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Cumberland County Improvement Authority

AUDIT REPORT

YEARS ENDED
DECEMBER 31, 2019 AND 2018

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

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
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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 years ended December 31, 2019 and 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.

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 years ended December 31, 2019 and 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, 2019 and 2018, 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

Prior Period Restatement

Because of the year 2018 implementation of GASB Statement No. 75, in 2018, beginning net position on the statements of revenue, expenses and changes in net position had been restated based on an Actuarial Report received by the Authority. The Actuarial Report was subsequently revised resulting in a restatement to the January 1, 2018 unrestricted net position, net OPEB obligation and 2018 OPEB activity, 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 27, 2020 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 27, 2020

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, 2019, 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 27, 2020. 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 include an emphasis of matter paragraph describing the restatement of the Authority's beginning net position, net OPEB obligation and OPEB activity 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 27, 2020

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, 2019. 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 $22.1 million which is an increase of $2.4 million or 12.1% over the prior year. Landfill Tipping Fees, the largest revenue source, accounted for $14.0 million, an increase of $1.4 million or 11.5%.

- As reported in the Authority's Audited Financial Statements for the year ended December 31, 2018, the Authority adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, for the year ended December 31, 2018. The restatement that occurred as a result of the implementation was based on an Actuarial Report received by the Authority, and a restatement of the January 1, 2018 unrestricted net position and net OPEB obligation was necessary. The Actuary who prepared that report has since issued a revised report for 2018 that reflected a lower net OPEB liability as of January 1 , 2018 as well as lower OPEB expenses for the year 2018. As a result, the Authority is restating the January 1, 2018 unrestricted net position and Net OPEB obligation as well as the 2018 OPEB Activity which results in an increase in unrestricted net position and a decrease in the Net OPEB obligation as of December 31, 2018 in the amount of $2,259,814.

- 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.

- The Authority's Net Capital Assets increased by $12.7 million, an increase of 9.7%.

- The Authority's Total Assets decreased by $6.2 million, a 1.9% decrease.

- 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 $16.0 million, an increase of $2.6 million or 20%. This is primarily the result of our increasing costs of operation and building new lines of business.

- Closure and postclosure costs and depreciation expense totaled $7.9 million, an increase of $4.4 million or 123.2%. 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)

	2019	2018	2017	2019-2018 Increase/(Decrease) $	2019-2018 Increase/(Decrease) %	2018-2017 Increase/(Decrease) $	2018-2017 Increase/(Decrease) %
Current Assets - Unrestricted	$ 8,903	$ 10,356	$ 3,416	$ (1,453)	-14.0%	$ 6,940	203.2%
Current Assets - Restricted	67,511	79,778	42,779	(12,267)	-15.4%	36,999	86.5%
Noncurrent Assets	249,836	242,328	130,230	7,508	3.1%	112,098	86.1%
Total Assets	326,250	332,462	176,425	(6,212)	-1.9%	156,037	88.4%
Deferred Outflows of Resources	4,050	2,391	2,984	1,659	69.4%	(593)	-19.9%
Current Liabilities Payable from Unrestricted Assets	5,785	5,974	1,993	(189)	-3.2%	3,981	199.7%
Current Liabilities Payable from Restricted Assets	9,816	9,316	4,742	500	5.4%	4,574	96.5%
Long Term Liabilities	194,410	193,513	122,770	897	0.5%	70,743	57.6%
Total Liabilities	210,011	208,803	129,505	1,208	0.6%	79,298	61.2%
Deferred Inflows of Resources	76,819	80,642	5,380	-3,823	-4.7%	75,262	1398.9%
Net Investment in Capital Assets	44,192	41,860	37,339	2,332	5.6%	4,521	12.1%
Restricted Net Position	5,979	5,676	5,275	303	5.3%	401	7.6%
Unrestricted Net Position	(6,701)	(2,128)	1,910	(4,573)	214.9%	(4,038)	-211.4%
Total Net Position	$ 43,470	$ 45,408	$ 44,524	$ (1,938)	-4.3%	$ 884	2.0%

The decrease in current assets-unrestricted is primarily the result of decreases in other and lease receivables and an increase in cash.

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

The increase in noncurrent assets is due to the increase in net capital assets and decreases in investments and lease receivable.

The increase in deferred outflows of resources is due to increases in deferred amounts relating to pensions and other post-employment benefits (OPEB).

The decrease in current liabilities payable from unrestricted assets is due to a decrease in other payables and increases in accounts payable from operations and accrued liabilities.

The increase in current liabilities payable from restricted assets is primarily due increases in loans and revenue bonds payable and a decrease in construction contracts payable.

The increase in long-term liabilities is primarily due to increases in revenue bonds payable, accrued closure and post closure care costs, net pension and OPEB liabilities and a decrease in loans/notes payable.

The decrease in deferred inflows of resources is due to a decrease in deferred amounts relating to leases.

Table 2
Statement of Revenues, Expenses and Changes in Net Position
(Dollars in Thousands)

	2019	2018	2017	2019 - 2018 Increase/(Decrease) $	2019 - 2018 Increase/(Decrease) %	2018 - 2017 Increase/(Decrease) $	2018 - 2017 Increase/(Decrease) %
Operating Revenue:							
Landfill Tipping Fees	$ 13,958	$ 12,524	$ 12,641	$ 1,434	11.5%	$ (117)	-0.9%
Lease/Rental Income	4,432	3,693	2,710	739	20.0%	983	36.3%
Interest Income on Leases	224	154		70	45.5%	154	
Project Management Fee	1,204	1,472	179	(268)	-18.2%	1,293	722.3%
Methane Gas Project Revenue	308	395	458	(87)	-22.0%	(63)	-13.8%
Recycle Revenue	43	60	257	(17)	-28.3%	(197)	-76.7%
Operating Grants	323	322	336	1	0.3%	(14)	-4.2%
Project Income - Fleet Maintenance	508	323	227	185	57.3%	96	42.3%
Administrative/Bond Transaction Fee	26	81	27	(55)	-67.9%	54	200.0%
Property Management Fee	931	469	30	462	98.5%	439	1463.3%
Other Operating Income	181	253	133	(72)	-28.5%	120	90.2%
Total Operating Revenue	22,138	19,746	16,998	2,392	12.1%	2,748	16.2%
Operating Expenses:							
Cost of Providing Services	12,255	10,267	7,698	1,988	19.4%	2,569	33.4%
Administrative and General	3,815	3,120	3,019	695	22.3%	101	3.3%
Closure and Postclosure Costs	816	(2,739)	(570)	3,555	-129.8%	(2,169)	380.5%
Depreciation	7,101	6,286	4,942	815	13.0%	1,344	27.2%
Total Operating Expenses	23,987	16,934	15,089	7,053	41.6%	1,845	12.2%
Operating Income (Loss)	(1,849)	2,812	1,909	(4,661)	-165.8%	903	-47.3%
Non Operating Revenue (Expenses):							
Interest Income	750	670	601	80	11.9%	69	11.5%
Interest Expense	(2,535)	(2,316)	(1,505)	(219)	9.5%	(811)	53.9%
Pass Through Revenue (Expense) - Arts & Innovation Project	-		244	-		(244)	-100.0%
Net Decrease in Fair Value of Investments	854	(119)	(220)	973	-817.6%	101	-45.9%
Appropriated to County	(554)	(530)	(454)	(24)	4.5%	(76)	16.7%
Forgivable Loans/Grants	(100)	(100)	(200)	-	0.0%	100	-50.0%
Debt Issue Costs Incurred	(139)	(506)	(353)	367	-72.5%	(153)	43.3%
Gain on Disposal of Assets	66		432	66		(432)	
Contribution to Host /P.I.L.O.T. Program	(13)	(10)	(11)	(3)	30.0%	1	-9.1%
Contributions Received		1,479		(1,479)		1,479	
Other Non-Operating Income	1,027	314	100	713	227.1%	214	214.0%
Total Non-Operating Revenue (Expenses)	(644)	(1,118)	(1,366)	474	-42.4%	248	-18.2%
Income (Loss) Before Capital Contributions and Transfers	(2,493)	1,694	543	(4,187)	-247.2%	1,151	212.0%
Capital Contributions	555	252		303		252	
Change in Net Position	(1,938)	1,946	543	(3,884)	-199.6%	1,403	258.4%
Net Position-Beginning	45,408	44,524	43,981	884	2.0%	543	1.2%
Prior Period Adjustment		(1,062)		1,062		(1,062)	
Net Position-Beginning (Restated)	45,408	43,462	43,981	1,946	4.5%	(519)	-1.2%
Total Net Position-Ending	$ 43,470	$ 45,408	$ 44,524	$ (1,938)	-4.3%	$ 884	2.0%

Total operating revenue increased $2.4 million or 12.1% year-over-year. Landfill tipping fees revenue increased 11.5% primarily due to a rate increase while solid waste taxable tons received decreased by 3,128 tons or 1.6%. Other revenue increases included lease/rental income of 20.0%, interest income on leases 45.5%, project income-fleet maintenance 57.3% and property management fee 98.5%. Revenue decreases included project management fees 18.2%, methane gas revenue 22.0%, recycle revenue 28.3%, and other operating income 28.5%.

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 $16.0 million, an increase of $2.6 million or 20.0% which were primarily the result of developing new economic initiatives and a full year of increased facility/building capacity. Closure and postclosure costs and depreciation expense totaled $7.9 million, an increase of $4.4 million or 123.2%. These costs are not controlled by the Authority and the change was primarily due to 2018 changes in accounting estimate, resulting in expenditures of $0.8 million and a "negative" expense of $2.7 million respectively for 2019 and 2018 netted against an increase of 13.0% related to depreciation expense.

The Authority's ending net position decreased $1.9 million or 4.3% primarily caused by an operating loss of $1.8 million due to the inability to bill project management fees as a result of delayed construction projects along with $0.6 million of non-operating expenses over non-operating revenue, reduced by capital contributions of $0.5 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 2019, the Authority had $143.2 million invested in a broad range of capital assets. This amount represents an increase of $12.7 million or 9.7% 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 $7.9 million.

The following table summarizes the Authority's capital assets, net of accumulated depreciation, and changes therein, for the year ended December 31, 2019.

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

				2019-2018 Increase/(Decrease)		2018-2017 Increase/(Decrease)	
	2019	**2018**	**2017**	**$**	**%**	**$**	**%**
Land	$ 6,373	$ 5,380	$ 5,380	$ 993	18.5%	-	0.0%
Construction in Progress	17,100	28,021	9,535	(10,921)	-39.0%	18,486	193.9%
Building and Related Improvements	77,214	53,358	46,208	23,856	44.7%	7,150	15.5%
Improvements Other than Buildings	37,221	37,799	36,129	(578)	-1.5%	1,670	4.6%
Machinery and Equipment	5,238	5,879	7,051	(641)	-10.9%	(1,172)	-16.6%
Office Equipment	22	33	50	(11)	-33.3%	(17)	-34.0%
Total	$ 143,168	$ 130,470	$ 104,353	$ 12,698	9.7%	$ 26,117	25.0%

Investment in capital assets during 2019 consisted primarily of building improvement projects and other improvements to Authority facilities.

The Authority's Solid Waste and Other Operations FY 2020 capital budgets plan for investing $115.0 million in capital projects, including the following (in thousands):

	Solid Waste	Other	Total
Landfill Heavy Support Equipment	$ 1,438		$ 1,438
Budgeted Construction Projects	50	50	100
Closure/Post Closure	1,502		1,502
Building Improvements	90	95	185
Improvements Other	75	25	100
Office Furniture and Equipment	25		25
Machinery and Equipment	75		75
Solid Waste Construction Projects	15,000		15,000
Economic Development Construction Projects		96,531	96,531
TOTAL	$ 18,255	$ 96,701	$ 114,956

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, 2019, the Authority had outstanding bond issues in the amount of $151.7 million with principal payments of $3.8 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 $11.7 million with principal payments of $2.6 million due in one year. (See Note 4 to the financial statements).

During 2019, the Authority issued County guaranteed revenue bonds in the amount of $5.0 million principal for the Authority Administration Building Project located in the City of Millville with interest rates ranging from an initial six-year fixed rate of 3.0% to a nine-year fixed rate of 5.0% and maturities extending to 2034. This issue was sold at a premium of $0.6 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Tipping fee revenue is projected to increase for 2020 due to a rate increase that was necessary to offset overall expenses and fund landfill closure and post closure costs. We have seen slight decreases in tons received and expect that trend to continue through 2020. Recycle revenue declined 28.3% in 2019 and is expected to continue to decline. Disposal fees accounted for $0.7 million in 2019 and is expected to increase for 2020. Currently, the Authority is paying $56 per ton to dispose of single-stream waste that has not been passed on to our municipal customers. The recycle markets continue to be volatile and uncertain, therefore additional recycle revenue sources are being sought. Methane gas revenue decreased 22.0% in 2019 and is expected to further decrease in 2020 until which time the implementation of Phase X (cell 7) gas project expansion will positively impact revenue in 2021. Revenue expected to increase in 2020 are lease rental income 81.2% due to additional rental properties, full-year leases and rent increases, project management fees 24.6%, and property management fees 6.8% due to an additional shared service agreement with Commercial Township. A revenue decrease of 35.2% is expected for fleet maintenance that is attributable to less usage due to the coronavirus pandemic. When compared to the 2020 budget, these revenue categories will account for a 23.0% net decrease. As the 2021 budget is developed, should a rate increase become necessary to offset overall 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.

