Depreciation		4,473,669							1,812,145			6,285,814	4,942,439
	-	11,869,443	-	-	-	-	-	-	5,172,571	-	-	17,042,014	15,088,813
OPERATING INCOME (LOSS)	-	1,506,376	-	-	-	-	-	-	1,197,264	-	-	2,703,640	1,909,163
NON-OPERATING REVENUE (EXPENSES):													
Interest Income		62,687	5,084		45,013	58,545	431,910		25,760		40,860	669,859	601,162
Interest Expense		(553,670)							(1,762,287)			(2,315,957)	(1,505,557)
Pass Through Revenue - Arts & Innovation Project												-	244,372
Other Non-Operating Income		58,415							255,531			313,946	99,855
Forgivable Loans/Grants		(100,000)										(100,000)	(200,000)
P.I.L.O.T. Program-Municipal		(7,500)							(2,776)			(10,276)	(10,596)
Appropriated to County		(530,240)										(530,240)	(454,172)
Debt Issue Costs Incurred		(4,505)							(501,054)			(505,559)	(352,754)
Gain on Disposal of Assets		-										-	431,620
Contributions Received									1,478,750			1,478,750	-
Net Decrease in Fair Value of Investments		(207,730)							88,916			(118,814)	(219,737)
	-	(1,282,543)	5,084	-	45,013	58,545	431,910	-	(417,160)	-	40,860	(1,118,291)	(1,365,807)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	-	223,833	5,084	-	45,013	58,545	431,910	-	780,104	-	40,860	1,585,349	543,356
CONTRIBUTIONS AND TRANSFERS:													
Capital Contributions									252,156			252,156	
Residual Equity Transfers		(4,905,881)							4,905,881			-	
Other Transfers	(2,670,284)	5,464,259	(2,645,133)	163,750	118,207	1,111	(431,910)	7,191,759	(7,234,336)	70,104	(27,527)	-	
INCREASE (DECREASE) IN NET POSITION	(2,670,284)	782,211	(2,640,049)	163,750	163,220	59,656	-	7,191,759	(1,296,195)	70,104	13,333	1,837,505	543,356
NET POSITION - JANUARY 1,	37,312,746	(4,645,163)	3,988,035	1,324,740	2,197,103	1,335,344	-	26,024	2,451,976	114,864	418,611	44,524,280	43,980,924
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES		(2,865,568)							(347,673)			(3,213,241)	
NET POSITION - JANUARY 1, (RESTATED)	37,312,746	(7,510,731)	3,988,035	1,324,740	2,197,103	1,335,344	-	26,024	2,104,303	114,864	418,611	41,311,039	43,980,924
NET POSITION - DECEMBER 31,	$ 34,642,462	$ (6,728,520)	$ 1,347,986	$ 1,488,490	$ 2,360,323	$ 1,395,000	$ -	$ 7,217,783	$ 808,108	$ 184,968	$ 431,944	$ 43,148,544	$ 44,524,280
UNRESTRICTED NET POSITION (DEFICIT) - UNDESIGNATED-													
Related to Pensions (GASB 68, 71)		$ (6,670,407)							$ (246,482)				
Related to OPEB (GASB 75)		(3,601,584)							(398,855)				
Before GASB 68, 71 Pension and GASB 75 OPEB Related Items		3,543,471							1,453,445				
		$ (6,728,520)							$ 808,108				

SCHEDULE 2

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF NET POSITION
DECEMBER 31, 2018 AND 2017

	2018			2017		
	Solid Waste Operations	Other	Total	Solid Waste Operations	Other	Total
ASSETS						
CURRENT ASSETS - UNRESTRICTED:						
Cash	$ 721,667	$ 217,842	$ 939,509	$ 387,517	$ 651,280	$ 1,038,797
Accounts Receivable	802,421	183,068	985,489	825,021	83,851	908,872
Loans Receivable	211,829	100,000	311,829	211,573	100,000	311,573
Interest Receivable - Loans	6,523	9,298	15,821	9,587	10,059	19,646
Grant Funds Receivable		252,156	252,156			
Other Receivables	29,575	2,172,204	2,201,779	10,544	519,926	530,470
Lease Receivables		5,366,331	5,366,331			
Due from Restricted Assets	110,664		110,664	303,913		303,913
Inventories	25,527	110,616	136,143	32,193	229,915	262,108
Prepaid Expenses	7,694	28,738	36,432	32,679	7,955	40,634
Total Current Assets - Unrestricted	1,915,900	8,440,253	10,356,153	1,813,027	1,602,986	3,416,013
CURRENT ASSETS - RESTRICTED:						
Accounts Required by the Authority's Bond Resolutions/Loan Agreements:						
Cash	8,903,580	17,489,391	26,392,971	9,332,293	22,206,320	31,538,613
Cash Held by Fiscal Agent		6,816,825	6,816,825		7,357,350	7,357,350
Other Restricted Accounts:						
Cash	777,407	170,714	948,121	1,956,854	1,808,417	3,765,271
Investments	2,114,684	43,237,393	45,352,077			
Interest Receivable	121,118	147,075	268,193	118,003		118,003
Interfunds	9,852,965	(9,852,965)		11,421,545	(11,421,545)	
Total Current Assets - Restricted	21,769,754	58,008,433	79,778,187	22,828,695	19,950,542	42,779,237
NONCURRENT ASSETS:						
Investments - Required by Bond Resolutions/Loan Agreements		17,961,256	17,961,256			-
Investments - Other Restricted Accounts	15,888,965	2,400,000	18,288,965	17,892,940	2,400,000	20,292,940
Investment in Redevelopment Sites		2,112,500	2,112,500			
Lease Receivables - Noncurrent		60,598,299	60,598,299			
Loans Receivable - Noncurrent	466,454	12,141,725	12,608,179	678,411	4,784,375	5,462,786
Prepaid Bond Insurance	31,534	258,181	289,715	36,039	85,820	121,859
Capital Assets, Net	56,201,866	74,267,710	130,469,576	61,229,611	43,122,562	104,352,173
Total Noncurrent Assets	72,588,819	169,739,671	242,328,490	79,837,001	50,392,757	130,229,758
TOTAL ASSETS	96,274,473	236,188,357	332,462,830	104,478,723	71,946,285	176,425,008
DEFERRED OUTFLOWS OF RESOURCES:						
Deferred Loss on Defeasance of Debt	317,183		317,183	406,461		406,461
Deferred Amount Relating to Pensions	1,931,073	142,836	2,073,909	2,303,882	273,891	2,577,773
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,248,256	142,836	2,391,092	2,710,343	273,891	2,984,234

