



CUMBERLAND COUNTY IMPROVEMENT AUTHORITY

AUDIT REPORT

**YEARS ENDED
DECEMBER 31, 2020 AND 2019**

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AUDIT REPORT
YEARS ENDED DECEMBER 31, 2020 AND 2019
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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, 2020 and 2019, 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, 2020 and 2019. 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.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 Matters (Continued)

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 presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The accompanying supplementary schedules and the schedule of expenditures of federal awards 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 and the schedule of expenditures of federal awards, 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 September 22, 2021 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



Certified Public Accountants

September 22, 2021

**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, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 22, 2021. 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*.

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.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cumberland County Improvement Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002.

Cumberland County Improvement Authority's Response to Findings

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

Purpose of this Report

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

ROMANO, HEARING, TESTA & KNORR



Certified Public Accountants

September 22, 2021

REQUIRED SUPPLEMENTARY INFORMATION
PART I



**THE
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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, 2020. 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 \$26.9 million which is an increase of \$4.8 million or 21.9% over the prior year. Landfill Tipping Fees, the largest revenue source, accounted for \$15.4 million, an increase of \$1.4 million or 10.1%.

- The Authority's Net Capital Assets increased by \$11.4 million, an increase of 7.9%.
- The Authority's Total Assets decreased by \$160.6 million, a 49.2% 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 \$16.9 million, an increase of \$0.9 million or 5.4%. 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 \$15.0 million, an increase of \$7.1 million or 89.8%. 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, investments 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)

	2020-2019		2019-2018	
	Increase/(Decrease)		Increase/(Decrease)	
	\$	%	\$	%
	2020	2019	2018	
Current Assets - Unrestricted	\$ 13,398	\$ 8,903	\$ 10,356	\$ 4,495 50.5%
Current Assets - Restricted	76,727	67,511	79,778	9,216 13.7%
Noncurrent Assets	396,139	249,836	242,328	146,303 58.6%
Total Assets	486,264	326,250	332,462	160,014 49.0%
Deferred Outflows of Resources	6,267	4,050	2,391	2,217 54.7%
Current Liabilities Payable from Unrestricted Assets	5,188	5,785	5,974	(597) -10.3%
Current Liabilities Payable from Restricted Assets	10,430	9,816	9,316	614 6.3%
Long Term Liabilities	204,318	194,410	193,513	9,908 5.1%
Total Liabilities	219,936	210,011	208,803	9,925 4.7%
Deferred Inflows of Resources	235,640	76,819	80,642	158,821 206.7%
Net Investment in Capital Assets	43,869	44,192	41,860	(323) -0.7%
Restricted Net Position	5,455	5,979	5,676	(524) -8.8%
Unrestricted Net Position	(11,829)	(6,701)	(2,128)	(5,128) 76.5%
Total Net Position	\$ 37,495	\$ 43,470	\$ 45,408	\$ (5,975) -13.7%

The increase in current assets-unrestricted is primarily the result of increases in other, lease, and accounts receivable and due from restricted assets, and a decrease in cash.

The increase in current assets-restricted is due to an increase in cash.

The increase in noncurrent assets is due to the increase in 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 accounts payable, accrued liabilities, and an increase in accrued liabilities relating to pensions.

The increase in current liabilities payable from restricted assets is primarily due to increases in revenue bonds payable, accrued interest payable and due to unrestricted assets and a decrease in loans payable and construction contracts and retainage payable.

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

The increase in deferred inflows of resources is due to an increase in deferred amounts relating to leases.