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

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

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2019 AND 2018

	2019		2018	
	Authority	Component Unit - CEZC	Authority	Component Unit - CEZC
ASSETS				
CURRENT ASSETS - UNRESTRICTED:				
Cash	$ 1,844,811	$ 6,699,303	$ 939,509	$ 4,169,506
Accounts Receivable	915,347		985,489	
Loans Receivable	251,958		311,829	1,082,691
Interest Receivable - Loans	12,758		15,821	
Grant Funds Receivable	392,755	71,309	252,156	21,787
Other Receivables	811,878	2,678	2,201,779	75,872
Lease Receivables	4,408,570		5,366,331	
Notes Receivable		60,417		488,138
Due from Restricted Assets	93,934		110,664	
Inventories	138,820		136,143	
Prepaid Expenses	32,250	2,218	36,432	15,083
Total Current Assets - Unrestricted	8,903,081	6,835,925	10,356,153	5,853,077
CURRENT ASSETS - RESTRICTED:				
Accounts Required by the Authority's Bond Resolutions/Loan Agreements:				
Cash	57,569,387		26,392,971	
Cash Held by Fiscal Agent	6,127,820		6,816,825	
Other Restricted Accounts:				
Cash	943,115	411,196	948,121	390,360
Investments	2,686,378		45,352,077	
Interest Receivable	184,526		268,193	
Total Current Assets - Restricted	67,511,226	411,196	79,778,187	390,360
NONCURRENT ASSETS:				
Investments - Required by Bond Resolutions/Loan Agreements	18,178,828		17,961,256	
Investments - Other Restricted Accounts	17,402,367	153,544	18,288,965	153,544
Investment in Redevelopment Sites	2,112,500		2,112,500	
Lease Receivables - Noncurrent	56,192,074		60,598,299	
Loans Receivable - Noncurrent	12,488,959		12,608,179	
Mortgages Receivable		3,970,434		6,483,708
Prepaid Bond Insurance	294,011		289,715	
Capital Assets, Net	143,167,653	27,131	130,469,576	
Total Noncurrent Assets	249,836,392	4,151,109	242,328,490	6,637,252
TOTAL ASSETS	326,250,699	11,398,230	332,462,830	12,880,689
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred Loss on Defeasance of Debt	236,323		317,183	
Deferred Amount Relating to Pensions	3,163,819		2,073,909	
Deferred Amount Relating to OPEB	649,567			
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,049,709	-	2,391,092	-

(Continued)

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

EXHIBIT A

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2019 AND 2018

	2019		2018	
	Authority	Component Unit - CEZC	Authority	Component Unit - CEZC
CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED ASSETS:				
Accounts Payable - Operations	$ 1,836,732	$ 93,592	$ 1,488,167	$ 124,671
Other Payables	2,233,750		3,312,140	
Accrued Liabilities	516,218		115,459	
Accrued Liabilities - Pension	399,054		318,802	
Note Payable				1,486,398
Customer Deposits	157,500		164,963	
Security Deposits	166,666		166,769	
Landfill Taxes Payable	162,414		167,937	
Host Community Benefit Payable	45,935		46,099	
Unearned Revenue	257,570		193,443	
Unearned Grant Revenue	9,279	539,520	144	480,096
Total Current Liabilities Payable From Unrestricted Assets	5,785,118	633,112	5,973,923	2,091,165
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:				
Loans Payable	2,645,667		729,303	
Contracts Payable - Construction	2,062,346		4,494,725	
Contracts Payable - Retainage	513,700		290,146	
Revenue Bonds Payable	3,753,908		2,940,908	
Accrued Interest Payable - Revenue Bonds	629,659		580,994	
Due to Unrestricted Assets	93,934		110,664	
License Agreement Escrow	117,065		169,500	
Total Current Liabilities Payable From Restricted Assets	9,816,279	-	9,316,240	-
LONG-TERM LIABILITIES:				
Revenue Bonds Payable	147,917,341		146,357,440	
Loan Payable	9,011,688	40,405	12,653,047	42,885
Accrued Closure and Postclosure Care Costs	26,856,315		26,040,029	
Accrued Liability Pension	199,527		159,401	
Net Pension Liability	7,392,102		6,310,635	
Net OPEB Obligation	2,870,421		1,851,045	
Accrued Compensated Absences	162,197		141,735	
Total Long-Term Liabilities	194,409,591	40,405	193,513,332	42,885
Total Liabilities	210,010,988	673,517	208,803,495	2,134,050
DEFERRED INFLOWS OF RESOURCES:				
Deferred Amount Relating to Pensions	2,743,357		2,201,950	
Deferred Amount Relating to Arts & Innovation Project	3,784,375		3,784,375	
Deferred Amount Relating to Leases	70,291,428		74,655,744	
TOTAL DEFERRED INFLOWS OF RESOURCES	76,819,160	-	80,642,069	-
NET POSITION:				
Net Investment in Capital Assets	44,191,757		41,860,245	
Restricted:				
Operations	1,571,390		1,488,490	
Debt Service	1,908,000		1,826,944	
Equipment Renewal and Replacement	2,499,757		2,360,323	
Unrestricted	(6,700,644)	10,724,713	(2,127,644)	10,746,639
Total Net Position	$ 43,470,260	$ 10,724,713	$ 45,408,358	$ 10,746,639

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

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019		2018	
	Authority	**Component Unit - CEZC**	**Authority**	**Component Unit - CEZC**
OPERATING REVENUE:				
Landfill Tipping Fees	$ 13,958,130	$	$ 12,524,282	$
Lease/Rental Income	4,431,595	14,568	3,693,040	16,022
Interest Income on Leases	224,377		153,912	
Interest Income on Mortgages/Loans		203,447		243,544
Project Management Fee	1,204,187	154,000	1,471,780	
Methane Gas Project Revenue	308,554		394,888	
Recycle Revenue	42,596		59,919	
Operating Grants	323,041	738,051	322,126	506,678
Project Income - Fleet Maintenance	507,846		323,262	
Administrative/Bond Transaction Fee	26,294		81,238	10,159
Property Management Fee	931,000		468,500	
Other Operating Income	180,672	2,622	252,707	62,174
Total Operating Revenue	22,138,292	1,112,688	19,745,654	838,577
OPERATING EXPENSES:				
Cost of Providing Services	12,255,160	743,368	10,266,603	518,381
Administrative and General	3,814,864	391,246	3,120,536	338,598
Closure and Postclosure Costs	816,286		(2,739,327)	
Depreciation	7,100,739		6,285,814	
Total Operating Expenses	23,987,049	1,134,614	16,933,626	856,979
OPERATING INCOME (LOSS)	(1,848,757)	(21,926)	2,812,028	(18,402)
NON-OPERATING REVENUE (EXPENSES):				
Interest Income	749,524		669,859	
Interest Expense	(2,535,354)		(2,315,957)	
Net Increase (Decrease) in Fair Value of Investments	854,275		(118,814)	
Appropriated to County	(553,611)		(530,240)	
Forgivable Loans/Grants	(100,000)		(100,000)	
Debt Issue Costs Incurred	(139,215)		(505,559)	
Gain Disposal of Assets	66,350			
Contribution to Host Community/P.I.L.O.T. Program	(13,000)		(10,276)	
Contributions Received			1,478,750	
Other Non-Operating Income	1,026,954		313,946	
Total Non-Operating Revenue (Expenses)	(644,077)	-	(1,118,291)	-
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(2,492,834)	(21,926)	1,693,737	(18,402)
CAPITAL CONTRIBUTIONS	554,736		252,156	
CHANGE IN NET POSITION	(1,938,098)	(21,926)	1,945,893	(18,402)
NET POSITION-BEGINNING	45,408,358	10,746,639	41,311,039	10,765,041
PRIOR PERIOD ADJUSTMENT			2,151,426	
NET POSITION-BEGINNING (RESTATED)	45,408,358	10,746,639	43,462,465	10,765,041
TOTAL NET POSITION-ENDING	$ 43,470,260	$ 10,724,713	$ 45,408,358	$ 10,746,639

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

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers and Users	$ 18,613,641	$ 28,031,272
Cash Payments to Suppliers for Goods and Services	(7,574,304)	(3,012,503)
Cash Payments for Employee Services	(7,837,790)	(6,352,846)
Other Operating Receipts and Payments	1,503,236	(1,276,653)
Net Cash Provided by Operating Activities	4,704,783	17,389,270
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Appropriated to County	(553,611)	(530,240)
P.I.L.O.T. Program-Municipal	(13,000)	(10,276)
Loans/Lease Receivable	4,488,379	(7,241,824)
Other Non-Operating Revenue and Expenses	1,026,954	313,946
Net Cash Provided (Used) by Non-Capital Financing Activities	4,948,722	(7,468,394)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(22,007,641)	(28,783,113)
Proceeds from Sale of Capital Assets	66,350	
Proceeds from Loan/Lease Issues		6,025,000
Proceeds from Bond Issue	4,970,000	68,190,000
Premiums Received on the Issuance of Debt	564,135	2,642,405
Principal Paid on Bonds	(4,886,229)	(2,473,908)
Debt Issue Costs Paid	(139,215)	(505,559)
Bond Insurance Paid		(173,400)
Interest Paid on Bonds	(2,410,125)	(2,417,589)
Capital Contributions	554,736	
Net Cash Provided (Used) by Capital and Related Financing Activities	(23,287,989)	42,503,836
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investment Securities	(4,545,940)	(63,927,410)
Proceeds from Sale and Maturities of Investment Securities	47,880,665	2,499,238
Interest Received on Investments	1,687,466	400,855
Net Cash Provided (Used) by Investing Activities	45,022,191	(61,027,317)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	31,387,707	(8,602,605)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	35,097,426	43,700,031
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 66,485,133	$ 35,097,426

(Continued)

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, 2019 AND 2018

	2019	2018
CASH AND CASH EQUIVALENTS - STATEMENT OF NET POSITION:		
Cash and Cash Equivalents - Unrestricted	$ 1,844,811	$ 939,509
Accounts Required by Authority's Bond Resolutions/Loan Agreements:		
Cash and Cash Equivalents	57,569,387	26,392,971
Cash Held by Fiscal Agent	6,127,820	6,816,825
Cash and Cash Equivalents - Other Restricted Accounts	943,115	948,121
	$ 66,485,133	$ 35,097,426
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income (Loss)	$ (1,848,757)	$ 2,703,640
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	7,100,739	6,285,814
Increase (Decrease) in Cash Resulting From Changes in:		
Customer Accounts Receivable	70,142	17,446
Other Receivables	1,389,901	(1,671,309)
Lease Receivables	957,761	(66,058,693)
Operating Grants Receivable	(140,599)	
Inventories	(2,677)	125,965
Prepaid Expenses	4,182	4,202
Deferred Outflows Related to Pensions	(1,089,910)	503,864
Deferred Outflows Related to OPEB	(649,567)	
Accounts Payable - Operations	348,565	896,372
Other Payables	(1,078,390)	2,278,390
Accrued Liabilities	400,759	55,882
Customer & Security Deposits	(7,566)	(6,753)
Landfill Taxes Payable	(5,523)	13,115
Host Community Benefit Payable	(164)	3,922
Unearned Revenue	73,262	72,530
License Agreement Escrow	(52,435)	16,480
Accrued Liabilities - Pension	120,378	50,336
Accrued Liabilities - OPEB	1,019,376	424,587
Accrued Compensated Absences	20,462	7,415
Net Pension Liability	1,081,467	(856,988)
Accrued Closure and Postclosure Costs	816,286	(2,739,327)
Deferred Inflows Related to Pensions	541,407	606,636
Deferred Inflows Related to Leases	(4,364,316)	74,655,744
Total Adjustments	6,553,540	14,685,630
Net Cash Provided by Operating Activities	$ 4,704,783	$ 17,389,270

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, not-for-profit and commercial 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 2019 and 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.

Other Post-Employment Benefits (OPEB) – The difference between expected (actuarial) and actual experience and changes in actuarial assumptions are reported as deferred outflows.

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*

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Postemployment Benefits Other than Pensions (Continued)

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.

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, 2019 and 2018 there were three Series of Conduit Bonds outstanding in the aggregate principal amount of $133,355,000 and $116,170,000 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. Note that included in the $133,355,000 outstanding as of December 31, 2019 is $53,555,000 of City of Vineland Electric Utility Bonds, Series 2009B originally issued by the Authority. In June 2019, the City of Vineland issued its Electric Utility Refunding Bonds Series 2019 and established a Revocable Escrow Account with TD Bank that provided for the economic defeasance of the City's Series 2009 Bonds. That escrow is being used by the Trustee to pay the debt service due on the Authority's Series 2009B Bonds, however, since it was a Revocable Escrow, the Authority's Bonds are still deemed outstanding.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

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.