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF NET POSITION
DECEMBER 31, 2018 AND 2017

	2018			2017		
	Solid Waste Operations	Other	Total	Solid Waste Operations	Other	Total
CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED ASSETS:						
Accounts Payable - Operations	$ 1,006,309	$ 481,858	$ 1,488,167	$ 430,074	$ 161,721	$ 591,795
Other Payables	-	3,312,140	3,312,140		400,000	400,000
Accrued Liabilities	95,256	20,203	115,459	58,155	1,422	59,577
Accrued Liabilities - Pension	282,697	36,105	318,802	257,868	27,376	285,244
Customer Deposits	164,963		164,963	171,799		171,799
Security Deposits		166,769	166,769		166,686	166,686
Landfill Taxes Payable	167,937		167,937	154,822		154,822
Host Community Benefit Payable	46,099		46,099	42,177		42,177
Unearned Revenue	31,531	161,912	193,443	14,400	106,657	121,057
Unearned Grant Revenue	144		144			
Total Current Liabilities Payable From Unrestricted Assets	1,794,936	4,178,987	5,973,923	1,129,295	863,862	1,993,157
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:						
Loans Payable		729,303	729,303			
Contracts Payable - Construction	5,525	4,489,200	4,494,725	247,738	954,222	1,201,960
Contracts Payable - Retainage	-	290,146	290,146	86,368	797	87,165
Revenue Bonds Payable	1,878,908	1,062,000	2,940,908	1,813,908	660,000	2,473,908
Accrued Interest Payable - Revenue Bonds	333,172	247,822	580,994	361,747	160,240	521,987
Due to Unrestricted Assets	110,664		110,664	303,913		303,913
License Agreement Escrow	169,500		169,500	153,020		153,020
Total Current Liabilities Payable From Restricted Assets	2,497,769	6,818,471	9,316,240	2,966,694	1,775,259	4,741,953
LONG-TERM LIABILITIES:						
Revenue Bonds Payable	21,666,180	124,691,260	146,357,440	23,764,565	54,951,295	78,715,860
Loan Payable		12,653,047	12,653,047		7,357,350	7,357,350
Accrued Closure and Postclosure Care Costs	26,040,029		26,040,029	28,779,356		28,779,356
Accrued Liability Pension	141,349	18,052	159,401	128,935	13,688	142,623
Net Pension Liability	6,271,505	39,130	6,310,635	6,905,591	262,032	7,167,623
Net OPEB Obligation	3,601,584	509,275	4,110,859	421,849	51,182	473,031
Accrued Compensated Absences	97,719	44,016	141,735	122,909	11,411	134,320
Total Long-Term Liabilities	57,818,366	137,954,780	195,773,146	60,123,205	62,646,958	122,770,163
Total Liabilities	62,111,071	148,952,238	211,063,309	64,219,194	65,286,079	129,505,273
DEFERRED INFLOWS OF RESOURCES:						
Deferred Amount Relating to Pensions	1,905,917	296,033	2,201,950	1,457,067	138,247	1,595,314
Deferred Amount Relating to Arts & Innovation Project		3,784,375	3,784,375		3,784,375	3,784,375
Deferred Amount Relating to Leases		74,655,744	74,655,744			-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,905,917	78,736,152	80,642,069	1,457,067	3,922,622	5,379,689
NET POSITION:						
Net Investment in Capital Assets	34,642,462	7,217,783	41,860,245	37,312,746	26,024	37,338,770
Restricted:						
Operations	1,488,490		1,488,490	1,324,740		1,324,740
Debt Service	1,395,000	431,944	1,826,944	1,335,344	418,611	1,753,955
Equipment Renewal and Replacement	2,360,323		2,360,323	2,197,103		2,197,103
Unrestricted	(5,380,534)	993,076	(4,387,458)	(657,128)	2,566,840	1,909,712
Total Net Position	$ 34,505,741	$ 8,642,803	$ 43,148,544	$ 41,512,805	$ 3,011,475	$ 44,524,280