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

	2020	2019	2018	2020 - 2019		2019 - 2018	
				Increase/(Decrease)		Increase/(Decrease)	
				\$	%	\$	%
Operating Revenue:							
Landfill Tipping Fees	\$ 15,369	\$ 13,958	\$ 12,524	\$ 1,411	10.1%	\$ 1,434	11.5%
Lease/Rental Income	6,861	4,432	3,693	2,429	54.8%	739	20.0%
Interest Income on Leases	296	224	154	72	32.1%	70	
Project Management Fee	1,185	1,204	1,472	(19)	-1.6%	(268)	-18.2%
Methane Gas Project Revenue	225	308	395	(83)	-26.9%	(87)	-22.0%
Recycle Revenue	307	43	60	264	614.0%	(17)	-28.3%
Operating Grants	457	323	322	134	41.5%	1	0.3%
Project Income - Fleet Maintenance	313	508	323	(195)	-38.4%	185	57.3%
Administrative/Bond Transaction Fee	499	26	81	473	1819.2%	(55)	-67.9%
Property Management Fee	997	931	469	66	7.1%	462	98.5%
Other Operating Income	474	181	253	293	161.9%	(72)	-28.5%
Total Operating Revenue	<u>26,983</u>	<u>22,138</u>	<u>19,746</u>	<u>4,845</u>	<u>21.9%</u>	<u>2,392</u>	<u>12.1%</u>
Operating Expenses:							
Cost of Providing Services	12,517	12,255	10,267	262	2.1%	1,988	19.4%
Administrative and General	4,422	3,815	3,120	607	15.9%	695	22.3%
Closure and Postclosure Costs	7,327	816	(2,739)	6,511	797.9%	3,555	-129.8%
Depreciation	7,701	7,101	6,286	600	8.4%	815	13.0%
Total Operating Expenses	<u>31,967</u>	<u>23,987</u>	<u>16,934</u>	<u>7,980</u>	<u>33.3%</u>	<u>7,053</u>	<u>41.6%</u>
Operating Income (Loss)	(4,984)	(1,849)	2,812	(3,135)	169.6%	(4,661)	165.8%
Non Operating Revenue (Expenses):							
Interest Income	479	750	670	(271)	-36.1%	80	11.9%
Interest Expense	(5,041)	(2,535)	(2,316)	(2,506)	98.9%	(219)	9.5%
Net Decrease in Fair Value of Investments	696	854	(119)	(158)	-18.5%	973	-817.6%
Appropriated to County	(605)	(554)	(530)	(51)	9.2%	(24)	4.5%
Forgivable Loans/Grants	(100)	(100)	(100)	-	0.0%	-	0.0%
Debt Issue Costs Incurred	(58)	(139)	(506)	81	-58.3%	367	-72.5%
Gain on Disposal of Assets	83	66		17		66	
Contribution to Host /P.I.L.O.T. Program	(15)	(13)	(10)	(2)	15.4%	(3)	30.0%
Contributions Received			1,479	-		(1,479)	
Other Non-Operating Income	1,296	1,027	314	269	26.2%	713	227.1%
Total Non-Operating Revenue (Expenses)	<u>(3,265)</u>	<u>(644)</u>	<u>(1,118)</u>	<u>(2,621)</u>	<u>407.0%</u>	<u>474</u>	<u>-42.4%</u>
Income (Loss) Before Capital Contributions and Transfers	(8,249)	(2,493)	1,694	(5,756)	230.9%	(4,187)	-247.2%
Capital Contributions	2,273	555	252	1,718		303	
Change in Net Position	(5,975)	(1,938)	1,946	(4,037)	208.3%	(3,884)	-199.6%
Net Position-Beginning	43,470	45,408	44,524	(1,938)	-4.3%	884	2.0%
Prior Period Adjustment			(1,062)	-		1,062	
Net Position-Beginning (Restated)	43,470	45,408	43,462	(1,938)	-4.3%	1,946	4.5%
Total Net Position-Ending	<u>\$ 37,495</u>	<u>\$ 43,470</u>	<u>\$ 45,408</u>	<u>\$ (5,975)</u>	<u>-13.7%</u>	<u>\$(1,938)</u>	<u>-4.3%</u>

Total operating revenue increased \$4.8 million or 21.9% year-over-year. Landfill tipping fees revenue increased 10.1% primarily due to a rate increase while solid waste taxable tons received decreased by 2,124 tons or 1.1%. Other revenue increases included lease/rental income of 54.8%, interest income on leases 32.1%, recycle revenue 614.0%, operating grants 41.5%, administrative/bond transaction fee 1819.2%, property management fee 7.1% and other operating income 161.9%. Revenue decreases included project management fees 1.6%, methane gas revenue 26.9% and project income – fleet maintenance 38.4%.

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 \$16.9 million, an increase of \$0.9 million or 5.4% which were primarily the result of increases in salaries, fringe benefits, disposal fees, supplies and maintenance costs, and building rent. Closure and postclosure costs and depreciation expense totaled \$15.0 million, an increase of \$7.1 million or 89.8%. The change was primarily due to changes in accounting estimate, resulting in expenditures of \$7.3 million and \$0.8 million respectively for 2020 and 2019 netted against an increase of 8.4% related to depreciation expense. These costs are not controlled by the Authority.