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 27, 2020, 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Pronouncements

Becoming effective immediately upon issuance, in May 2020, the GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objectives of this Statement are to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Statement 95 postponed the implementation of GASB Statements 83, 84, 88 and 90 by one year, which would have been implemented in the current year, although no impact on the financial statements was expected. Statement 95 also delayed the implementation of Statements 89, 91, 92 and 93 by one year, which originally had future implementation years. Management is currently evaluating the impact of those Statements.

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 was originally scheduled to be effective for periods beginning after June 15, 2018 but has been postponed one year by GASB 95 as a result of the COVID-19 pandemic. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements although no impact is expected.

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 was originally scheduled to be effective for periods beginning after December 15, 2018 but has been postponed one year by GASB 95 as a result of the COVID-19 pandemic. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements Not Yet Effective (Continued)

Statement 88 also 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 were originally scheduled to be effective for reporting periods beginning after June 15, 2018 but has been postponed one year by GASB 95 as a result of the COVID-19 pandemic. 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.

The requirements of this Statement were originally scheduled to be effective for reporting periods beginning after December 15, 2019 but has been postponed one year by GASB 95 as a result of the COVID-19 pandemic. 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 were originally scheduled to be effective for reporting periods beginning after December 15, 2018 but has been postponed one year by GASB 95 as a result of the COVID-19 pandemic. 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 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements Not Yet Effective (Continued)

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 were originally scheduled to be effective for reporting periods beginning after December 15, 2020 but has been postponed one year by GASB 95 as a result of the COVID-19 pandemic. 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 January 2020, the GASB issued Statement No. 92, Omnibus 2020. The primary objectives of this Statement enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements Not Yet Effective (Continued)

The requirements of Statement 92 related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments became effective upon issuance and had no had no impact on the Authority's financial statements. However, the remaining requirements of this Statement were originally scheduled to be effective for reporting periods beginning after June 15, 2020 but has been postponed one year by GASB 95 as a result of the COVID-19 pandemic. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements although no impact is expected.

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The primary objectives of this Statement are to address implementation issues related to GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, as amended. GASB 53 requires any government entity must eliminate hedge accounting when it renegotiates or changes critical terms of a hedge agreement, such as no longer relying on the London Interbank Offered Rate (LIBOR) when it ceases to exist in its current form at the end of 2021. The requirements of this Statement were originally scheduled to be effective for reporting periods beginning after December 31, 2021 but has been postponed one year by GASB 95 as a result of the COVID-19 pandemic. The Authority has no derivative instruments as they are prohibited by the State of New Jersey statutory requirements. As a result, management does not expect any impact of the adoption of this Statement on the Authority's financial statements.

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. 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 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objectives of this Statement are to guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange like transaction. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. 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 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements Not Yet Effective (Continued)

In June 2020, the GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. 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.

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.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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.

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)

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 accordance with the Authority's 2019 County Guaranteed Revenue Bonds – (Authority Administration Building Project, Series 2019), the Authority has established the following cash and investment accounts for the deposit of all related revenue:

Acquisition Fund – Proceeds from the Series 2019 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 Revenues as defined in the Trust Indenture. All monies deposited in the Revenue Fund shall be held in trust for the benefit of the Holders, but shall be disbursed and applied solely for the uses and purposes set forth in the Trust Indenture.

Operating Fund – Proceeds of the Series 2019 Bonds representing costs of issuance.

Debt Service – Revenues to pay each principal and interest installment to meet the Debt Service Requirement. Any moneys paid to the Authority pursuant to the County Guaranty shall be deposited in the Debt Service Fund and applied to the payment of principal and interest due on the bonds.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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.

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 2019 and 2018, Revenues as defined were sufficient to meet the rate covenant contained in Section 712 (2) of the Authority's Bond Resolution.

COMPLIANCE WITH THE LOAN COVENANT REQUIRED BY THE AUTHORITY'S SERIES 2017 AND 2018 BOND AGREEMENTS

Section 7.12 of the Series 2017 Bond Agreement states "the Authority shall maintain a ratio of Net Operating Income divided by the sum of: (i) interest expense on all obligations directly associated with the Pledged Property; and (ii) all regularly scheduled principal reductions under the Bond and under any other indebtedness directly associated with the Pledged Property of not less than 1.30 times (the "Debt Service Coverage Ratio Requirement").

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

COMPLIANCE WITH THE LOAN COVENANT REQUIRED BY THE AUTHORITY'S SERIES 2017 AND 2018 BOND AGREEMENTS (CONTINUED)

For purposes of this Bond Agreement, Net Operating Income shall be defined as the net income received from the Pledged Property, after taxes, plus depreciation expense, plus amortization of goodwill and all other intangible assets, plus interest expense accrued on all interest-bearing obligations associated with the Pledged Property." For the year 2019, the Authority met the Debt Service Coverage Ratio Requirement contained in the Series 2017 Bond Agreement.

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	$ 1,571,390	$ 1,959,675	$ 1,728,025
Cash and Investments	675,417	1,978,869	1,830,255
Surplus (Deficit)	$ (895,973) *	$ 19,194	$ 102,230

*Deficit is the result of timing differences – additions were made to the Operating Fund in January 2020.

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

	Series 2014 Debt Service Fund	Series 2015 Debt Service Fund	Series 2017 Debt Service Fund
Required Amount	$ 452,977	$ 101,583	$ 109,150
Cash and Investments	451,388	90,433	239,933
Surplus (Deficit)	$ (1,589) *	$ (11,150) *	$ 130,783

*Deficit is the result of timing differences – additions were made to the 2014 and 2015 Debt Service Funds in January 2020.

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, 2019 and 2018, no material arbitrage profits were subject to rebate.

NOTE 3 DETAIL NOTES - ASSETS

CASH AND CASH EQUIVALENTS

At December 31, 2019 the carrying amount and bank balance of the Authority's time and demand deposits were $2,360,771 and $3,353,254, respectively. 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. 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, 2019, $500,000 of the Authority's bank balance of $3,353,254 was insured and $2,853,254 was uninsured and collateralized. As of December 31, 2018, $250,000 of the Authority's bank balance of $5,885,507 was insured and $5,385,507 was uninsured and collateralized.

In addition to the bank deposits described above, as of December 31, 2019 and 2018, the Authority had $41,971,329 and $1,883,319 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, 2019 and 2018 the Authority had $16,025,214 and $22,542,185, 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.

At December 31, 2019 and 2018 the Authority also reported Cash Held by Fiscal Agent in the amount of $6,127,820 and $6,816,825 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.

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

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 $38,267,573 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, 2019, the Authority had the following investments and maturities:

Quality/Rating	Total Fair Value
Treasury/Agency	$ 34,495,795
AAA	
AA	605,574
Other	3,166,204
Total Investments	$ 38,267,573

	Investment Maturities (in Years)		
Total	Less than 1	1-5	6-10
$ 38,267,573	$ 20,865,205	$ 12,965,544	$ 4,436,824

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

INVESTMENTS (CONTINUED)

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

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%. Closing on the sale had not yet taken place as of December 31, 2019 and the investment of $2,112,500 is reported on the Statement of Net Position.

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

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, 2019	Earned/ Expended 2019	Received 2019	Receivable (Unearned Revenue) Dec. 31, 2019
NJDEP:				
Recycling Grants:				
REA Tax Entitlement Grant 2018	$ (144)	$ 134,185	$ 143,320	$ (9,279)
Clean Communities (Passed through the County of Cumberland) 2019		191,126	191,126	
LWD OTJ Stem Grants		5,453	5,453	
TD Bank Sponsorship Grant		5,000	5,000	
USEDA Food Project Grant	252,156	392,755	252,156	392,755
	$ 252,012	$ 728,519	$ 597,055	$ 383,476

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, 2019 and 2018 is $100,000 and $200,000, respectively. The current portion of the receivable at December 31, 2019 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, 2019 and 2018 is $-0- and $60,000, respectively.

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

LOANS RECEIVABLE (CONTINUED)

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 has extended by two (2) twelve month periods to June of 2020. The balance at December 31, 2019 and 2018 is $100,000. The current portion of the receivable at December 31, 2019 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, 2019 and 2018 is $366,453 and $418,283 respectively. The current portion of the receivable at December 31, 2019 is $51,958.

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.

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

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

LOANS RECEIVABLE (CONTINUED)

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, 2019 and 2018 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, 2019 and 2018 is $7,357,350, all of which is non-current.

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	4	(2) Leases are for 20 years; (2) Leases are for 10 years with (2) 5-year extensions
State of New Jersey	6	(5) Leases are for 10 years with (2) 5-year extensions (1) Lease is for 8.75 years
City of Vineland	1	15 years
Not-For-Profit Organizations	3	5-6 years
Commercial Entities	3	(2) Leases are for 3 years (1) Lease is 15 Years with (2) 5-year extensions

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. Deferred Inflows recognized in 2019 and 2018 were $4,364,316 and $3,747,726 respectively and the Interest portion of Lease payments received in 2019 and 2018 was $224,377 and $153,912 respectively.

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

LEASE RECEIVABLES AND DEFERRED INFLOWS – LEASES (CONTINUED)

The following is a summary of changes in lease receivables for the years ended December 31, 2019 and 2018.

	Balance Jan. 1, 2019	2019 Leases	2019 Reductions	Balance Dec. 31, 2019	Amounts Due Within One Year
Lease Receivables	$65,964,630	$ 3,011	$ (5,366,997)	$ 60,600,644	$4,408,570

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

The annual lease payments to be received by the Authority, including principal and interest, as of December 31, 2019 are as follows:

Year Ending December 31,	Future Lease Payments Principal	Interest	Total
2020	$ 4,408,570	$ 188,529	$ 4,597,099
2021	3,603,426	147,142	3,750,568
2022	3,575,993	145,431	3,721,424
2023	3,606,565	146,765	3,753,330
2024	3,652,951	148,834	3,801,785
2025-2029	18,149,287	741,983	18,891,270
2030-2034	18,908,071	766,643	19,674,714
2035-2039	4,695,706	212,184	4,907,890
2040-2044	4	1	5
2044 - Thereafter	71	2	73
	$ 60,600,644	$ 2,497,514	$ 63,098,158

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance Jan. 1, 2019	Additions	Reductions	Balance Dec. 31, 2019
Non-Depreciable Capital Assets:				
Land	$ 5,379,672	$ 993,502		$ 6,373,174
Construction In Progress	28,021,294	24,906,205	35,827,463	17,100,036
Total Non-Depreciable Capital Assets	33,400,966	25,899,707	35,827,463	23,473,210
Depreciable Capital Assets:				
Building and Related Improvements	75,106,298	27,253,775		102,360,073
Improvements Other than Buildings	81,213,489	1,384,091		82,597,580
Machinery And Equipment	16,198,630	1,089,050	447,848	16,839,832
Office Equipment	671,121		65,555	605,566
Total Depreciable Capital Assets	173,189,538	29,726,916	513,403	202,403,051
Less Accumulated Depreciation:				
Building and Related Improvements	21,748,454	3,397,871		25,146,325
Improvements Other than Buildings	43,414,920	1,962,336		45,377,256
Machinery And Equipment	10,319,588	1,729,959	447,848	11,601,699
Office Equipment	637,966	11,003	65,641	583,328
Less Accumulated Depreciation	76,120,928	7,101,169	513,489	82,708,608
Net Depreciable Capital Assets	97,068,610	22,625,747	(86)	119,694,443
Total Capital Assets, Net	$130,469,576	$ 48,525,454	$35,827,377	$143,167,653

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Depreciation expense for the years ended December 31, 2019 and 2018 was charged to:

	2019	2018
Solid Waste Operations	$4,464,221	$4,473,669
Other Operations	2,636,518	1,812,145
	$7,100,739	$6,285,814

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, 2019 consists of serial and term bonds that mature in various amounts ranging from $1,460,000 in 2020 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, 2019 and 2018 is $11,865,000 and $13,260,000 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, 2019 consists of serial and term bonds that mature in various amounts ranging from $525,000 in 2020 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, 2019 and 2018 is $15,820,000 and $16,325,000, 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, 2019 consists of serial bonds that mature in various amounts ranging from $180,000 in 2020 to $395,000 in 2030 with an interest rate of 3.690%. The outstanding balance of the Series 2015 Bonds at December 31, 2019 and 2018 is $3,360,000 and $3,535,000, 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. The outstanding balance of the Series 2017A Bonds at December 31, 2019 consists of serial maturities ranging from $100,000 in 2020 to $175,000 in 2036 with interest rates ranging from 3.00% to 5.00%. 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 through 2036. As of December 31, 2019 and 2018, $2,325,000 and $2,420,000 principal amount of the Series 2017A NJEIT Bonds remained outstanding, respectively and $6,611,428 and $7,000,335 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 $246,000 in 2020 to $912,000 in 2042. As of December 31, 2019 and 2018, the outstanding balance is $11,768,000 and $12,000,000 respectively.