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Solid Waste Operations	Other	Total	Solid Waste Operations	Other	Total
OPERATING REVENUE:						
Landfill Tipping Fees	$ 12,524,282	$	$ 12,524,282	$ 12,641,411	$	$ 12,641,411
Lease/Rental Income		3,693,040	3,693,040		2,710,152	2,710,152
Interest Income on Leases		153,912	153,912			
Project Management Fee		1,471,780	1,471,780		178,709	178,709
Methane Gas Project Revenue	394,888		394,888	457,962		457,962
Recycle Revenue	59,919		59,919	256,896		256,896
Operating Grants	317,126	5,000	322,126	331,425	5,000	336,425
Project Income - Fleet Maintenance		323,262	323,262		226,551	226,551
Administrative/Bond Transaction Fee		81,238	81,238		27,419	27,419
Property Management Fee		468,500	468,500		30,000	30,000
Other Operating Income	79,604	173,103	252,707	75,017	57,434	132,451
Total Operating Revenue	13,375,819	6,369,835	19,745,654	13,762,711	3,235,265	16,997,976
OPERATING EXPENSES:						
Cost of Providing Services	7,789,651	2,558,508	10,348,159	6,779,945	917,440	7,697,385
Administrative and General	2,345,450	801,918	3,147,368	2,429,606	589,800	3,019,406
Closure and Postclosure Costs	(2,739,327)		(2,739,327)	(570,417)		(570,417)
Depreciation	4,473,669	1,812,145	6,285,814	3,316,914	1,625,525	4,942,439
Total Operating Expenses	11,869,443	5,172,571	17,042,014	11,956,048	3,132,765	15,088,813
OPERATING INCOME	1,506,376	1,197,264	2,703,640	1,806,663	102,500	1,909,163
NON-OPERATING REVENUE (EXPENSES):						
Interest Income	603,239	66,620	669,859	585,076	16,086	601,162
Interest Expense	(553,670)	(1,762,287)	(2,315,957)	(580,173)	(925,384)	(1,505,557)
Pass Through Revenue - Arts & Innovation Project					244,372	244,372
Net Increase (Decrease) in Fair Value of Investments	(207,730)	88,916	(118,814)	(219,737)		(219,737)
Appropriated to County	(530,240)		(530,240)	(454,172)		(454,172)
Forgivable Loans/Grants	(100,000)		(100,000)	(200,000)		(200,000)
Debt Issue Costs Incurred	(4,505)	(501,054)	(505,559)	(124,386)	(228,368)	(352,754)
Gain on Disposal of Assets				431,620		431,620
Contribution to Host Community/P.I.L.O.T. Program	(7,500)	(2,776)	(10,276)	(1,080)	(9,516)	(10,596)
Contributions Received		1,478,750	1,478,750			
Other Non-Operating Income	58,415	255,531	313,946	36,969	62,886	99,855
Total Non-Operating Revenue (Expenses)	(741,991)	(376,300)	(1,118,291)	(525,883)	(839,924)	(1,365,807)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	764,385	820,964	1,585,349	1,280,780	(737,424)	543,356
CAPITAL CONTRIBUTIONS		252,156	252,156			
RESIDUAL EQUITY TRANSFERS IN (OUT)	(4,905,881)	4,905,881		(1,000,000)	1,000,000	
CHANGE IN NET POSITION	(4,141,496)	5,979,001	1,837,505	280,780	262,576	543,356
NET POSITION-BEGINNING	41,512,805	3,011,475	44,524,280	41,232,025	2,748,899	43,980,924
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES	(2,865,568)	(347,673)	(3,213,241)			
NET POSITION-BEGINNING (RESTATED)	38,647,237	2,663,802	41,311,039	41,232,025	2,748,899	43,980,924
TOTAL NET POSITION-ENDING	$ 34,505,741	$ 8,642,803	$ 43,148,544	$ 41,512,805	$ 3,011,475	$ 44,524,280

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUES AND COSTS FUNDED BY
REVENUES COMPARED TO BUDGET - BUDGETARY BASIS
SOLID WASTE OPERATIONS
YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2017

	2018 BUDGET	2018 ACTUAL	2017 ACTUAL
REVENUE:			
Closure Postclosure Escrow Funds Utilized	$	$ 20,799	$ 62,519
User Charges and Fees	12,300,000	12,524,282	12,641,411
Recycle Revenue	135,000	59,919	256,896
Methane Gas Project Revenue	400,000	394,888	457,962
Operating Grants	324,917	317,126	331,425
Interest Income	13,000	57,680	52,402
Rental Income	17,040	17,401	25,514
Miscellaneous Revenues		120,618	86,472
Total Revenue	13,189,957	13,512,713	13,914,601
EXPENSES:			
Costs of Providing Services:			
Salaries - Supervision	107,162	94,396	101,379
Salaries and Wages - Operations	1,738,683	1,900,552	1,561,225
Fringe Benefits	1,174,010	1,123,015	1,092,537
Consultant Services - Operations	422,644	577,846	698,945
Fuel	277,095	343,525	233,792
Equipment Maintenance Agreements	52,764	54,865	28,865
Tires	64,572	91,730	51,817
Replacement Parts	157,760	189,222	202,486
Repairs and Maintenance	156,780	260,374	302,352
Truck Wash Parts & Supplies		38,627	452
Tire Repair	6,000	2,736	2,758
Lawn Maintenance	38,910	104,502	41,318
Utilities	327,334	312,747	294,345
Recycle Rebate	15,000	19,951	8,440
Materials and Supplies	46,354	51,088	59,375
Uniforms	16,806	45,054	13,663
Security Services	4,592	3,090	3,422
Tire Hauling	15,600		
Equipment Rental	20,000	228,813	
Leachate Treatment	185,887	186,507	169,461
Leachate Hauling	715,000	941,561	929,680
Odor Neutralizer	55,000		
Pretreatment Facility - Replacement Parts	60,600	192,779	96,516
Pretreatment Facility - Repairs and Maintenance	50,000	96,375	81,897
Groundwater Sampling and Analysis	35,000	42,041	36,056
Flare	100,000	66,854	63,781
Telephone	13,776	15,405	14,237
Disposal Fees	77,000	241,195	67,341
REA Grant	120,820	118,351	149,829
Promotional Materials	15,500	13,597	13,227
Public Awareness & Advertising	10,500	9,624	13,547
Other Operating Costs	26,208	36,918	16,032
	6,107,357	7,403,340	6,348,775