The Authority's ending net position decreased \$5.9 million or 13.7% primarily caused by an operating loss of \$4.9 million due a change in accounting estimate for closure and postclosure costs and the inability to realize project management revenue as a result of terminated construction project along with \$3.3 million of non-operating expenses over non-operating revenue, reduced by capital contributions of \$2.3 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 2020, the Authority had \$154.5 million invested in a broad range of capital assets. This amount represents an increase of \$11.4 million or 7.9% 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 \$7.7 million.

The following table summarizes the Authority's capital assets, net of accumulated depreciation, and changes therein, for the year ended December 31, 2020.

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

	2020	2019	2018	2020-2019		2019-2018	
				Increase/(Decrease)		Increase/(Decrease)	
				\$	%	\$	%
Land	\$ 6,753	\$ 6,373	\$ 5,380	\$ 380	6.0%	993	18.5%
Construction in Progress	28,490	17,100	28,021	11,390	66.6%	(10,921)	-39.0%
Building and Related Improvements	74,334	77,214	53,358	(2,880)	-3.7%	23,856	44.7%
Improvements Other than Buildings	39,398	37,221	37,799	2,177	5.8%	(578)	-1.5%
Machinery and Equipment	5,508	5,238	5,879	270	5.2%	(641)	-10.9%
Office Equipment	66	22	33	44	200.0%	(11)	-33.3%
Total	\$ 154,549	\$ 143,168	\$ 130,470	\$ 11,381	7.9%	\$ 12,698	9.7%

Investment in capital assets during 2020 consisted primarily of construction in progress and other improvements to Authority facilities.

The Authority's Solid Waste and Other Operations FY 2021 capital budgets plan for investing \$74.3 million in capital projects, including the following (in thousands):

	Solid Waste	Other	Total
Landfill Heavy Support Equipment	\$ 1,052	\$ -	\$ 1,052
Budgeted Construction Projects	50	40	90
Closure/Post Closure	388	-	388
Building Improvements	90	100	190
Improvements Other	75	-	75
Office Furniture and Equipment	25	-	25
Machinery and Equipment	60	-	60
Solid Waste Construction Projects	5,900	-	5,900
Economic Development Construction Projects	-	66,500	66,500
TOTAL	\$ 7,640	\$ 66,640	\$ 74,280

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, 2020, the Authority had outstanding bond issues in the amount of \$146.1 million with principal payments of \$5.2 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 \$12.5 million with principal payments of \$1.3 million due in one year. (See Note 4 to the financial statements).

During 2020, the Authority issued lease revenue bonds in the amount of \$3.2 million principal for the Vineland Board of Education Project located in the City of Vineland with a five-year fixed interest rate of 1.52% and maturities extending to 2025. The Authority also issued \$3.2 million of five-year equipment loans.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Tipping fee revenue is projected to increase in 2021 by 7.2% due to an increase in tons received, the first expected increase in tons since 2018. Recycle revenue is expected to increase in 2021 due to improved recycle markets and a Material Recycle Facility to operate on-site close to the end of 2021. Disposal fees accounted for \$0.9 million in 2020 and is expected to dramatically decrease for 2021 due to improved recycle markets. During 2020, the Authority paid an average of \$50 per ton to dispose of single-stream waste without passing the expense on to our municipal customers. However, for 2021 the year-to-date average is a revenue of \$11 per ton. Since the recycle markets continue to be volatile and uncertain, the Authority will be in a better position to maximize the sale of recycles with the Material Recycle Facility. Methane gas revenue decreased 27.2% in 2020 and comparable revenue is expected for 2021. An additional revenue source of renewable energy is expected for the next two years, increasing that combined revenue. Revenues expected to increase in 2021 are lease rental income 54.0% due to additional rental properties, full-year leases, and rent increases, grant revenue 10.6% due to the partnership with the County of Cumberland to administer the CDBG Grant, property management fees 3.7% due to contractual

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

annual increases, other revenue 140.3% due to federal fuel tax credit for CNG sales and miscellaneous revenue for providing disinfecting services. A revenue decrease of 12.9% is expected for project management fees due to the cancelation of the County Department of Corrections project and other project delays due to supply availability caused by the current economic situation. When compared to the 2021 budget, these categories will account for a 5.5% net decrease. While developing the 2022 budget, it has become necessary to increase tipping fee rates to offset tax increases, and fund landfill closure and post closure liabilities. The Authority continues to plan incremental increases over time to minimize the impact on its customers and governmental budgets.