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 are being 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, 2019 and 2018, 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 $159,000 in 2020 to $286,000 in 2033. As of December 31, 2019 and 2018, the outstanding balance is $3,050,000 and $3,200,000 respectively.

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 $610,000 in 2020 to $3,355,000 in 2058. As of December 31, 2019 and 2018, the outstanding balance is $64,990,000.

In April 2019 the Authority issued its Series 2019 County Guaranteed Revenue Bonds in the aggregate principal amount of $4,970,000. The Series 2019 Bonds were 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 Bonds bear interest at 3.00% to 5.00%. Principal maturities range from $85,000 in 2020 to $295,000 in 2049. As of December 31, 2019 the outstanding balance is $4,970,000.

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

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 commenced in February of 2019. As of December 31, 2019 and 2018, the outstanding balance is $7,105,194 and $7,357,350 respectively.

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 Authority repaid $1,000,000 for the Administration Building Project in 2019. The balance as of December 31, 2019 and 2018 is $1,000,000 and $2,000,000 respectively.

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 $265,837 in 2020 to $346,823 in 2028. The outstanding balance at December 31, 2019 and 2018 is $2,742,854 and $3,000,000 respectively. The $700,000 borrowing is for a 7-year term at 3.240% interest. Principal payments range from $93,631 in 2020 to $109,815 in 2025. The outstanding balance at December 31, 2019 and 2018 is $609,307 and $700,000 respectively.

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 Authority paid off the loan on that date. The outstanding balance at December 31, 2019 and 2018 is $-0- and $325,000 respectively.

In October 2019 the Authority secured a loan from TD Bank, NA. in the amount of $200,000 in connection with the acquisition of certain vehicles. The loan is for a 5 year term bearing interest at a rate of 2.10%. The outstanding balance at December 31, 2019 is $200,000.

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

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

Accrued Closure and Postclosure Care Costs (Continued)

as an operating expense in each period based on landfill capacity used as of each statement of net position date.

The $26,856,315 reported as accrued closure and postclosure care costs at December 31, 2019 represents the cumulative amount reported to date based on the use of approximately 59.93% of the estimated capacity of the landfill.

The Authority will recognize the remaining $17,959,694 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 2019. 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, 2019, cash and investments of $18,049,044 ($17,770,678-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.

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.

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, 2019:

Type of Debt:	Balance Jan. 1, 2019 (As Restated)	Additions	Reductions	Balance Dec. 31, 2019	Amounts Due Within One Year
Revenue Bonds Payable:					
Solid Waste System Revenue Bonds:					
Series 2015A	$ 13,260,000		$ 1,395,000	$ 11,865,000	$ 1,460,000
Series 2017	9,420,335		483,907	8,936,428	488,908
Lease/Other Revenue Bonds:					
Series 2015	3,535,000		175,000	3,360,000	180,000
Series 2014	16,325,000		505,000	15,820,000	525,000
Capital Bank Series 2017	12,000,000		232,000	11,768,000	246,000
Vld PD Series 2017	21,935,000			21,935,000	
Capital Bank Series 2018	3,200,000		150,000	3,050,000	159,000
DOC Series 2018	64,990,000			64,990,000	610,000
Series 2019 County Guaranteed -Admin. Bldg.		4,970,000		4,970,000	85,000
Unamortized Debt Premium	4,633,013	593,955	250,147	4,976,821	
Total Revenue Bonds Payable	149,298,348	5,563,955	3,191,054	151,671,249	3,753,908
Loans Payable:					
CEZC	2,000,000		1,000,000	1,000,000	
Series 2017 Food Specialization Center	7,357,350		252,156	7,105,194	2,247,844
Equip. Loan - W. Park	700,000		90,693	609,307	93,631
Equip. Loan - CNG Station	3,000,000		257,146	2,742,854	265,837
Series 2018 Millville Redevelopment	325,000		325,000	-	
Equip. Loan - 2019		200,000		200,000	38,355
Total Loans Payable	13,382,350	200,000	1,924,995	11,657,355	2,645,667
Accrued Closure and Postclosure Care Costs	26,040,029	816,286		26,856,315	
Net Pension Liability	6,310,635	1,081,467		7,392,102	
Accrued Liability - Pensions	159,401	40,126		199,527	
Net OPEB Obligation	1,851,045	1,019,376		2,870,421	
Accrued Compensated Absences	141,735	28,891	8,429	162,197	
	$197,183,543	$ 8,750,101	$ 5,124,478	$200,809,166	$ 6,399,575

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 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	$ -	$ 1,335,000	$ 13,260,000	$ 1,395,000
Series 2017	9,899,243		478,908	9,420,335	483,908
Lease Revenue Bonds:					
Series 2015	3,710,000		175,000	3,535,000	175,000
Series 2014	16,810,000		485,000	16,325,000	505,000
Capital Bank Series 2017	12,000,000			12,000,000	232,000
Vld PD Series 2017	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	2,642,405	249,917	4,633,013	
Total Revenue Bonds Payable	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	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	6,025,000	-	13,382,350	729,303
Accrued Closure and Postclosure Care Costs	28,779,356		2,739,327	26,040,029	
Net Pension Liability	7,167,623		856,988	6,310,635	
Accrued Liability - Pensions	142,623	16,778		159,401	
Net OPEB Obligation	1,534,846	316,199		1,851,045	
Accrued Compensated Absences	134,320	32,605	25,190	141,735	
	$126,305,886	$77,222,987	$ 6,345,330	$197,183,543	$ 3,670,211

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, 2019 are as follows:

	Solid Waste Revenue Bonds		Lease Revenue Bonds		Loans Payable	
Year Ending December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 1,948,908	$ 584,194	$ 1,805,000	$ 5,451,029	$ 2,645,667	$ 426,960
2021	2,023,907	504,319	2,593,000	5,363,188	543,903	326,659
2022	2,103,907	420,694	2,657,000	5,237,263	589,449	306,962
2023	2,188,907	332,944	2,823,000	5,108,355	609,699	286,667
2024	2,288,908	240,694	2,959,000	4,972,926	5,838,095	258,624
2025-2029	6,404,538	364,519	17,254,000	22,438,264	1,430,542	117,014
2030-2034	2,719,538	131,268	19,498,000	18,772,154		
2035-2039	1,122,815	17,337	22,453,000	14,306,924		
2040-2044			16,481,000	9,950,759		
2045-2049			37,370,000	13,504,750		
	20,801,428	$ 2,595,969	125,893,000	$ 105,105,613	11,657,355	$ 1,722,886
Add:						
Unamortized Debt Premium	665,252		4,311,569			
	$ 21,466,680		$ 130,204,569		$ 11,657,355	

COMMITMENTS AND CONTINGENCIES

As of December 31, 2019 and 2018 the Authority has entered into various commitments for construction related professional services and construction contracts in its Solid Waste Operation in the amount of $2,278,207 and $115,500 respectively. Costs incurred on those contracts to December 31, 2019 and 2018 totaled $1,764,918 and $92,026 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, not-for-profit and commercial tenants. These projects are included in the Authority's Other Operations. As of December 31, 2019 and 2018 the Authority has entered into various commitments for construction related professional services and construction contracts in its Other Operations in the amount of $40,835,334 and $38,314,307 respectively. Costs incurred on those contracts to December 31, 2019 and 2018 totaled $31,195,027 and $21,946,115 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, 2019, 2018 and 2017, were 16, 19 and 10, respectively. For the years ended December 31, 2018, 2017 and 2016, the Authority's contributions for covered employees were $5,598, $5,432 and $3,258, 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 2019, 2018 and 2017, 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 7.50% in State fiscal year 2019 and 7.34% in State fiscal year 2018. Employee contributions were $302,828, $225,900 and $187,495 for the years ended December 31, 2019, 2018, and 2017, respectively. The payroll subject to pension for the Authority's employees covered by PERS was $3,933,635, $2,830,522 and $2,240,579 for the years ended December 31, 2019, 2018 and 2017, 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 $399,054, $318,802 and $285,245 for the years ended December 31, 2019, 2018, and 2017, respectively, and is included in the accompanying financial statements. The percentage of employer's contribution rate as a percentage of covered payroll for 2019, 2018 and 2017 was 10.14%, 11.26% 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, 2019 and 2018, the Authority reported a liability of $7,392,112 and $6,310,635, respectively for its proportionate share of the net pension liability. The net pension liability at December 31, 2019 and 2018 were measured as of June 30, 2019 and 2018, respectively. The total pension liability used to calculate the net pension liability on June 30, 2019 and 2018 was determined by an actuarial valuation as of July 1, 2018 and 2017, respectively. At June 30, 2019, the Authority's proportion was 0.0410251640%, which was an increase of 0.0089743540% from its proportion measured as of June 30, 2018. 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 December 31, 2019 and 2018, respectively, the Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	June 30, 2019		June 30, 2018	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between Expected and Actual Experience	$ 132,679	$ 32,655	$ 120,345	$ 32,540
Changes of Assumptions	738,130	2,565,779	1,039,890	2,017,809
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	116,687	-	59,194
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	2,093,483	28,236	754,273	92,407
Authority Contributions Subsequent to the Measurement Date	199,527	-	159,401	-
	$ 3,163,819	$ 2,743,357	$ 2,073,909	$ 2,201,950

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 $199,527 and $159,401 will be included as a reduction of the net pension liability in the year ending December 31, 2019 and 2018, respectively. This amount is based on an estimated April 1, 2020 and April 1, 2019 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,		
2020	$	25,570
2021		82,948
2022		74,068
2023		34,779
2024		3,571
2025		-
	$	220,935

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)

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
June 30, 2019	5.21	-
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
June 30, 2019	-	5.21
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
June 30, 2019	-	5.00

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2019 and 2018 measurement dates were determined by actuarial valuations as of July 1, 2018 and 2017, respectively, which were rolled forward to June 30, 2019 and 2018, respectively.

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

	June 30, 2019	June 30, 2018
Inflation Rate		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through 2026	2.00% - 6.00% Based on Years of Service	1.65% - 4.15% Based on Age
Thereafter	3.00% - 7.00% Based on Years of Service	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, 2014 - June 30, 2018	July 1, 2011 - June 30, 2014

For the June 30, 2019 measurement date, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

For the June 30, 2018 measurement date, 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

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

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, 2019 and 7.00% at June 30, 2018) 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:

	June 30, 2019		June 30, 2018	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Absolute Return/Risk Mitigation	3.00%	4.67%	5.00%	5.51%
Buyouts/Venture Capital			8.25%	13.08%
Cash	5.00%	2.00%	5.50%	1.00%
Private Credit	6.00%	7.92%		
Real Assets	2.50%	9.31%		
Private Equity	12.00%	10.85%		
Credit Oriented Hedge Funds			1.00%	6.60%
Debt Related Private Equity			2.00%	10.63%
Debt Related Real Estate			1.00%	6.61%
Emerging Market Equities	6.50%	11.37%	6.50%	11.64%
Equity Related Real Estate			6.25%	9.23%
Global Diversified Credit			5.00%	7.10%
Investment Grade Credit	10.00%	4.25%	10.00%	3.78%
Non-U.S. Developed Markets Equity	12.50%	9.00%	11.50%	9.00%
Private Real Estate	7.50%	8.33%	2.50%	11.83%
Public High Yield Bonds	2.00%	5.37%	2.50%	6.82%
U.S. Equity	28.00%	8.26%	30.00%	8.19%
U.S. Treasuries	5.00%	2.68%	3.00%	1.87%
	100.00%		100.00%	

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.28% and 5.66% as of June 30, 2019 and 2018, 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 3.50% and 3.87% as of June 30, 2019 and 2018, 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 70% and 50% of the actuarial determined contributions as of June 30, 2019 and 2018, respectively. The local employers contributed 100% of their actuarially required contributions for both June 30, 2019 and 2018. 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 2057. 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.

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, 2019 and 2018, 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, 2019		
	1% Decrease 5.28%	Current Discount Rate 6.28%	1% Increase 7.28%
Authority's Proportionate Share of the Net Pension Liability	$ 9,337,439	$ 7,392,112	$ 5,752,899

	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	$ 6,310,645	$ 4,947,991

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

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.

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). At age 65, retirees can continue to participate in the plan but must contribute 100% of the premiums. 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, 2019 and 2018, the following employees were covered by the benefit terms:

	December 31, 2019	December 31, 2018
Retired Employees Receiving Benefits	0	0
Active Employees Eligible to Retire and Receive Benefits	1	1
Active Employees	53	53
Total Participants	54	54

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Contributions - Contributions to pay for the health premiums of participating retirees would be paid by the Authority on a monthly basis however, for the years ended December 31, 2019 and 2018, there were no active retirees nor current premiums. Plan members are not required to contribute to the cost of premiums upon retirement.