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUES AND COSTS FUNDED BY
REVENUES COMPARED TO BUDGET - BUDGETARY BASIS
SOLID WASTE OPERATIONS
YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2017

	2018 BUDGET	2018 ACTUAL	2017 ACTUAL
EXPENSES (CONTINUED):			
Administrative and General Expenses:			
Salaries and Wages	$ 810,196	$ 797,976	$ 739,375
Fringe Benefits	508,205	439,431	443,872
Administrative Payroll Expense	7,125	6,959	8,618
Security	6,461	4,960	4,960
Office Supplies and Expense	28,500	36,376	22,859
Professional Services	426,000	274,190	360,621
Professional Services - Closure Related	58,000	20,799	62,519
Insurance	240,309	213,365	230,409
Travel, Conferences and Meetings	6,795	3,723	3,518
Dues and Subscriptions	7,677	2,042	4,726
Utilities	55,878	43,409	50,725
Telephone	19,420	15,409	14,254
Licenses, Permits, Penalties and Assessments	209,542	156,593	137,395
Other Administrative Expenses	83,910	80,454	57,705
Training Programs	23,850	11,828	30,596
Repairs and Maintenance	27,250	16,858	19,027
Public Awareness and Advertising	40,500	21,619	15,380
REA Grant	22,500	24,825	
Public Relations	19,400	1,000	13,801
Automotive Supplies and Expenses	4,000	5,659	3,107
Litter Abatement Program	18,025	15,303	19,913
	2,623,543	2,192,778	2,243,380
Interest Expense	683,869	683,869	709,409
OTHER COSTS FUNDED BY REVENUES:			
Principal Maturities	1,873,908	1,813,908	1,529,272
Capital Outlays	200,000	586,614	673,906
Reserve for Equipment Renewal and Replacement	627,920	623,815	577,125
Reserve for Operating and Maintenance	163,745	163,750	4,720
Debt Service Coverage Requirements	255,778		
Contribution to Host Community/P.I.L.O.T. Programs	7,500	7,500	1,080
Appropriated to County	530,240	530,240	454,172
Forgivable Loans/Grants	100,000	100,000	200,000
	3,759,091	3,825,827	3,440,275
TOTAL COSTS FUNDED BY REVENUES	13,173,860	14,105,814	12,741,839

SCHEDULE 4A

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUES AND COSTS FUNDED BY
REVENUES COMPARED TO BUDGET - BUDGETARY BASIS
SOLID WASTE OPERATIONS
YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2017

	2018 BUDGET	2018 ACTUAL	2017 ACTUAL
REVENUES OVER (UNDER) COSTS FUNDED BY REVENUES	$ 16,097	$ (593,101)	$ 1,172,762
Reconciliation of Budgetary Basis to Change in Net Position:			
Adjustments to Budgetary Basis:			
Interest Income not used for Operations		545,559	532,674
Capital Outlays		586,614	673,906
Principal Maturities		1,813,908	1,529,272
Transfers to Renewal and Replacement Reserves		623,815	577,125
Increase in Reserve for Operating and Maintenance		163,750	4,720
Increase (Decrease) in Fair Value of Investments		(207,730)	(219,737)
Closure Postclosure Escrow Funds Utilized		(20,799)	(62,519)
Amortization Charged to Interest Expense		130,199	129,236
Depreciation		(4,473,669)	(3,316,914)
Gain on Disposal of Assets			431,620
Closure Post Closure Expenses per GAAP		2,739,327	570,417
Debt Issuance Costs Incurred		(4,505)	(124,386)
Residual Equity Transfer Out		(4,905,881)	(1,000,000)
OPEB - Difference of GAAP vs. Budgetary Basis		(314,167)	(218,174)
Pension Expense - Difference of GAAP vs. Budgetary Basis		(224,816)	(399,222)
CHANGE IN NET POSITION PER SCHEDULE 3		$ (4,141,496)	$ 280,780

SCHEDULE 4B

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUES AND COSTS FUNDED BY
REVENUES COMPARED TO BUDGET - BUDGETARY BASIS
OTHER OPERATIONS
YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2017

	2018 BUDGET	2018 ACTUAL	2017 ACTUAL
REVENUE:			
Lease/Rental Income	$ 3,941,950	$ 3,846,952	$ 2,710,152
Project Management Fee	1,201,250	1,471,780	178,709
Administrative Fees		81,238	27,419
Fleet Maintenance	200,000	323,262	226,551
Property Management Fee	30,000	468,500	30,000
Other Operating Income		173,103	57,434
Lease Income			
Miscellaneous Income	35,880	255,531	62,886
Operating Grants	5,000	5,000	5,000
Pass Through Project Revenue			244,372
Interest Income		66,620	16,086
Total Revenue	5,414,080	6,691,986	3,558,609
EXPENSES:			
Costs of Providing Services:			
Salaries	74,190	853,505	65,313
Employee Benefits	68,069	320,161	64,901
Building Services	514,950	478,388	305,233
Repairs and Maintenance	181,100	228,869	161,746
Utilities/Property Taxes	461,200	456,525	290,064
Garage Lease	4,116	16,501	4,116
Grant Expenses	5,000	5,000	5,000
Other Operating Expenses	8,560	37,765	2,726
	1,317,185	2,396,714	899,099
Administrative and General Expenses:			
Salaries	179,603	142,905	162,894
Employee Benefits	101,375	75,727	94,777
Professional Services	136,950	326,231	145,869
Property Management	4,000		
Insurance	67,869	68,587	47,978
Marketing and Advertising	75,000	54,984	63,891
Sponsorships	7,675	10,450	
Other Administrative Expenses	28,450	95,378	28,333
	600,922	774,262	543,742
Interest Expense	1,263,520	1,792,727	956,656