The Authority continues to augment and diversify its revenue stream with a business model that includes new landfill services, economic and redevelopment initiatives (shared service), conduit bond financing program, construction management, lease/rental agreements, 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 theauthoritynj.com.

BASIC FINANCIAL STATEMENTS

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019

	2020		2019	
	Authority	Component Unit - CEZC	Authority	Component Unit - CEZC
ASSETS				
CURRENT ASSETS - UNRESTRICTED:				
Cash	\$ 917,493	\$ 7,591,414	\$ 1,844,811	\$ 7,110,499
Accounts Receivable	1,300,842		915,347	
Loans Receivable	52,088		251,958	
Interest Receivable - Loans	42,102		12,758	
Grant Funds Receivable	312,239	81,375	392,755	71,309
Other Receivables	1,340,000	4,184	811,878	2,679
Lease Receivables	9,051,160		4,408,570	
Notes Receivable		60,417		60,417
Due from Restricted Assets	635,984		93,934	
Inventories	150,758		138,820	
Prepaid Expenses	135,193	2,157	32,250	2,218
Total Current Assets - Unrestricted	13,937,859	7,739,547	8,903,081	7,247,122
CURRENT ASSETS - RESTRICTED:				
Accounts Required by the Authority's Bond Resolutions/Loan Agreements:				
Cash	71,361,832		57,569,387	
Cash Held by Fiscal Agent	422,221		6,127,820	
Other Restricted Accounts:				
Cash	2,393,628		943,115	
Investments	2,446,375		2,686,378	
Interest Receivable	102,891		184,526	
Interfunds				
Total Current Assets - Restricted	76,726,947	-	67,511,226	-
NONCURRENT ASSETS:				
Investments - Required by Bond Resolutions/Loan Agreements	-		18,178,828	
Investments - Other Restricted Accounts	17,347,229	153,544	17,402,367	153,544
Investment in Redevelopment Sites	2,112,500		2,112,500	
Lease Receivables - Noncurrent	209,439,050		56,192,074	
Loans Receivable - Noncurrent	12,404,131		12,488,959	
Mortgages Receivable		3,350,634		3,970,433
Prepaid Bond Insurance	287,258		294,011	
Capital Assets, Net	154,548,588	24,116	143,167,653	27,131
Total Noncurrent Assets	396,138,756	3,528,294	249,836,392	4,151,108
TOTAL ASSETS	486,803,562	11,267,841	326,250,699	11,398,230
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred Loss on Defeasance of Debt	166,473		236,323	
Deferred Amount Relating to Pensions	5,007,962		3,163,819	
Deferred Amount Relating to OPEB	1,092,560		649,567	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,266,995	-	4,049,709	-

(Continued)

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

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019

	2020		2019	
	Authority	Component Unit - CEZC	Authority	Component Unit - CEZC
CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED ASSETS:				
Accounts Payable - Operations	\$ 1,394,084	\$ 76,792	\$ 1,836,732	\$ 93,592
Other Payables	2,233,750		2,233,750	
Accrued Liabilities	139,874		516,218	
Accrued Liabilities - Pension	599,525		399,054	
Note Payable			157,500	
Customer Deposits	149,500		166,666	
Security Deposits	166,666		162,414	
Landfill Taxes Payable	173,597		45,935	
Host Community Benefit Payable	49,069		257,570	
Unearned Revenue	282,417		9,279	
Unearned Grant Revenue		564,493	-	539,520
Total Current Liabilities Payable From Unrestricted Assets	5,188,482	641,285	5,785,118	633,112
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:				
Loans Payable	1,311,741		2,645,667	
Contracts Payable - Construction	1,433,179		2,062,346	
Contracts Payable - Retainage	391,899		513,700	
Revenue Bonds Payable	5,231,908		3,753,908	
Accrued Interest Payable - Revenue Bonds	1,315,946		93,934	
Due to Unrestricted Assets	635,984		117,065	
License Agreement Escrow	109,016		-	
Total Current Liabilities Payable From Restricted Assets	10,429,673	-	9,816,279	-
LONG-TERM LIABILITIES:				
Revenue Bonds Payable	145,622,593		147,917,341	
Loan Payable	11,168,276	38,109	9,011,688	40,405
Accrued Closure and Postclosure Care Costs	34,183,516		26,856,315	
Accrued Liability Pension	299,763		199,527	
Net Pension Liability	8,937,043		7,392,102	
Net OPEB Obligation	3,901,063		2,870,421	
Accrued Compensated Absences	206,058		162,197	
Total Long-Term Liabilities	204,318,312	38,109	194,409,591	40,405
Total Liabilities	219,936,467	679,394	210,010,988	673,517
DEFERRED INFLOWS OF RESOURCES:				
Deferred Amount Relating to Pensions	3,773,634		2,743,357	
Deferred Amount Relating to Arts & Innovation Project	3,784,375		3,784,375	
Deferred Amount Relating to Leases	228,081,581		70,291,428	
TOTAL DEFERRED INFLOWS OF RESOURCES	235,639,590	-	76,819,160	-
NET POSITION:				
Net Investment in Capital Assets	43,868,591		44,191,757	
Restricted:				
Operations	1,729,730		1,571,390	
Debt Service	2,037,778		1,908,000	
Equipment Renewal and Replacement	1,687,142		2,499,757	
Unrestricted (Deficit)	(11,828,741)	10,588,447	(6,700,644)	10,724,713
Total Net Position	\$ 37,494,500	\$ 10,588,447	\$ 43,470,260	\$ 10,724,713