Net OPEB Liability

The Authority's total OPEB liability of $2,870,421 as of December 31, 2019 was measured as of December 31, 2019. The liabilities were determined by an actuarial valuation as of December 31, 2019. The Authority's total OPEB liability of $1,851,045 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.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Deferred outflows of resources related to OPEB in the amount of $646,567 and $0 will be included as a reduction of the net OPEB liability in the years ending December 31, 2019 and 2018, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2020	$ 40,646
2021	40,646
2022	40,646
2023	40,646
2024	40,646
Thereafter	446,337
	$ 649,567

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, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Mortality Rate Table	RP-2000	RP-2000
Turnover	NJ State Pension Ultimate Withdrawal Rates	NJ State Pension Ultimate Withdrawal Rates
Assumed Retirement Age	At first eligibility after completing 15 year of service and attainment of age 62	At first eligibility after completing 15 year of service and attainment of age 62
Full Attribution Period	Service to Assumed Retirement Age	Service to Assumed Retirement Age
Discount Rate	2.74%	4.10%
CPI Increase	2.50%	2.50%
Salary Increase	2.50%	2.50%
Medical Trend	5.7% in 2019, reducing by 0.1% per year, leveling at 5% in 2026	5.8% in 2018, reducing by 0.1% per year, leveling at 5% in 2026
Prescription Trend	9.5% in 2019, reducing by 0.5% per year to 2022 and 1.0% thereafter, leveling at 5% in 2026	10.0% in 2018, reducing by 0.5% per year to 2022 and 1.0% thereafter, leveling at 5% in 2026

The discount rate was based on the Bond Buyer 20 Index rate.

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, 2019 and 2018:

	December 31, 2019		December 31, 2018	
Balance at Beginning of Year		$1,851,045		$1,534,846
Changes for the Year:				
Service Cost	$ 243,295		$ 243,295	
Interest Cost	85,868		72,904	
Change in Assumptions	690,213		-	
Net Changes		1,019,376		316,199
Balance at End of Year		$2,870,421		$1,851,045

In the fiscal year ended December 31, 2019 and 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:

	December 31, 2019		
	1% Decrease 3.74%	Current Discount Rate 2.74%	1% Increase 1.74%
Total OPEB Liability	$2,990,084	$ 2,870,421	$2,766,233

	December 31, 2018		
	1% Decrease 1.00%	Current Discount Rate 0.00%	1% Increase -1.00%
Total OPEB Liability	$1,814,107	$ 1,851,045	$1,892,642

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:

	December 31, 2019		
	1% Decrease	Health Care Cost Trend Rate	1% Increase
Total OPEB Liability	$2,818,688	$ 2,870,421	$2,950,594

	December 31, 2018		
	1% Decrease	Health Care Cost Trend Rate	1% Increase
Total OPEB Liability	$1,744,122	$ 1,851,045	$1,978,584

OPEB Expense

For the year ended December 31, 2019 and 2018, the Authority recognized OPEB expense of $369.809 and $316,199, respectively.

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.

NOTE 6 DETAILED NOTES – NET POSITION (CONTINUED)

RESTRICTED NET POSITION (CONTINUED)

	2019	2018
Solid Waste Operation:		
Operations	$ 1,571,390	$ 1,488,490
Debt Service	1,460,000	1,395,000
Equipment Renewal and Replacement	2,499,757	2,360,323
	5,531,147	5,243,813
Other Operations:		
Debt Service	448,000	431,944
Total Restricted	$ 5,979,147	$ 5,675,757

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. 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, 2019 and 2018 is $601,250 and $594,375, respectively.

The Solid Waste Operation's unrestricted net position-designated for subsequent year's expenditures at December 31, 2019 and 2018 consists of $605,114 and $553,611, respectively; which has been appropriated and included as anticipated revenue in the Authority's 2020 and 2019 budgets respectively.

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

	2019	2018
City of Millville	$ 100,000	$ 200,000

NOTE 6 DETAILED NOTES – NET POSITION (CONTINUED)

UNRESTRICTED NET POSITION (CONTINUED)

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, 2019 and 2018 is $-0- and $184,968, respectively.

Undesignated Net Position:

Solid Waste Operations

The balance of unrestricted and undesignated net position (deficit) as of December 31, 2019 and 2018 (Restated) of $(4,407,148) and $(4,729,678) respectively, is comprised of the following:

	2019	2018 (Restated)
Amount Related to Pensions (GASB 68 and 71)	$ (7,074,434)	$ (6,670,407)
Amount Related to OPEB (GASB 75)	(1,831,446)	(1,602,743)
Undesignated before GASB 68, 71 Pension and GASB 75 OPEB Related Items	4,498,732	3,543,472
	$ (4,407,148)	$ (4,729,678)

Other Operations

The balance of unrestricted and undesignated net position (deficit) as of December 31, 2019 and 2018 (Restated) of $(2,293,496) and $1,254,048 respectively, is comprised of the following:

	2019	2018 (Restated)
Amount Related to Pensions (GASB 68 and 71)	$ (495,797)	$ (246,482)
Amount Related to OPEB (GASB 75)	(389,407)	(248,302)
Undesignated before GASB 68, 71 Pension and GASB 75 OPEB Related Items	(1,408,292)	1,748,832
	$ (2,293,496)	$ 1,254,048

NOTE 7 INTEREST EXPENSE

Interest expense consisted of the following:

	2019	2018
Interest on Bonds and Notes	$ 5,880,190	$ 3,290,034
Add: Amortization of Deferred Loss on Defeasance of Debt	80,861	89,278
Less: Amortization of Premium on Bonds	(250,145)	(249,917)
Less: Capitalized to Construction in Progress	(3,175,552)	(813,438)
Net Interest Expense	$ 2,535,354	$ 2,315,957

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, 2019, 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 2019, approximately thirty-five percent (35%) of the solid waste received by the Authority at its Solid Waste Complex was delivered by two (2) haulers. In 2018, the top two (2) haulers delivered approximately forty percent (40%).

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 April 2020, the Authority adopted a resolution authorizing the issuance and sale of its Lease Revenue Bonds (Vineland Board of Education Project) Series 2020 in the principal amount of up to $3,550,000. The Series 2020 Bonds are being issued to provide funds which will be used to pay: (1) the expansion of the Vineland School District's bus depot located in the City of Vineland (the "Project Site"); and (2) all other costs and expenses necessary for or related to the development, construction and equipping of the Bus Depot Expansion (Collectively, the "2020 Construction Project"). The Authority issued its Series 2020 Lease Revenue Bonds (Vineland Board of Education Project) in the aggregate principal amount of $3,165,000 in April 2020.

In March 2020 the Authority authorized the Sale of the Deerfield Township property it received from the Cumberland County Board of Vocational Education to two (2) entities. The total sales price is $2,112,500. Closing on the property is pending as of the date of this report. Also see Investment in Redevelopment Sites at Note 3.

In March 2020 the Authority authorized the financing of certain landfill gas equipment and related items for Phase X Expansion through an Equipment Finance Program partnership in the amount of $750,000.

In July 2020 the Authority authorized the financing of certain equipment and related items for Energy Hub and Food Specialization Center Project through and Equipment Finance Program partnership in an amount estimated not to exceed $2,500,000.

In July 2020, the Authority issued its County General Obligation Revenue Refunding Bonds (Technical High School Project) Series 2020 in the aggregate principal amount of $31,335,000 pursuant to a Supplemental Bond Resolution adopted by the Authority in December 2019. The funds are to be used to (1) advance refund a portion of the outstanding aggregate principal amount of the Authority's County General Obligation Revenue Bonds (Technical High School Project), Series 2014 maturing serially on September 1 in the years 2027, 2028 and 2033 and a term bond maturing on September 1, 2039 and (2) pay the costs of issuance and delivery of the Series 2020 Bonds. 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.

NOTE 11 SUBSEQUENT EVENTS (CONTINUED)

In February 2020 the Authority authorized awarding a contract to a construction contractor, which was issued in March 2020, pursuant to the New Jersey's Local Public Contracts Law, (the "Contract") for the construction of a new Cumberland County Correctional Facility (the "Project"). The Contract was in the amount of $45,890,000. On July 9, 2020 the Authority received a written request from the County of Cumberland to immediately suspend the construction of the Project. On July 10, 2020 the Authority, pursuant to the Contract, issued to the contractor a notice of partial suspension of the Project, in accordance with the request of the County.

In July of 2020, the Authority accepted the request for Conduit Bond Financing from Millville Public Charter School ("School"). The Authority has determined to serve as a conduit issuer for the financing of improvements to facilities owned by The Friends of Millville Public Charter School and occupied by the School (both of which are New Jersey Nonprofit Corporations) in an amount not to exceed $9,000,000. Neither the Authority nor the County of Cumberland shall pay, guaranty or otherwise be liable for the payment of any debt service obligations on the Bonds.

In November of 2019, the Authority authorized the sale of certain real property located in the City of Millville, New Jersey to CompleteCare Health Network (CCHN). The settlement for the sale of the property, which was in the amount of $772,300 occurred on August 26, 2020.

In October of 2019, the Authority authorized the sale of certain real property located in the Central Business Neighborhood Area of the City of Bridgeton, New Jersey to CompleteCare Health Network (CCHN) or an affiliate. In order to undertake the Project in a cost-effective manner, the Authority and CCHN determined it would be beneficial to finance the Project as part of a transaction using federal New Markets Tax Credits ("NMTC"), and that the Property be sold to a wholly owned subsidiary of CCHN, Bridgeton Redevelopment QALICB Urban Renewal, LLC. The settlement for the sale of the property to Bridgeton Redevelopment QALICB Urban Renewal, LLC, which was in the amount of $1,927,784 occurred on March 17, 2020.

The management of the Authority has evaluated its financial statements for subsequent events through the date that the financial statements were issued. As a result of the spread of the COVID-19 coronavirus in New Jersey, economic uncertainties have arisen which could negatively impact the financial position of the Authority. While the impact that COVID-19 will have is currently expected to be temporary, Management does not expect the impact to be material in nature, however, as of the date of the financial statements, the related financial impact and duration cannot be reasonably estimated.

NOTE 12 RESTATEMENT

As reported in the Authority's Audited Financial Statements for the year ended December 31, 2018, the Authority adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, for the year ended December 31, 2018. The restatement that occurred as a result of the implementation was based on an Actuarial Report received by the Authority, and a restatement of the January 1, 2018 unrestricted net position and net OPEB obligation was necessary. The Actuary who prepared that report has since issued a revised report for 2018 that reflected a lower net OPEB liability as of January 1 , 2018 as well as lower OPEB expenses for the year 2018. As a result, the Authority is restating the January 1, 2018 unrestricted net position and Net OPEB obligation as well as the 2018 OPEB Activity. The following tables reflect the restatement to the Authority's previously reported amounts:

	Net Position As Previously Reported January 1, 2018	Net OPEB Liability	Net Position As Restated January 1, 2018
Net Investment in Capital Assets	$ 37,338,770		$ 37,338,770
Restricted	5,275,798		5,275,798
Unrestricted	(1,303,529)	2,151,426	847,897
	$ 41,311,039	$ 2,151,426	$ 43,462,465

NOTE 12 RESTATEMENT (CONTINUED)

Summary Statement of Net Position

	12/31/18 Amounts as Previously Reported	Adjustments	12/31/18 Amounts as Restated
Assets			
Current Assets	$ 90,134,340	$ -	$ 90,134,340
Noncurrent Assets	242,328,490		242,328,490
Total Assets	332,462,830	-	332,462,830
Deferred Outflows of Resources			
Deferred Loss on Defeasance of Debt	317,183		317,183
Deferred Amount Relating to Pensions	1,931,073	-	1,931,073
Total Deferred Outflows of Resources	2,248,256	-	2,248,256
Liabilities			
Current Liabilities	15,290,163		15,290,163
Noncurrent Liabilities	195,773,146	(2,259,814)	193,513,332
Total Liabilities	211,063,309	(2,259,814)	208,803,495
Deferred Inflows of Resources			
Deferred Amount Relating to Pensions	2,201,950		2,201,950
Deferred Amount - Arts & Innovation	3,784,375		3,784,375
Deferred Amount Relating to Leases	74,655,744		74,655,744
Total Deferred Inflows of Resources	80,642,069	-	80,642,069
Net Position			
Net Investment in Capital Assets	41,860,245		41,860,245
Restricted	5,675,757		5,675,757
Unrestricted	(4,387,458)	2,259,814	(2,127,644)
Total Net Position	$ 43,148,544	$ 2,259,814	$ 45,408,358

NOTE 12 RESTATEMENT (CONTINUED)

Summary of Revenues, Expenses and Changes in Net Position

	2018 Amounts as Previously Reported	Adjustments	2018 Amounts as Restated
Operating Revenues	$ 19,745,654	$ -	$ 19,745,654
Operating Expenses	(17,042,014)	108,388	(16,933,626)
Non-Operating Revenue (Expenses)	(1,118,291)		(1,118,291)
Income Before Contributions	1,585,349	108,388	1,693,737
Capital Contributions	252,156		252,156
Change in Net Position	1,837,505	108,388	1,945,893
Net Position January 1,	41,311,039	2,151,426	43,462,465
Net Position December 31,	$ 43,148,544	$ 2,259,814	$ 45,408,358

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 prior to 2019.

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)

Revenue Recognition - In May 2014 the FASB issued ASU 2014-09 "Revenue from Contracts with Customers (Topic 606)" (commonly referred to as ASC 606) which requires an entity to recognize revenue when (or as) goods are transferred or services are provided to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.