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUES AND COSTS FUNDED BY
REVENUES COMPARED TO BUDGET - BUDGETARY BASIS
OTHER OPERATIONS
YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2017

	2018 BUDGET	2018 ACTUAL	2017 ACTUAL
OTHER COSTS FUNDED BY REVENUES:			
Principal Maturities	$ 1,033,000	$ 660,000	$ 640,000
Capital Outlays	110,000	16,967	447,901
Replacement Reserve	87,284	70,284	38,284
Pass Through Project Expenses			
P.I.L.O.T. - Municipal	2,776	2,776	9,516
	1,233,060	750,027	1,135,701
TOTAL COSTS FUNDED BY REVENUES	4,414,687	5,713,730	3,535,198
REVENUES OVER (UNDER) COSTS FUNDED BY REVENUES	$ 999,393	978,256	23,411
Reconciliation of Budgetary Basis to Change in Net Position:			
Adjustments to Budgetary Basis:			
Capital Outlays		16,967	447,901
Transfers to Renewal and Replacement Reserves		70,284	38,284
Principal Maturities		660,000	640,000
Capital Contributions		252,156	
Residual Equity Transfer		4,905,881	1,000,000
Debt Issue Costs Incurred		(501,054)	(228,368)
Contributions Received		1,478,750	
Amortization Charged to Interest Expense		30,440	31,272
Increase in Fair Value of Investments		88,916	
OPEB - Difference of GAAP vs. Budgetary Basis		(110,420)	(26,470)
Pension Expense - Difference of GAAP vs. Budgetary Basis		(79,030)	(37,929)
Depreciation		(1,812,145)	(1,625,525)
CHANGE IN NET POSITION PER SCHEDULE 3		$ 5,979,001	$ 262,576

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF RECONCILIATION OF BUDGETARY REVENUES AND COSTS FUNDED BY REVENUES TO CHANGE IN NET POSITION
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Revenues Over (Under) Costs Funded By Revenues:		
Solid Waste Operations - Schedule 4A	$ (593,101)	$ 1,172,762
Other Operations - Schedule 4B	978,256	23,411
	385,155	1,196,173
Adjustments to Budgetary Basis:		
Interest Income not used for Operations	545,559	532,674
Capital Outlays	603,581	1,121,807
Principal Maturities	2,473,908	2,169,272
Transfers to Renewal and Replacement Reserves	694,099	615,409
Increase (Decrease) in Fair Value of Investments	(118,814)	(219,737)
Increase in Reserve for Operating and Maintenance	163,750	4,720
Closure Postclosure Escrow Funds Utilized	(20,799)	(62,519)
Amortization Charged to Interest Expense	160,639	160,508
Depreciation	(6,285,814)	(4,942,439)
Gain on Disposal of Assets		431,620
Closure Post Closure Expenses per GAAP	2,739,327	570,417
Debt Issue Costs Incurred	(505,559)	(352,754)
OPEB - Difference of GAAP vs. Budgetary Basis	(424,587)	(244,644)
Pension Expense - Difference of GAAP vs. Budgetary Basis	(303,846)	(437,151)
Contributions Received	1,478,750	
Capital Contributions	252,156	
Change in Net Position Per Exhibit B	$ 1,837,505	$ 543,356

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUE BONDS PAYABLE
DECEMBER 31, 2018

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES DATE	MATURITIES AMOUNT	INTEREST RATE	BALANCE JANUARY 1, 2018	PRINCIPAL ADDITIONS 2018	PRINCIPAL MATURITIES 2018	DEFEASED 2018	BALANCE DECEMBER 31, 2018
2014 County Guaranteed Facilities Acquisition Project Revenue Bonds	$ 17,955,000	5/29/2015	5/1/2019	$ 505,000	4.000%					
			5/1/2020	525,000	4.000%					
			5/1/2021	550,000	5.000%					
			5/1/2022	580,000	5.000%					
			5/1/2023	610,000	5.000%					
			5/1/2024	640,000	5.000%					
			5/1/2025	665,000	3.000%					
			5/1/2026	690,000	3.130%					
			5/1/2027	710,000	3.130%					
			5/1/2028	730,000	3.250%					
			5/1/2029	755,000	3.500%					
			5/1/2030	785,000	3.750%					
			5/1/2031	815,000	3.750%					
			5/1/2032	845,000	3.750%					
			5/1/2033	875,000	3.750%					
			5/1/2034	915,000	3.750%					
			5/1/2035	945,000	4.000%					
			5/1/2036	985,000	4.000%					
			5/1/2037	1,025,000	4.000%					
			5/1/2038	1,065,000	4.000%					
			5/1/2039	1,110,000	4.000%	$ 16,810,000	$ -	$ 485,000	$ -	$ 16,325,000
2015A County Guaranteed Solid Waste Revenue Refunding Bonds	14,595,000	5/29/2015	1/1/2019	1,395,000	4.000%					
			1/1/2020	1,460,000	5.000%					
			1/1/2021	1,535,000	5.000%					
			1/1/2022	1,610,000	5.000%					
			1/1/2023	1,690,000	5.000%					
			1/1/2024	1,780,000	5.000%					
			1/1/2025	1,860,000	4.000%					
			1/1/2026	1,930,000	3.000%	14,595,000		1,335,000		13,260,000

(Continued)

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUE BONDS PAYABLE
DECEMBER 31, 2018