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, 2020 AND 2019

	2020		2019	
	Authority	Component Unit - CEZC	Authority	Component Unit - CEZC
OPERATING REVENUE:				
Landfill Tipping Fees	\$ 15,369,107	\$	\$ 13,958,130	\$
Lease/Rental Income	6,861,026	10,192	4,431,595	14,568
Interest Income on Leases	295,605		224,377	
Interest Income on Mortgages/Loans		125,416		203,447
Project Management Fee	1,185,466		1,204,187	154,000
Methane Gas Project Revenue	224,897		308,554	
Recycle Revenue	307,510		42,596	
Operating Grants	457,480	209,435	323,041	738,051
Project Income - Fleet Maintenance	313,108		507,846	
Administrative/Bond Transaction Fee	498,864		26,294	
Property Management Fee	996,625		931,000	
Other Operating Income	473,834	9,795	180,672	2,622
Total Operating Revenue	26,983,522	354,838	22,138,292	1,112,688
OPERATING EXPENSES:				
Cost of Providing Services	12,517,286	214,272	12,255,160	743,368
Administrative and General	4,421,924	276,832	3,814,864	391,246
Closure and Postclosure Costs	7,327,201		816,286	
Depreciation	7,700,878		7,100,739	
Total Operating Expenses	31,967,289	491,104	23,987,049	1,134,614
OPERATING LOSS	(4,983,767)	(136,266)	(1,848,757)	(21,926)
NON-OPERATING REVENUE (EXPENSES):				
Interest Income	479,436		749,524	
Interest Expense	(5,040,759)		(2,535,354)	
Net Increase (Decrease) in Fair Value of Investments	695,738		854,275	
Appropriated to County	(605,114)		(553,611)	
Forgivable Loans/Grants	(100,000)		(100,000)	
Debt Issue Costs Incurred	(58,461)		(139,215)	
Gain Disposal of Assets	82,941		66,350	
Contribution to Host Community/P.I.L.O.T. Program	(14,833)		(13,000)	
Other Non-Operating Income	1,295,631		1,026,954	
Total Non-Operating Revenue (Expenses)	(3,265,421)	-	(644,077)	-
LOSS BEFORE CAPITAL CONTRIBUTIONS	(8,249,188)	(136,266)	(2,492,834)	(21,926)
CAPITAL CONTRIBUTIONS	2,273,428		554,736	
CHANGE IN NET POSITION	(5,975,760)	(136,266)	(1,938,098)	(21,926)
NET POSITION-BEGINNING	43,470,260	10,724,713	45,408,358	10,746,639
TOTAL NET POSITION-ENDING	\$ 37,494,500	\$ 10,588,447	\$ 43,470,260	\$ 10,724,713