For purposes of determining when to recognize revenue, and in what amount, the Corporation applies a 5-step model: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the Corporation satisfies a performance obligation. Each of these steps involves the use of significant judgements.

The adoption of ASC 606 results in no change to the manner in which the Corporation recognizes revenue.

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, 2019 and 2018, the allowance for uncollectible accounts is $332,385 and $330,885, 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 2019 and 2018 year ends exceeded the federally insured limits by $6,860,409 and $3,906,160, respectively.

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. As of December 31, 2019 and 2018, the US Department of Education has provided the organization with $608,695 and $399,618 respectively.

NOTE 13 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

F. COMMITMENTS

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. The balance as of December 31, 2019 is $500,000 and is recorded in Advanced Funding – Grants and Loans on the Statement of Financial Position.

G. SUBSEQUENT EVENTS

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. Subsequently, it was transmitted in the United States. The COVID – 19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is expected to be temporary, there is considerable uncertainty around the duration of the closings. It is expected that this matter will negatively impact operations. However, the related financial impact and duration cannot be reasonably estimated at this time.

The Company has evaluated subsequent events through May 20, 2020, the date which the financial statements were available to be issued.

H. RESTATEMENT OF PRIOR YEAR FINANCIALS

On September 3, 2018, a deposit in the amount of $15,083 was given to Iron Age Office, LLC for the purchase of office equipment. The amount was recorded as expense and posted to office expense in 2018. On January 2, 2019 an invoice was received for the balance due of $15,063 for a total purchase price of $30,145. The organization restated the prior year financials to reflect the deposit as a prepaid expense. The restatement decreased office expense and increased prepaid expense, thereby increasing changes in net assets in the Statement of Activities by $15,082, and also increasing net assets without donor restrictions on the Statement of Financial Position by the same amount.

I. PROPERTY REPOSSESSED

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.

NOTE 13 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

J. 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. The balance at December 31, 2019 and 2018 is $60,417 and $487,538, respectively.

K. 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. As of December 31, 2019, this loan was paid in full.

L. 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.

M. 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, 2019 and 2018 was $-0- and $1,486,398 respectively. 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.

NOTE 13 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

N. MORTGAGES RECEIVABLE

Mortgages receivable consisted of the following at December 31, 2019 and 2018.

	2019	2018
Mortgage Receivable (HUD Projects)	$ 1,451,570	$ 1,577,411
Mortgage Receivable (2nd Generation Funds)	2,722,925	5,108,859
Mortgage Receivable (UEZ Loans)	128,324	128,325
Less: Allowance for Doubtful Accounts	(332,385)	(330,887)
	$ 3,970,434	$ 6,483,708

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)

	2019	2018	2017	2016	2015	2014	2013
Authority's Proportion of the Net Pension Liability	0.0410251640%	0.0320508100%	0.0307909211%	0.0302375415%	0.0286952278%	0.0234671743%	0.0256294937%
Authority's Proportionate Share of the Net Pension Liability	$ 7,392,112	$ 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)	$ 2,613,088	$ 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	282.89%	276.81%	337.53%	425.19%	334.08%	284.63%	281.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Schedule of Employer Contributions

	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	$ 399,054	$ 318,802	$ 285,245	$ 268,626	$ 246,702	$ 193,460	$ 193,113
Contributions in Relation to the Contractually Required Contribution	(399,054)	(318,802)	(285,245)	(268,626)	(246,702)	(193,460)	(193,113)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered-Employee Payroll	$ 3,933,635	$ 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	10.14%	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, 2018 and 2017 actuarial valuation.

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

2019	2018	2017	2016	2015	2014	2013
6.28%	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

	2019	2018
Total OPEB Liabiltiy		
Service Cost	$ 243,295	$ 243,295
Interest on Total OPEB Liability - Over Measurement Period	85,868	72,904
Benefit Payments		
Recognition of Assumption Changes	40,646	
Net Change on Total OPEB Liability	369,809	316,199
Total OPEB Liability - Beginning	1,851,045	1,534,846
Total OPEB Liabiltiy - Ending	$ 2,220,854	$ 1,851,045
Covered-Employee Payroll	$ 3,933,635	$ 2,830,522
Total OPEB Liability as a Percentage of Covered-Employee Payroll	56.46%	65.40%

Notes

Changes in Benefit Terms - There were no significant changes in benefits for the December 31, 2019 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:

2019	2018
6.28%	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, 2019 AND 2018

	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	2019 (MEMO)	2018 (MEMO)
OPERATING REVENUE:													
Landfill Tipping Fees	$	$ 13,958,130	$	$	$	$	$	$	$	$	$	$ 13,958,130	$ 12,524,282
Lease/Rental Income									4,431,595			4,431,595	3,693,040
Interest Income on Leases									224,377			224,377	153,912
Interest Income on Mortgages/Loans									1,204,187			1,204,187	
Project Management Fee													1,471,780
Methane Gas Project Revenue		308,554										308,554	394,888
Recycle Revenue		42,596										42,596	59,919
Operating Grants		318,041							5,000			323,041	322,126
Administrative/Bond Transaction Fee									26,294			26,294	81,238
Project Income - Fleet Maintenance									507,846			507,846	323,262
Property Management Fee									931,000			931,000	468,500
Other		72,955							107,717			180,672	252,707
	-	14,700,276	-	-	-	-	-	-	7,438,016	-	-	22,138,292	19,745,654
OPERATING EXPENSES:													
Cost of Providing Services		7,539,917							4,715,243			12,255,160	10,266,603
Administrative and General		2,708,637							1,106,227			3,814,864	3,120,536
Closure and Postclosure Costs		816,286										816,286	(2,739,327)
Depreciation		4,464,221							2,636,518			7,100,739	6,285,814
	-	15,529,061	-	-	-	-	-	-	8,457,988	-	-	23,987,049	16,933,626
OPERATING INCOME (LOSS)	-	(828,785)	-	-	-	-	-	-	(1,019,972)	-	-	(1,848,757)	2,812,028
NON-OPERATING REVENUE (EXPENSES):													
Interest Income		100,378	6,318		54,855	70,268	430,105		47,858		39,742	749,524	669,859
Interest Expense		(504,837)							(2,030,517)			(2,535,354)	(2,315,957)
Pass Through Revenue - Arts & Innovation Project													
Other Non-Operating Income		50,608							976,346			1,026,954	313,946
Forgivable Loans/Grants		(100,000)										(100,000)	(100,000)
P.I.L.O.T. Program-Municipal									(13,000)			(13,000)	(10,276)
Appropriated to County		(553,611)										(553,611)	(530,240)
Debt Issue Costs Incurred		(4,505)							(134,710)			(139,215)	(505,559)
Gain on Disposal of Assets		66,350										66,350	
Contributions Received													1,478,750
Net Decrease in Fair Value of Investments		495,432							358,843			854,275	(118,814)
	-	(450,185)	6,318	-	54,855	70,268	430,105	-	(795,180)	-	39,742	(644,077)	(1,118,291)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS		(1,278,970)	6,318		54,855	70,268	430,105		(1,815,152)		39,742	(2,492,834)	1,693,737
CONTRIBUTIONS AND TRANSFERS:													
Capital Contributions		43,280							511,456			554,736	252,156
Residual Equity Transfers													
Other Transfers	63,978	1,558,220	(1,354,304)	82,900	84,579	(5,268)	(430,105)	2,267,534	(2,058,880)	(184,968)	(23,686)		
INCREASE (DECREASE) IN NET POSITION	63,978	322,530	(1,347,986)	82,900	139,434	65,000	-	2,267,534	(3,362,576)	(184,968)	16,056	(1,938,098)	1,945,893
NET POSITION - JANUARY 1,	34,642,462	(4,729,678)	1,347,986	1,488,490	2,360,323	1,395,000		7,217,783	1,069,080	184,968	431,944	45,408,358	41,311,039
PRIOR PERIOD ADJUSTMENT													2,151,426
NET POSITION - JANUARY 1, (RESTATED)	34,642,462	(4,729,678)	1,347,986	1,488,490	2,360,323	1,395,000	-	7,217,783	1,069,080	184,968	431,944	45,408,358	43,462,465
NET POSITION - DECEMBER 31,	$ 34,706,440	$ (4,407,148)	$	$ 1,571,390	$ 2,499,757	$ 1,460,000	$ -	$ 9,485,317	$ (2,293,496)	$ -	$ 448,000	$ 43,470,260	$ 45,408,358
UNRESTRICTED NET POSITION (DEFICIT) - UNDESIGNATED-													
Related to Pensions (GASB 68, 71)		$ (7,074,434)							$ (495,797)				
Related to OPEB (GASB 75)		(1,831,446)							(389,407)				
Before GASB 68, 71 Pension and GASB 75 OPEB Related Items		4,498,732							(1,408,292)				
		$ (4,407,148)							$ (2,293,496)				

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF NET POSITION
DECEMBER 31, 2019 AND 2018

	2019			2018		
	Solid Waste Operations	Other	Total	Solid Waste Operations	Other	Total
ASSETS						
CURRENT ASSETS - UNRESTRICTED:						
Cash	$ 894,146	$ 950,665	$ 1,844,811	$ 721,667	$ 217,842	$ 939,509
Accounts Receivable	611,630	303,717	915,347	802,421	183,068	985,489
Loans Receivable	151,958	100,000	251,958	211,829	100,000	311,829
Interest Receivable - Loans	3,458	9,300	12,758	6,523	9,298	15,821
Grant Funds Receivable		392,755	392,755		252,156	252,156
Other Receivables	6,664	805,214	811,878	29,575	2,172,204	2,201,779
Lease Receivables		4,408,570	4,408,570		5,366,331	5,366,331
Due from Restricted Assets	93,934		93,934	110,664		110,664
Inventories	28,567	110,253	138,820	25,527	110,616	136,143
Prepaid Expenses	7,900	24,350	32,250	7,694	28,738	36,432
Total Current Assets - Unrestricted	1,798,257	7,104,824	8,903,081	1,915,900	8,440,253	10,356,153
CURRENT ASSETS - RESTRICTED:						
Accounts Required by the Authority's Bond Resolutions/Loan Agreements:						
Cash	12,506,306	45,063,081	57,569,387	8,903,580	17,489,391	26,392,971
Cash Held by Fiscal Agent		6,127,820	6,127,820		6,816,825	6,816,825
Other Restricted Accounts:						
Cash	942,678	437	943,115	777,407	170,714	948,121
Investments	2,686,378		2,686,378	2,114,684	43,237,393	45,352,077
Interest Receivable	111,367	73,159	184,526	121,118	147,075	268,193
Interfunds	7,080,043	(7,080,043)		9,852,965	(9,852,965)	
Total Current Assets - Restricted	23,326,772	44,184,454	67,511,226	21,769,754	58,008,433	79,778,187
NONCURRENT ASSETS:						
Investments - Required by Bond Resolutions/Loan Agreements		18,178,828	18,178,828		17,961,256	17,961,256
Investments - Other Restricted Accounts	15,002,367	2,400,000	17,402,367	15,888,965	2,400,000	18,288,965
Investment in Redevelopment Sites		2,112,500	2,112,500		2,112,500	2,112,500
Lease Receivables - Noncurrent		56,192,074	56,192,074		60,598,299	60,598,299
Loans Receivable - Noncurrent	314,495	12,174,464	12,488,959	466,454	12,141,725	12,608,179
Prepaid Bond Insurance	27,029	266,982	294,011	31,534	258,181	289,715
Capital Assets, Net	54,374,551	88,793,102	143,167,653	56,201,866	74,267,710	130,469,576
Total Noncurrent Assets	69,718,442	180,117,950	249,836,392	72,588,819	169,739,671	242,328,490
TOTAL ASSETS	94,843,471	231,407,228	326,250,699	96,274,473	236,188,357	332,462,830
DEFERRED OUTFLOWS OF RESOURCES:						
Deferred Loss on Defeasance of Debt	236,323		236,323	317,183		317,183
Deferred Amount Relating to Pensions	2,605,073	558,746	3,163,819	1,931,073	142,836	2,073,909
Deferred Amount Relating to OPEB	401,717	247,850	649,567			
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,243,113	806,596	4,049,709	2,248,256	142,836	2,391,092

(Continued)

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF NET POSITION
DECEMBER 31, 2019 AND 2018