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES DATE	MATURITIES AMOUNT	INTEREST RATE	BALANCE JANUARY 1, 2018	PRINCIPAL ADDITIONS 2018	PRINCIPAL MATURITIES 2018	DEFEASED 2018	BALANCE DECEMBER 31, 2018
2015 Lease Revenue Bonds -										
State Office Buildings Project	$ 3,975,000	8/25/2015	6/15/2019	$ 175,000	3.690%					
			6/15/2020	180,000	3.690%					
			6/15/2021	250,000	3.690%					
			6/15/2022	255,000	3.690%					
			6/15/2023	260,000	3.690%					
			6/15/2024	265,000	3.690%					
			6/15/2025	275,000	3.690%					
			6/15/2026	355,000	3.690%					
			6/15/2027	365,000	3.690%					
			6/15/2028	375,000	3.690%					
			6/15/2029	385,000	3.690%					
			6/15/2030	395,000	3.690%	$ 3,710,000	$ -	$ 175,000	$ -	$ 3,535,000
2017 New Jersey Enviromental	2,510,000	5/25/2017	9/1/2019	95,000	5.000%					
Infrastructure Trust Loan			9/1/2020	100,000	5.000%					
			9/1/2021	100,000	5.000%					
			9/2/2022	105,000	5.000%					
			9/2/2023	110,000	5.000%					
			9/2/2024	120,000	5.000%					
			9/2/2025	125,000	5.000%					
			9/2/2026	130,000	3.000%					
			9/2/2027	135,000	3.000%					
			9/1/2028	140,000	3.000%					
			9/1/2029	140,000	3.000%					
			9/1/2030	145,000	3.000%					
			9/1/2031	150,000	3.000%					
			9/1/2032	155,000	3.000%					
			9/1/2033	160,000	3.125%					
			9/1/2034	165,000	3.250%					
			9/1/2035	170,000	3.250%					
			9/1/2036	175,000	3.375%	2,510,000		90,000		2,420,000
2017 New Jersey Enviromental	7,648,515	5/25/2017	2019	388,908	N/A					
Infrastructure Fund Loan			2020	388,908						
			2021	388,908						
			2022	388,908						
			2023	388,908						
			2024	388,908						
			2025	388,908						
			2026	388,908						
			2027	388,908						
			2028	388,908						
			2029	388,908						
			2030	388,908						
			2031	388,908						
			2032	388,908						
			2033	388,908						
			2034	388,908						
			2035	388,908						
			2036	388,899		7,389,243		388,908		7,000,335

(Continued)

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUE BONDS PAYABLE
DECEMBER 31, 2018

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES DATE	MATURITIES AMOUNT	INTEREST RATE	BALANCE JANUARY 1, 2018	PRINCIPAL ADDITIONS 2018	PRINCIPAL MATURITIES 2018	DEFEASED 2018	BALANCE DECEMBER 31, 2018
2017 Revenue Bonds	$ 12,000,000	10/4/2017	10/4/2019	$ 232,000	4.950%					
			10/4/2020	246,000	4.950%					
			10/4/2021	261,000	4.950%					
			10/4/2022	277,000	4.950%					
			10/4/2023	295,000	4.950%					
			10/4/2024	312,000	4.950%					
			10/4/2025	332,000	4.950%					
			10/4/2026	352,000	4.950%					
			10/4/2027	373,000	4.950%					
			10/4/2028	396,000	4.950%					
			10/4/2029	421,000	4.950%					
			10/4/2030	446,000	4.950%					
			10/4/2031	474,000	4.950%					
			10/4/2032	503,000	4.950%					
			10/4/2033	534,000	4.950%					
			10/4/2034	567,000	4.950%					
			10/4/2035	601,000	4.950%					
			10/4/2036	638,000	4.950%					
			10/4/2037	678,000	4.950%					
			10/4/2038	719,000	4.950%					
			10/4/2039	762,000	4.950%					
			10/4/2040	810,000	4.950%					
			10/4/2041	859,000	4.950%					
			10/4/2042	912,000	4.950%	$ 12,000,000	$ -	$ -	$ -	$ 12,000,000
Series 2017 City of Vineland Public Safety Project	21,935,000	12/12/2017	12/15/2021	640,000	5.000%					
			12/15/2022	610,000	5.000%					
			12/15/2023	680,000	5.000%					
			12/15/2024	715,000	5.000%					
			12/15/2025	750,000	5.000%					
			12/15/2026	785,000	5.000%					
			12/15/2027	825,000	5.000%					
			12/15/2028	865,000	4.000%					
			12/15/2029	900,000	4.000%					
			12/15/2030	935,000	4.000%					
			12/15/2031	975,000	4.000%					
			12/15/2032	1,015,000	4.000%					
			12/15/2033	1,055,000	3.250%					
			12/15/2034	1,090,000	3.250%					
			12/15/2035	1,125,000	3.250%					
			12/15/2036	1,160,000	3.250%					
			12/15/2037	1,200,000	3.250%					
			12/15/2038	1,235,000	3.375%					
			12/15/2039	1,280,000	3.375%					
			12/15/2040	1,320,000	3.375%					
			12/15/2041	1,365,000	3.375%					
			12/15/2042	1,410,000	3.375%	21,935,000				21,935,000

(Continued)

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUE BONDS PAYABLE
DECEMBER 31, 2018