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, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers and Users	\$ 26,011,866	\$ 18,613,641
Cash Payments to Suppliers for Goods and Services	(7,819,579)	(7,574,304)
Cash Payments for Employee Services	(8,362,035)	(7,837,790)
Other Operating Receipts and Payments	299,366	1,503,236
Net Cash Provided by Operating Activities	10,129,618	4,704,783
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Appropriated to County	(605,114)	(553,611)
P.I.L.O.T. Program-Municipal	(14,833)	(13,000)
Loans/Lease Receivable	155,354	4,488,379
Other Non-Operating Revenue and Expenses	1,295,631	1,026,954
Net Cash Provided (Used) by Non-Capital Financing Activities	831,038	4,948,722
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(19,855,912)	(22,007,641)
Proceeds from Sale of Capital Assets	82,941	66,350
Proceeds from Loan/Lease Issues	3,225,000	-
Proceeds from Bond Issue	3,165,000	4,970,000
Premiums Received on the Issuance of Debt	-	564,135
Principal Paid on Bonds	(7,171,245)	(4,886,229)
Debt Issue Costs Paid	(58,461)	(139,215)
Interest Paid on Bonds	(3,742,144)	(2,410,125)
Capital Contributions	2,273,428	554,736
Net Cash Used by Capital and Related Financing Activities	(22,081,393)	(23,287,989)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investment Securities	(9,780,011)	(4,545,940)
Proceeds from Sale and Maturities of Investment Securities	28,253,980	47,880,665
Interest Received on Investments	1,256,809	1,687,466
Net Cash Provided by Investing Activities	19,730,778	45,022,191
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,610,041	31,387,707
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	66,485,133	35,097,426
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 75,095,174	\$ 66,485,133

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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
		(Continued)
CASH AND CASH EQUIVALENTS - STATEMENT OF NET POSITION		
Cash and Cash Equivalents - Unrestricted	\$ 917,493	\$ 1,844,811
Accounts Required by Authority's Bond Resolutions/Loan Agreements:		
Cash and Cash Equivalents	71,361,832	57,569,387
Cash Held by Fiscal Agent	422,221	6,127,820
Cash and Cash Equivalents - Other Restricted Accounts	<u>2,393,628</u>	<u>943,115</u>
	<u>\$ 75,095,174</u>	<u>\$ 66,485,133</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ (4,983,767)	\$ (1,848,757)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	7,700,878	7,100,739
Increase (Decrease) in Cash Resulting From Changes in:		
Customer Accounts Receivable	(385,495)	70,142
Other Receivables	(528,122)	1,389,901
Lease Receivables	(157,889,566)	957,761
Operating Grants Receivable	80,516	(140,599)
Inventories	(11,938)	(2,677)
Prepaid Expenses	(102,943)	4,182
Deferred Outflows Related to Pensions	(1,844,143)	(1,089,910)
Deferred Outflows Related to OPEB	(442,993)	(649,567)
Accounts Payable - Operations	(442,648)	348,565
Other Payables	-	(1,078,390)
Accrued Liabilities	(376,344)	400,759
Customer & Security Deposits	(12,914)	(7,566)
Landfill Taxes Payable	127,662	(5,523)
Host Community Benefit Payable	(208,501)	(164)
Unearned Revenue	273,138	73,262
License Agreement Escrow	109,016	(52,435)
Accrued Liabilities - Pension	300,707	120,378
Accrued Liabilities - OPEB	1,030,642	1,019,376
Accrued Compensated Absences	43,861	20,462
Net Pension Liability	1,544,941	1,081,467
Accrued Closure and Postclosure Costs	7,327,201	816,286
Deferred Inflows Related to Pensions	1,030,277	541,407
Deferred Inflows Related to Leases	<u>157,790,153</u>	<u>(4,364,316)</u>
Total Adjustments	<u>15,113,385</u>	<u>6,553,540</u>
Net Cash Provided by Operating Activities	<u>\$ 10,129,618</u>	<u>\$ 4,704,783</u>

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

NOTES TO THE FINANCIAL STATEMENTS

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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 2020 and 2019 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@cezc.org.

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

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.

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

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.

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

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.

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

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*

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

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, 2020 and 2019 there were five and four Series respectively of Conduit Bonds outstanding in the aggregate principal amount of \$121,185,000 and \$133,355,000 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 \$121,185,000 outstanding as of December 31, 2020 is \$40,500,000 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.

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

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 September 22, 2021, 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Pronouncements

During the year, management implemented GASB Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83). Issued in November 2016, 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 was postponed one year by GASB 95 as a result of the COVID-19 pandemic. The adoption of this Statement had no material impact on the Authority's financial statements.

During the year, management implemented GASB Statement No. 84, *Fiduciary Activities* (GASB 84). Issued in January 2017, 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 was postponed one year by GASB 95 as a result of the COVID-19 pandemic. The adoption of this Statement had no material impact on the Authority's financial statements.

During the year, management implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (GASB 88). Issued in April 2018, 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.