	2019			2018		
	Solid Waste Operations	Other	Total	Solid Waste Operations	Other	Total
CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED ASSETS:						
Accounts Payable - Operations	$ 719,129	$ 1,117,603	$ 1,836,732	$ 1,006,309	$ 481,858	$ 1,488,167
Other Payables		2,233,750	2,233,750		3,312,140	3,312,140
Accrued Liabilities	99,228	416,990	516,218	95,256	20,203	115,459
Accrued Liabilities - Pension	332,325	66,729	399,054	282,697	36,105	318,802
Customer Deposits	157,500		157,500	164,963		164,963
Security Deposits		166,666	166,666		166,769	166,769
Landfill Taxes Payable	162,414		162,414	167,937		167,937
Host Community Benefit Payable	45,935		45,935	46,099		46,099
Unearned Revenue	325	257,245	257,570	31,531	161,912	193,443
Unearned Grant Revenue	9,279		9,279	144		144
Total Current Liabilities Payable From Unrestricted Assets	1,526,135	4,258,983	5,785,118	1,794,936	4,178,987	5,973,923
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:						
Loans Payable		2,645,667	2,645,667		729,303	729,303
Contracts Payable - Construction	188,138	1,874,208	2,062,346	5,525	4,489,200	4,494,725
Contracts Payable - Retainage	24,921	488,779	513,700		290,146	290,146
Revenue Bonds Payable	1,948,908	1,805,000	3,753,908	1,878,908	1,062,000	2,940,908
Accrued Interest Payable - Revenue Bonds	303,293	326,366	629,659	333,172	247,822	580,994
Due to Unrestricted Assets	93,934		93,934	110,664		110,664
License Agreement Escrow	117,065		117,065	169,500		169,500
Total Current Liabilities Payable From Restricted Assets	2,676,259	7,140,020	9,816,279	2,497,769	6,818,471	9,316,240
LONG-TERM LIABILITIES:						
Revenue Bonds Payable	19,517,772	128,399,569	147,917,341	21,666,180	124,691,260	146,357,440
Loan Payable		9,011,688	9,011,688		12,653,047	12,653,047
Accrued Closure and Postclosure Care Costs	26,856,315		26,856,315	26,040,029		26,040,029
Accrued Liability Pension	166,163	33,364	199,527	141,349	18,052	159,401
Net Pension Liability	6,940,285	451,817	7,392,102	6,271,505	39,130	6,310,635
Net OPEB Obligation	2,233,164	637,257	2,870,421	1,602,742	248,303	1,851,045
Accrued Compensated Absences	99,329	62,868	162,197	97,719	44,016	141,735
Total Long-Term Liabilities	55,813,028	138,596,563	194,409,591	55,819,524	137,693,808	193,513,332
Total Liabilities	60,015,422	149,995,566	210,010,988	60,112,229	148,691,266	208,803,495
DEFERRED INFLOWS OF RESOURCES:						
Deferred Amount Relating to Pensions	2,240,723	502,634	2,743,357	1,905,917	296,033	2,201,950
Deferred Amount Relating to Arts & Innovation Project		3,784,375	3,784,375		3,784,375	3,784,375
Deferred Amount Relating to Leases		70,291,428	70,291,428		74,655,744	74,655,744
TOTAL DEFERRED INFLOWS OF RESOURCES	2,240,723	74,578,437	76,819,160	1,905,917	78,736,152	80,642,069
NET POSITION:						
Net Investment in Capital Assets	34,706,440	9,485,317	44,191,757	34,642,462	7,217,783	41,860,245
Restricted:						
Operations	1,571,390		1,571,390	1,488,490		1,488,490
Debt Service	1,460,000	448,000	1,908,000	1,395,000	431,944	1,826,944
Equipment Renewal and Replacement	2,499,757		2,499,757	2,360,323		2,360,323
Unrestricted	(4,407,148)	(2,293,496)	(6,700,644)	(3,381,692)	1,254,048	(2,127,644)
Total Net Position	$ 35,830,439	$ 7,639,821	$ 43,470,260	$ 36,504,583	$ 8,903,775	$ 45,408,358

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Solid Waste Operations	Other	Total	Solid Waste Operations	Other	Total
OPERATING REVENUE:						
Landfill Tipping Fees	$ 13,958,130	$	$ 13,958,130	$ 12,524,282	$	$ 12,524,282
Lease/Rental Income		4,431,595	4,431,595		3,693,040	3,693,040
Interest Income on Leases		224,377	224,377		153,912	153,912
Project Management Fee		1,204,187	1,204,187		1,471,780	1,471,780
Methane Gas Project Revenue	308,554		308,554	394,888		394,888
Recycle Revenue	42,596		42,596	59,919		59,919
Operating Grants	318,041	5,000	323,041	317,126	5,000	322,126
Project Income - Fleet Maintenance		507,846	507,846		323,262	323,262
Administrative/Bond Transaction Fee		26,294	26,294		81,238	81,238
Property Management Fee		931,000	931,000		468,500	468,500
Other Operating Income	72,955	107,717	180,672	79,604	173,103	252,707
Total Operating Revenue	14,700,276	7,438,016	22,138,292	13,375,819	6,369,835	19,745,654
OPERATING EXPENSES:						
Cost of Providing Services	7,539,917	4,715,243	12,255,160	7,732,168	2,534,435	10,266,603
Administrative and General	2,708,637	1,106,227	3,814,864	2,322,733	797,803	3,120,536
Closure and Postclosure Costs	816,286		816,286	(2,739,327)		(2,739,327)
Depreciation	4,464,221	2,636,518	7,100,739	4,473,669	1,812,145	6,285,814
Total Operating Expenses	15,529,061	8,457,988	23,987,049	11,789,243	5,144,383	16,933,626
OPERATING INCOME (LOSS)	(828,785)	(1,019,972)	(1,848,757)	1,586,576	1,225,452	2,812,028
NON-OPERATING REVENUE (EXPENSES):						
Interest Income	661,924	87,600	749,524	603,239	66,620	669,859
Interest Expense	(504,837)	(2,030,517)	(2,535,354)	(553,670)	(1,762,287)	(2,315,957)
Net Increase (Decrease) in Fair Value of Investments	495,432	358,843	854,275	(207,730)	88,916	(118,814)
Appropriated to County	(553,611)		(553,611)	(530,240)		(530,240)
Forgivable Loans/Grants	(100,000)		(100,000)	(100,000)		(100,000)
Debt Issue Costs Incurred	(4,505)	(134,710)	(139,215)	(4,505)	(501,054)	(505,559)
Gain/Loss on Disposal of Assets	66,350		66,350			
Contribution to Host Community/P.I.L.O.T. Program		(13,000)	(13,000)	(7,500)	(2,776)	(10,276)
Contributions Received					1,478,750	1,478,750
Other Non-Operating Income	50,608	976,346	1,026,954	58,415	255,531	313,946
Total Non-Operating Revenue (Expenses)	111,361	(755,438)	(644,077)	(741,991)	(376,300)	(1,118,291)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(717,424)	(1,775,410)	(2,492,834)	844,585	849,152	1,693,737
CAPITAL CONTRIBUTIONS	43,280	511,456	554,736		252,156	252,156
RESIDUAL EQUITY TRANSFERS IN (OUT)				(4,905,881)	4,905,881	
CHANGE IN NET POSITION	(674,144)	(1,263,954)	(1,938,098)	(4,061,296)	6,007,189	1,945,893
NET POSITION-BEGINNING	36,504,583	8,903,775	45,408,358	38,647,237	2,663,802	41,311,039
PRIOR PERIOD ADJUSTMENT				1,918,642	232,784	2,151,426
NET POSITION-BEGINNING (RESTATED)	36,504,583	8,903,775	45,408,358	40,565,879	2,896,586	43,462,465
TOTAL NET POSITION-ENDING	$ 35,830,439	$ 7,639,821	$ 43,470,260	$ 36,504,583	$ 8,903,775	$ 45,408,358

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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018

	2019 BUDGET	2019 ACTUAL	2018 ACTUAL
REVENUE:			
Closure Postclosure Escrow Funds Utilized	$	$ 19,339	$ 20,799
User Charges and Fees	13,058,000	13,958,130	12,524,282
Recycle Revenue	35,000	42,596	59,919
Methane Gas Project Revenue	395,000	308,554	394,888
Operating Grants	317,271	318,041	317,126
Interest Income	13,000	69,233	57,680
Rental Income		16,512	17,401
Miscellaneous Revenues		107,054	120,618
Total Revenue	13,818,271	14,839,459	13,512,713
EXPENSES:			
Costs of Providing Services:			
Salaries - Supervision			94,396
Salaries and Wages - Operations	1,950,503	1,974,586	1,900,552
Fringe Benefits	1,080,400	990,850	1,123,015
Consultant Services - Operations	552,511	611,885	577,846
Fuel	270,974	278,264	343,525
Equipment Maintenance Agreements	54,529	52,658	54,865
Tires	71,712	105,869	91,730
Replacement Parts	162,500	311,338	189,222
Repairs and Maintenance	157,060	233,872	260,374
Truck Wash Parts & Supplies		11,536	38,627
Tire Repair	6,000	1,318	2,736
Lawn Maintenance	44,710	63,738	104,502
Utilities	366,173	324,033	312,747
Recycle Rebate	5,250	11,958	19,951
Materials and Supplies	50,367	44,809	51,088
Uniforms	35,416	47,544	45,054
Security Services	4,592	5,323	3,090
Tire Hauling	15,600		
Equipment Rental	60,000	76,081	228,813
Leachate Treatment	376,427	200,520	186,507
Leachate Hauling	500,000	533,242	941,561
Odor Neutralizer	55,000		
Pretreatment Facility - Replacement Parts	124,050	96,320	192,779
Pretreatment Facility - Repairs and Maintenance	50,000	79,587	96,375
Groundwater Sampling and Analysis	40,000	44,015	42,041
Flare	75,000	52,435	66,854
Telephone	14,488	17,778	15,405
Disposal Fees	171,050	682,659	241,195
REA Grant	120,820	97,318	118,351
Promotional Materials	20,000	5,187	13,597
Public Awareness & Advertising	10,500	44,140	9,624
Other Operating Costs	28,108	41,580	36,918
	6,473,740	7,040,443	7,403,340

(Continued)

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUES AND COSTS FUNDED BY
REVENUES COMPARED TO BUDGET - BUDGETARY BASIS
SOLID WASTE OPERATIONS
YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018

	2019 BUDGET	2019 ACTUAL	2018 ACTUAL
EXPENSES (CONTINUED):			
Administrative and General Expenses:			
Salaries and Wages	$ 909,498	$ 988,426	$ 797,976
Fringe Benefits	496,787	428,461	439,431
Administrative Payroll Expense	11,133	10,425	6,959
Building Rent	125,000	113,642	
Security	6,461	2,480	4,960
Office Supplies and Expense	28,750	30,440	36,376
Professional Services	308,600	215,224	274,190
Professional Services - Closure Related	35,600	19,339	20,799
Insurance	230,669	242,863	213,365
Travel, Conferences and Meetings	5,010	11,577	3,723
Dues and Subscriptions	7,645	3,601	2,042
Utilities	53,799	50,389	43,409
Telephone	17,608	19,514	15,409
Licenses, Permits, Penalties and Assessments	171,042	119,865	156,593
Other Administrative Expenses	89,121	97,123	80,454
Training Programs	23,850	31,028	11,828
Repairs and Maintenance	27,447	29,439	16,858
Public Awareness and Advertising	40,500	17,809	21,619
REA Grant	22,500	36,868	24,825
Public Relations	21,400		1,000
Automotive Supplies and Expenses	4,000	5,008	5,659
Litter Abatement Program	18,150	22,479	15,303
	2,654,570	2,496,000	2,192,778
Interest Expense	623,465	623,476	683,869
OTHER COSTS FUNDED BY REVENUES:			
Principal Maturities	1,943,908	1,878,908	1,813,908
Capital Outlays	300,000	615,707	586,614
Reserve for Equipment Renewal and Replacement	634,600	636,344	623,815
Reserve for Operating and Maintenance	82,902	82,900	163,750
Debt Service Coverage Requirements	256,738		
Contribution to Host Community/P.I.L.O.T. Programs	7,500		7,500
Appropriated to County	553,611	553,611	530,240
Forgivable Loans/Grants	100,000	100,000	100,000
	3,879,259	3,867,470	3,825,827
TOTAL COSTS FUNDED BY REVENUES	13,631,034	14,027,389	14,105,814

(Continued)

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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018

	2019 BUDGET	2019 ACTUAL	2018 ACTUAL
REVENUES OVER (UNDER) COSTS FUNDED BY REVENUES	$ 187,237	$ 812,070	$ (593,101)
Reconciliation of Budgetary Basis to Change in Net Position:			
Adjustments to Budgetary Basis:			
Interest Income not used for Operations		592,688	545,559
Capital Outlays		615,707	586,614
Principal Maturities		1,878,908	1,813,908
Transfers to Renewal and Replacement Reserves		636,344	623,815
Increase in Reserve for Operating and Maintenance		82,900	163,750
Increase (Decrease) in Fair Value of Investments		495,432	(207,730)
Closure Postclosure Escrow Funds Utilized		(19,339)	(20,799)
Amortization Charged to Interest Expense		118,639	130,199
Depreciation		(4,464,221)	(4,473,669)
Gain on Disposal of Assets		66,350	
Closure Post Closure Expenses per GAAP		(816,286)	2,739,327
Debt Issuance Costs Incurred		(4,505)	(4,505)
Capital Contributions		43,280	
Residual Equity Transfer Out			(4,905,881)
OPEB - Difference of GAAP vs. Budgetary Basis		(228,704)	(233,967)
Pension Expense - Difference of GAAP vs. Budgetary Basis		(483,407)	(224,816)
CHANGE IN NET POSITION PER SCHEDULE 3		$ (674,144)	$ (4,061,296)