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES DATE	MATURITIES AMOUNT	INTEREST RATE	BALANCE JANUARY 1, 2018	PRINCIPAL ADDITIONS 2018	PRINCIPAL MATURITIES 2018	DEFEASED 2018	BALANCE DECEMBER 31, 2018
2018 Revenue Bonds	$ 3,200,000	9/15/2018	12/31/2019	$ 150,000	4.980%					
			12/31/2020	159,000	4.980%					
			12/31/2021	167,000	4.980%					
			12/31/2022	175,000	4.980%					
			12/31/2023	183,000	4.980%					
			12/31/2024	192,000	4.980%					
			12/31/2025	201,000	4.980%					
			12/31/2026	211,000	4.980%					
			12/31/2027	222,000	4.980%					
			12/31/2028	231,000	4.980%					
			12/31/2029	240,000	6.950%					
			12/31/2030	249,000	6.950%					
			12/31/2031	259,000	6.950%					
			12/31/2032	275,000	6.950%					
			12/31/2033	286,000	6.950%	$ -	$ 3,200,000	$ -	$ -	$ 3,200,000
2018 Revenue Bonds										
County Correctional Facility Project	$ 64,990,000	12/13/2018	10/1/2020	$ 610,000	5.00%					
			10/1/2021	640,000	5.00%					
			10/1/2022	670,000	5.00%					
			10/1/2023	705,000	5.00%					
			10/1/2024	740,000	5.00%					
			10/1/2025	780,000	5.00%					
			10/1/2026	815,000	5.00%					
			10/1/2027	860,000	5.50%					
			10/1/2028	905,000	5.00%					
			10/1/2029	950,000	5.50%					
			10/1/2030	1,000,000	5.00%					
			10/1/2031	1,050,000	5.00%					
			10/1/2032	1,100,000	5.00%					
			10/1/2033	1,155,000	5.00%					
			10/1/2034	1,215,000	5.00%					
			10/1/2035	1,275,000	5.00%					
			10/1/2036	1,340,000	5.00%					
			10/1/2037	1,405,000	5.00%					
			10/1/2038	1,475,000	5.00%					
			10/1/2039	1,550,000	4.00%					
			10/1/2040	1,610,000	4.00%					
			10/1/2041	1,675,000	4.00%					
			10/1/2042	1,740,000	4.00%					
			10/1/2043	1,810,000	4.00%					
			10/1/2044	1,885,000	4.00%					
			10/1/2045	1,960,000	4.00%					
			10/1/2046	2,040,000	4.00%					
			10/1/2047	2,120,000	4.00%					
			10/1/2048	2,205,000	4.00%					
			10/1/2049	2,290,000	4.00%					
			10/1/2050	2,385,000	4.00%					
			10/1/2051	2,480,000	4.00%					
			10/1/2052	2,580,000	4.00%					
			10/1/2053	2,680,000	4.00%					
			10/1/2054	2,790,000	4.00%					
			10/1/2055	2,900,000	5.00%					
			10/1/2056	3,045,000	5.00%					
			10/1/2057	3,200,000	5.00%					
			10/1/2058	3,355,000	5.00%	-	64,990,000	-		64,990,000
						$ 78,949,243	$ 68,190,000	$ 2,085,000	$ -	$ 144,665,335

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF LOANS PAYABLE
DECEMBER 31, 2018

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES DATE	MATURITIES AMOUNT	INTEREST RATE	BALANCE JANUARY 1, 2018	ISSUED 2018	PAID 2018	REFUNDED 2018	BALANCE DECEMBER 31, 2018
2017 TD Loan Payable	$ 7,357,350	12/29/2017	12/1/2019	$ 56,465	3.860%					
			12/1/2020	62,622	3.860%					
			12/1/2021	65,922	3.860%					
			12/1/2022	68,549	3.860%					
			12/1/2023	71,280	3.860%					
			12/1/2024	73,345	3.860%					
			12/1/2025	77,043	3.860%					
			12/1/2026	80,113	3.860%					
			12/1/2027	83,305	3.860%					
			12/1/2028	85,884	3.860%					
			12/1/2029	90,047	3.860%					
			12/1/2030	93,634	3.860%					
			12/1/2031	97,365	3.860%					
			12/1/2032	100,545	3.860%					
			12/1/2033	105,251	3.860%					
			12/1/2034	109,445	3.860%					
			12/1/2035	113,806	3.860%					
			12/1/2036	117,689	3.860%					
			12/1/2037	123,030	3.860%					
			12/1/2038	127,932	3.860%					
			12/1/2039	133,030	3.860%					
			12/1/2040	137,734	3.860%					
			12/1/2041	143,819	3.860%					
			12/1/2042	149,549	3.860%					
			12/1/2043	155,508	3.860%					
			12/1/2044	161,174	3.860%					
			12/1/2045	168,126	3.860%					
			12/1/2046	174,826	3.860%					
			12/1/2047	181,792	3.860%					
			12/1/2048	188,581	3.860%					
			12/1/2049	196,550	3.860%					
			12/1/2050	204,381	3.860%					
			12/1/2051	212,525	3.860%					
			12/1/2052	220,628	3.860%					
			12/1/2053	229,784	3.860%					
			12/1/2054	238,940	3.860%					
			12/1/2055	248,461	3.860%					
			12/1/2056	258,100	3.860%					
			12/1/2057	268,645	3.860%					
			12/1/2058	279,350	3.860%					
			12/1/2059	290,481	3.860%					
			12/1/2060	301,916	3.860%					
			12/1/2061	314,085	3.860%					
			12/1/2062	326,600	3.860%					
			12/1/2063	339,614	3.860%					
			12/1/2064	29,879	3.860%	$ 7,357,350	$ -	$ -	$ -	$ 7,357,350
CEZC	2,000,000	6/14/2018	12/1/2023	1,000,000	NA					
			12/1/2024	1,000,000			2,000,000			2,000,000

(Continued)

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF LOANS PAYABLE
DECEMBER 31, 2018