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 was postponed one year by GASB 95 as a result of the COVID-19 pandemic. The adoption of this Statement had no material impact on the Authority's financial statements however additional disclosures related to assets pledged as collateral for certain loans have been included in the notes to the financial statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Pronouncements (Continued)

During the year, management implemented GASB Statement No. 90, Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61 (GASB 90). Issued in August 2018, 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. The adoption of this Statement had no material impact on the Authority's financial statements.

Recent Accounting Pronouncements Not Yet Effective

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 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements Not Yet Effective (Continued)

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.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements Not Yet Effective (Continued)

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 provide 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.

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:

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Solid Waste System Revenue Bond Resolution (Continued)

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.

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.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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.

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.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

2015 Lease Revenue Bonds Resolution (Continued)

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.

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.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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.

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.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

2019 Lease Revenue Bonds Resolution (Continued)

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.

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.

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 2020 and 2019, Revenues as defined were sufficient to meet the rate covenant contained in Section 712 (2) of the Authority's Bond Resolution.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

**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").

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 years 2020 and 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	\$ 1,729,730	\$ 1,535,081	\$ 1,766,525
Cash and Investments	526,894	1,959,768	1,879,432
Surplus (Deficit)	<u>\$ (1,202,836) *</u>	<u>\$ 424,687</u>	<u>\$ 112,907</u>

*Deficit is the result of timing differences – additions were made to the Operating Fund in January 2021.

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	\$ 466,144	\$ 140,306	\$ 110,613
Cash and Investments	460,200	113,583	238,173
Surplus (Deficit)	<u>\$ (5,944) *</u>	<u>\$ (26,723) *</u>	<u>\$ 127,560</u>

*Deficit is the result of timing differences – additions were made to the 2014 and 2015 Debt Service Funds in January 2021.

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.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

ARBITRAGE RULES (CONTINUED)

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, 2020 and 2019, no material arbitrage profits were subject to rebate.

NOTE 3 DETAIL NOTES - ASSETS

CASH AND CASH EQUIVALENTS

At December 31, 2020 the carrying amount and bank balance of the Authority's time and demand deposits were \$3,203,715 and \$3,865,284, respectively. 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. 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, 2020, \$500,000 of the Authority's bank balance of \$3,865,284 was insured and \$3,365,284 was uninsured and collateralized. 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.

In addition to the bank deposits described above, as of December 31, 2020 and 2019, the Authority had \$54,921,775 and \$41,971,329 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, 2020 and 2019 the Authority had \$16,547,463 and \$16,025,214, 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, 2020 and 2019 the Authority also reported Cash Held by Fiscal Agent in the amount of \$422,221 and \$6,127,820 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.

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

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 investments (\$19,793,604 at December 31, 2020 and \$38,276,573 at December 31, 2019) 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, 2020, the Authority had the following investments and maturities:

	<u>Quality/Rating</u>	<u>Total Fair Value</u>			
	Treasury/Agency	\$ 17,819,427			
	AAA				
	AA2	244,257			
	A				
	Other	1,729,920			
	Total Investments	<u>\$ 19,793,604</u>			
<u>Investment Maturities (in Years)</u>					
	Less				Greater
Total	than 1	1-5	6-10	than 10	
<u>\$ 19,793,604</u>	<u>\$ 2,446,375</u>	<u>\$ 8,706,119</u>	<u>\$6,393,873</u>	<u>\$2,247,237</u>	

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

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

INVESTMENTS (CONTINUED)

As of December 31, 2019, the Authority had the following investments and maturities:

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

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

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, 2020 and the investment of \$2,112,500 is reported on the Statement of Net Position.

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

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, 2020	Earned/ Expended 2020	Received 2020	Receivable (Unearned Revenue) Dec. 31, 2020
NJDEP:				
Recycling Grants:				
REA Tax Entitlement Grant				
2019	\$ (9,279)	\$ 152,599	\$ 143,320	\$ -
Clean Communities				
(Passed through the				
County of Cumberland)				
2020		172,382	172,382	
LWD OTJ Stem Grants		504	504	
TD Bank Sponsorship Grant		5,000	5,000	
Wellness Grant Southern NJ				
Reg. Employee Ben. Funds		4,725		4,725
FEMA Grant		30,055	22,541	7,514
Opportunity Zone Grant		100,000	50,000	50,000
NJEDA Grant		185,420	185,420	
USEDA Food Project Grant	392,755	1,855,089	1,997,844	250,000
	<u>\$ 383,476</u>	<u>\$2,505,774</u>	<u>\$2,577,011</u>	<u>\$ 312,239</u>

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, 2020 and 2019 is \$0 and \$100,000, respectively.