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, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018

	2019 BUDGET	2019 ACTUAL	2018 ACTUAL
REVENUE:			
Operating Transfers			
Lease/Rental Income	$ 5,272,483	$ 4,655,972	$ 3,846,952
Project Management Fee	1,950,000	1,204,187	1,471,780
Administrative Fees	30,000	26,294	81,238
Fuel Income (Gas & CNG)	3,002,257	275,805	
Fleet Maintenance	346,000	507,846	323,262
Property Management Fee	896,910	931,000	468,500
Other Operating Income		107,717	173,103
Miscellaneous Income	166,836	700,541	255,531
Operating Grants	5,000	5,000	5,000
Interest Income		87,600	66,620
Total Revenue	11,669,486	8,501,962	6,691,986
EXPENSES:			
Costs of Providing Services:			
Salaries	1,516,783	1,638,370	853,505
Employee Benefits	955,749	975,704	320,161
Building Services	878,830	411,666	478,388
Repairs and Maintenance	282,875	335,791	228,869
Utilities/Property Taxes	566,650	709,139	456,525
Garage Lease	4,116	71,368	16,501
Grant Expenses	5,000	5,000	5,000
Fuel and CNG	2,559,951	225,141	
Other Operating Expenses	62,800	74,404	37,765
	6,832,754	4,446,583	2,396,714
Administrative and General Expenses:			
Salaries	203,220	228,078	142,905
Employee Benefits	94,589	81,946	75,727
Professional Services	303,186	391,244	326,231
Property Management	4,000		
Insurance	87,581	71,778	68,587
Marketing and Advertising	75,000	30,820	54,984
Sponsorships	8,950	15,400	10,450
Other Administrative Expenses	68,060	244,582	95,378
	844,586	1,063,848	774,262
Interest Expense	2,082,780	2,081,162	1,792,727

(Continued)

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUES AND COSTS FUNDED BY
REVENUES COMPARED TO BUDGET - BUDGETARY BASIS
OTHER OPERATIONS
YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018

	2019 BUDGET	2019 ACTUAL	2018 ACTUAL
OTHER COSTS FUNDED BY REVENUES:			
Principal Maturities	$ 1,508,329	$ 1,661,995	$ 660,000
Capital Outlays	100,000	253,690	16,967
Replacement Reserve	70,284	70,284	70,284
Pass Through Project Expenses			
P.I.L.O.T. - Municipal	7,333	13,000	2,776
	1,685,946	1,998,969	750,027
TOTAL COSTS FUNDED BY REVENUES	11,446,066	9,590,562	5,713,730
REVENUES OVER (UNDER) COSTS FUNDED BY REVENUES	$ 223,420	(1,088,600)	978,256
Reconciliation of Budgetary Basis to Change in Net Position:			
Adjustments to Budgetary Basis:			
Capital Outlays		253,690	16,967
Transfers to Renewal and Replacement Reserves		70,284	70,284
Principal Maturities		1,661,995	660,000
Capital Contributions		511,456	252,156
Residual Equity Transfer			4,905,881
Debt Issue Costs Incurred		(134,710)	(501,054)
Contributions Received			1,478,750
Amortization Charged to Interest Expense		50,645	30,440
Increase in Fair Value of Investments		358,843	88,916
OPEB - Difference of GAAP vs. Budgetary Basis		(141,105)	(82,232)
Pension Expense - Difference of GAAP vs. Budgetary Basis		(169,934)	(79,030)
Depreciation		(2,636,518)	(1,812,145)
CHANGE IN NET POSITION PER SCHEDULE 3		$ (1,263,954)	$ 6,007,189

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF RECONCILIATION OF BUDGETARY REVENUES AND COSTS FUNDED BY REVENUES TO CHANGE IN NET POSITION
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Revenues Over (Under) Costs Funded By Revenues:		
Solid Waste Operations - Schedule 4A	$ 812,070	$ (593,101)
Other Operations - Schedule 4B	(1,088,600)	978,256
	(276,530)	385,155
Adjustments to Budgetary Basis:		
Interest Income not used for Operations	592,688	545,559
Capital Outlays	869,397	603,581
Principal Maturities	3,540,903	2,473,908
Transfers to Renewal and Replacement Reserves	706,628	694,099
Increase (Decrease) in Fair Value of Investments	854,275	(118,814)
Increase in Reserve for Operating and Maintenance	82,900	163,750
Closure Postclosure Escrow Funds Utilized	(19,339)	(20,799)
Amortization Charged to Interest Expense	169,284	160,639
Depreciation	(7,100,739)	(6,285,814)
Gain on Disposal of Assets	66,350	
Closure Post Closure Expenses per GAAP	(816,286)	2,739,327
Debt Issue Costs Incurred	(139,215)	(505,559)
OPEB - Difference of GAAP vs. Budgetary Basis	(369,809)	(316,199)
Pension Expense - Difference of GAAP vs. Budgetary Basis	(653,341)	(303,846)
Contributions Received		1,478,750
Capital Contributions	554,736	252,156
Change in Net Position Per Exhibit B	$ (1,938,098)	$ 1,945,893

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUE BONDS PAYABLE
DECEMBER 31, 2019

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES DATE	MATURITIES AMOUNT	INTEREST RATE	BALANCE JANUARY 1, 2019	PRINCIPAL ADDITIONS 2019	PRINCIPAL MATURITIES 2019	DEFEASED 2019	BALANCE DECEMBER 31, 2019
2014 County Guaranteed										
Facilities Acquisition Project										
Revenue Bonds	$ 17,955,000	5/29/2015	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%	$ 16,325,000	$ -	$ 505,000	$ -	$ 15,820,000
2015A County Guaranteed Solid										
Waste Revenue Refunding Bonds	14,595,000	5/29/2015	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%	13,260,000		1,395,000		11,865,000
2015 Lease Revenue Bonds -										
State Office Buildings Project	3,975,000	8/25/2015	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%	3,535,000		175,000		3,360,000

(Continued)

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUE BONDS PAYABLE
DECEMBER 31, 2019

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES DATE	MATURITIES AMOUNT	INTEREST RATE	BALANCE JANUARY 1, 2019	PRINCIPAL ADDITIONS 2019	PRINCIPAL MATURITIES 2019	DEFEASED 2019	BALANCE DECEMBER 31, 2019
2017 New Jersey Environmental Infrastructure Trust Loan	$ 2,510,000	5/25/2017	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%	$ 2,420,000	$ -	$ 95,000	$ -	$ 2,325,000
2017 New Jersey Environmental Infrastructure Fund Loan	7,648,515	5/25/2017	2020	388,908	N/A					
			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		7,000,335		388,907		6,611,428

(Continued)

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUE BONDS PAYABLE
DECEMBER 31, 2019

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES DATE	MATURITIES AMOUNT	INTEREST RATE	BALANCE JANUARY 1, 2019	PRINCIPAL ADDITIONS 2019	PRINCIPAL MATURITIES 2019	DEFEASED 2019	BALANCE DECEMBER 31, 2019
2017 Revenue Bonds	$ 12,000,000	10/4/2017	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	$ -	$ 232,000	$ -	$ 11,768,000
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, 2019

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES DATE	MATURITIES AMOUNT	INTEREST RATE	BALANCE JANUARY 1, 2019	PRINCIPAL ADDITIONS 2019	PRINCIPAL MATURITIES 2019	DEFEASED 2019	BALANCE DECEMBER 31, 2019
2018 Revenue Bonds	$ 3,200,000	9/15/2018	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	$ -	$ 150,000	$ -	$ 3,050,000
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

(Continued)

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUE BONDS PAYABLE
DECEMBER 31, 2019

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES DATE	MATURITIES AMOUNT	INTEREST RATE	BALANCE JANUARY 1, 2019	PRINCIPAL ADDITIONS 2019	PRINCIPAL MATURITIES 2019	DEFEASED 2019	BALANCE DECEMBER 31, 2019
2019 County Guaranteed-Administration Building	$ 4,970,000	4/4/2019	3/15/2020	$ 85,000	3.00%					
			3/15/2021	85,000	3.00%					
			3/15/2022	90,000	3.00%					
			3/15/2023	90,000	3.00%					
			3/15/2024	95,000	3.00%					
			3/15/2025	100,000	5.00%					
			3/15/2026	100,000	5.00%					
			3/15/2027	105,000	5.00%					
			3/15/2028	110,000	5.00%					
			3/15/2029	120,000	5.00%					
			3/15/1930	125,000	5.00%					
			3/15/1931	130,000	5.00%					
			3/15/1932	135,000	5.00%					
			3/15/1933	145,000	5.00%					
			3/15/1934	150,000	5.00%					
			3/15/1935	160,000	5.00%					
			3/15/1936	165,000	5.00%					
			3/15/1937	175,000	5.00%					
			3/15/1938	185,000	5.00%					
			3/15/1939	195,000	5.00%					
			3/15/1940	200,000	3.50%					
			3/15/1941	210,000	3.50%					
			3/15/1942	215,000	3.50%					
			3/15/1943	225,000	3.50%					
			3/15/1944	235,000	3.50%					
			3/15/1945	240,000	5.00%					
			3/15/1946	255,000	5.00%					
			3/15/1947	270,000	5.00%					
			3/15/1948	280,000	5.00%					
			3/15/1949	295,000	5.00%	$ -	$ 4,970,000	$ -	$ -	$ 4,970,000
						$ 144,665,335	$ 4,970,000	$ 2,402,000	$ -	$ 146,694,428

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF LOANS PAYABLE
DECEMBER 31, 2019

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES DATE	MATURITIES AMOUNT	INTEREST RATE	BALANCE JANUARY 1, 2019	ISSUED 2019	PAID 2019	REFUNDED 2019	BALANCE DECEMBER 31, 2019
2017 TD Loan Payable	$ 7,357,350	12/29/2017	12/1/2020	2,247,844	3.860%					
			12/1/2021	133,255	3.860%					
			12/1/2022	165,558	3.860%					
			12/1/2023	172,133	3.860%					
			12/1/2024	4,386,404	3.860%	$ 7,357,350	$ -	$ 252,156	$ -	$ 7,105,194
CEZC	2,000,000	6/14/2018	12/1/2024	1,000,000	NA	2,000,000		1,000,000		1,000,000
Equipment Loan - W. Park	700,000	7/31/2018	12/1/2020	93,631	NA					
			12/1/2021	96,665						
			12/1/2022	99,797						
			12/1/2023	103,030						
			12/1/2024	216,184		700,000		90,693	-	609,307
Equipment Loan - CNG Station	3,000,000	7/31/2018	12/1/2020	265,837	NA					
			12/1/2021	274,822						
			12/1/2022	284,111						
			12/1/2023	293,714						
			12/1/2024	1,624,370		3,000,000		257,146		2,742,854
Series 2018 Millville Redevelopment	325,000	11/14/2018			1.750%	325,000		325,000		-
Equipment Loan - 2019	200,000	10/10/2019	10/10/2020	38,355	2.100%					
			10/10/2021	39,160						
			10/10/2022	39,983						
			10/10/2023	40,822						
			10/10/2024	41,680			200,000	-		200,000
						$ 13,382,350	$ 200,000	$ 1,924,995	$ -	$ 11,657,355

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF CONDUIT DEBT
DECEMBER 31, 2019

ISSUE	DATE OF ISSUE	ISSUED AMOUNT	BALANCE JANUARY 1, 2019	BONDS ISSUED 2019	PRINCIPAL MATURITIES 2019	BONDS DEFEASED 2019	BALANCE DECEMBER 31, 2019
Guaranteed by Other Governmental Entities:							
Local Unit Program Bonds - City of Vineland Electric Utility Project, Series 2009A	10/1/2009	$ 6,445,000	$ 3,945,000	$	$ 2,000,000		$ 1,945,000
Local Unit Program Bonds - City of Vineland Electric Utility Project, Series 2009B	10/1/2009	53,555,000	53,555,000				(1) 53,555,000
Cumberland County General Obligation Revenue Bonds Technical High School Project, Series 2019	1/16/2019	21,035,000		21,035,000			21,035,000
Cumberland County General Obligation Bonds Technical High School Project, Series 2014	10/30/2014	63,890,000	58,670,000		1,850,000		56,820,000
			$ 116,170,000	$ 21,035,000	$ 3,850,000	$ -	$ 133,355,000

(1) In June 2019, the City of Vineland issued its Electric Utility Refunding Bonds Series 2019, and established a Revocable Escrow Account with TD Bank that provided for the economic defeasance of its Series 2009 Bonds. That escrow account is being used by the Trustee to pay the debt service due on the Series 2009B Bonds issued in the name of the Authority, however, since it was a Revocable Escrow, the Bonds are still deemed outstanding.

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
ROSTER OF OFFICIALS
AS OF DECEMBER 31, 2019

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

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2019

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.

None Noted.

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2019

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.

Finding No. 2018-001

Condition

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

Current Status

This is not a finding in the current year.

Finding No. 2018-002

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.

Current Status

This is not a finding in the current year.