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES DATE	MATURITIES AMOUNT	INTEREST RATE	BALANCE JANUARY 1, 2018	ISSUED 2018	PAID 2018	REFUNDED 2018	BALANCE DECEMBER 31, 2018
Equipment Loan - W. Park	$ 700,000	7/31/2018	12/1/2019	$ 90,693	NA					
			12/1/2020	93,631						
			12/1/2021	96,665						
			12/1/2022	99,797						
			12/1/2023	103,030						
			12/1/2024	216,184		$ -	$ 700,000	$ -	$ -	$ 700,000
Equipment Loan - CNG Station	3,000,000	7/31/2018	12/1/2019	257,145	NA					
			12/1/2020	265,837						
			12/1/2021	274,822						
			12/1/2022	284,111						
			12/1/2023	293,714						
			12/1/2024	1,624,371			3,000,000			3,000,000
Series 2018 Millville Redevelopment	325,000	11/14/2018	11/14/2019	325,000	1.750%		325,000			325,000
						$ 7,357,350	$ 6,025,000	$ -	$ -	$ 13,382,350

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF CONDUIT DEBT
DECEMBER 31, 2018

ISSUE	DATE OF ISSUE	ISSUED AMOUNT	BALANCE JANUARY 1, 2018	BONDS ISSUED 2018	PRINCIPAL MATURITIES 2018	BALANCE DECEMBER 31, 2018
Guaranteed by Other Governmental Entities:						
Local Unit Program Bonds - City of Vineland Electric Utility Project, Series 2009A	10/1/2009	$ 6,445,000	$ 4,445,000	$	$ 500,000	$ 3,945,000
Local Unit Program Bonds - City of Vineland Electric Utility Project, Series 2009B	10/1/2009	53,555,000	53,555,000	.		53,555,000
Cumberland County General Obligation Bonds Technical High School Project, Series 2014	10/30/2014	63,890,000	60,465,000		1,795,000	58,670,000
			$ 118,465,000	$ -	$ 2,295,000	$ 116,170,000

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
ROSTER OF OFFICIALS
AS OF DECEMBER 31, 2018

The following officials were in office during the period under review:

Dale K. Jones	Chairman
George M. Olivio	Vice Chairman
Albert B. Kelly	Secretary
Andre Lopez	Treasurer
Robert P. Nedohon, Jr.	Assistant Treasurer
Gerard Velazquez, III	President, CEO
Archer & Greiner, P.C.	Solicitor
Phoenix Advisors	Financial Advisors

<u>CRIME POLICY/EMPLOYEE DISHONESTY</u>

Traveler's Insurance Company

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* or with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Finding No. 2018-001

Criteria or Specific Requirement

N.J.S.A. 52:15C-10 requires contracts exceeding $2,000,000 but below $10,000,000 to be reported to the Office of the State Comptroller (OSC) within twenty (20) days after award, and that proposed contracts exceeding $10,000,000 must be approved by the OSC prior to awarding the contract.

Condition

During our review of contract awards we noted several instances where the required OSC filings, while filed, were not filed timely.

Context

We noted the non-timely filings during our test of expenditures and contract awards for compliance with State of New Jersey statutes and regulations.

Effect

The Authority was not in strict compliance with the above referenced state statute.

Cause

While the Authority was generally aware of the requirement to file reports with the OSC, they were not fully aware of the timing of such filings, particularly the after-the-fact filing requirement of the contracts between $2,000,000 and $10,000,000.

Recommendation

The Authority should put procedures in place to be certain it files the required forms with the OSC, within 20 days after the award of a contract between $2,000,000 and $10,000,000, and prior to the award of any contract projected to exceed $10,000,000.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding No. 2018-002

Criteria or Specific Requirement

- N.J.A.C. 5:30-11.3 (a) 9 states "Total number of change orders executed for a particular contract shall not cause the originally awarded contract price to be exceeded by more than 20 percent…."

- N.J.A.C. 5:30-11.8 (d) states "Change orders for construction, reconstruction and major repair contracts shall not be made for the following:
  (1) Changes that materially expand upon the size, nature or scope of the project as it was originally described in the bid specifications; or
  (2) Extra work that could be reasonably be effectuated by a separately bid contract without unduly disrupting the basic work or imposing adverse cost consequences.

- N.J.A.C. 5:30-11.9 describes the procedures for change orders which exceed 20 percent limitation.

- N.J.A.C. 5:30-5.3 and 5:30-5.4 describe the general requirements and procedures for certifying the availability of sufficient funds for all contracts and amendments thereto.

Condition

The Authority issued annual maintenance-type contracts to three vendors based on bids that were solicited on a per-unit basis because exact quantities were not known at the time bids were sought. The Authority utilized those three vendors on a construction-type project and issued change orders to increase each of their contracts throughout the year resulting in change orders that exceeded the 20% change order limitation. The procedures for change orders exceeding the 20 percent limitation contained in N.J.A.C. 5:30-11.9 were not followed.

The certification of availability of funds that was prepared for each of the change orders indicated the funds for the change orders were available in certain line items contained in the 2018 Budget, however that was not the case.

Context

We noted the above items during our testing of contracts, expenditures and certification of funds.

Effect

For the three contracts noted, the Authority was not in compliance with certain of the provisions of the New Jersey Administrative Code sections noted above.

Cause

The Authority believed, based on provided legal guidance, it was permitted to issue the change orders, and that the 20% change order limitation did not apply. In addition, the certification of availability of funds requirements were incorrectly applied.

Finding No. 2018-002 (Continued)

Recommendation

The Authority should monitor change orders to determine if they will exceed the 20 percent limitation, and, if so, follow the guidance and procedures outlined in N.J.A.C. 5:30-11.9. The Authority should also ensure there are sufficient funds available prior to the award of a contract or contract change order.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2018

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* or with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None Noted.