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

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, 2020 and 2019 is \$0 and \$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, 2020 and 2019 is \$314,494 and \$366,453 respectively. The current portion of the receivable at December 31, 2020 is \$52,089.

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

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

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, 2020 and 2019 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, 2020 and 2019 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:

Lessee	Number of Leases	Lease Term
County of Cumberland	5	(2) Leases are for 20 years; (2) Leases are for 10 Years with (2) 5-year extensions; (1) Lease is for 40 years
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	2	(1) Lease is for 15 years; (1) Lease is for 25 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
Vineland Board of Education	1	5 Years

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

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

LEASE RECEIVABLES AND DEFERRED INFLOWS – LEASES (CONTINUED)

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 2020 and 2019 were \$6,909,883 and \$4,364,316 respectively and the Interest portion of Lease payments received in 2020 and 2019 was \$295,605 and \$224,377 respectively.

The following is a summary of changes in lease receivables for the years ended December 31, 2020 and 2019.

	Balance Jan. 1, 2020	2020 Leases	2020 Reductions	Balance Dec. 31, 2020	Amounts Due Within One Year
Lease					
Receivables	<u>\$ 60,600,644</u>	<u>\$ 164,702,190</u>	<u>\$ (6,812,624)</u>	<u>\$ 218,490,210</u>	<u>\$ 9,051,160</u>

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

The annual lease payments to be received by the Authority, including principal and interest, as of December 31, 2020 are as follows:

Year Ending December 31,	Future Lease Payments		
	Principal	Interest	Total
2021	\$ 9,051,160	\$ 369,293	\$ 9,420,453
2022	8,963,973	365,173	9,329,146
2023	9,034,377	368,099	9,402,476
2024	9,076,866	370,126	9,446,992
2025	9,119,500	371,848	9,491,348
2026-2030	42,052,247	1,800,732	43,852,979
2031-2035	41,428,629	1,769,027	43,197,656
2036-2040	26,257,597	1,172,822	27,430,419
2041-2045	19,665,465	888,284	20,553,749
2046 - Thereafter	<u>43,840,396</u>	<u>2,017,970</u>	<u>45,858,366</u>
	<u>\$ 218,490,210</u>	<u>\$ 9,493,374</u>	<u>\$ 227,983,584</u>

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

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance Jan. 1, 2020	Additions	Reductions	Balance Dec. 31, 2020
Non-Depreciable Capital Assets:				
Land	\$ 6,373,174	\$ 380,000	\$ -	\$ 6,753,174
Construction In Progress	17,100,036	15,873,152	4,483,209	28,489,979
Total Non-Depreciable Capital Assets	23,473,210	16,253,152	4,483,209	35,243,153
Depreciable Capital Assets:				
Building and Related Improvements	102,360,073	1,187,564		103,547,637
Improvements Other than Buildings	82,597,580	4,276,284		86,873,864
Machinery And Equipment	16,839,832	1,796,148	380,265	18,255,715
Office Equipment	605,566	51,874	14,997	642,443
Total Depreciable Capital Assets	202,403,051	7,311,870	395,262	209,319,659
Less Accumulated Depreciation:				
Building and Related Improvements	25,146,325	4,067,709		29,214,034
Improvements Other than Buildings	45,377,256	2,098,936		47,476,192
Machinery And Equipment	11,601,699	1,526,925	380,265	12,748,359
Office Equipment	583,328	7,308	14,997	575,639
Less Accumulated Depreciation	82,708,608	7,700,878	395,262	90,014,224
Net Depreciable Capital Assets	119,694,443	(389,008)	-	119,305,435
Total Capital Assets, Net	<u>\$ 143,167,653</u>	<u>\$ 15,864,144</u>	<u>\$ 4,483,209</u>	<u>\$ 154,548,588</u>

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

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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	21,748,024	3,397,441		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	76,120,498	7,100,739	513,489	82,708,608
Net Depreciable Capital Assets	97,069,040	22,626,177	(86)	119,694,443
Total Capital Assets, Net	<u>\$130,470,006</u>	<u>\$48,525,884</u>	<u>\$35,827,377</u>	<u>\$143,167,653</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was charged to:

	2020	2019
Solid Waste Operations	\$ 4,265,960	\$ 4,464,221
Other Operations	3,434,918	2,636,518
	<u>\$7,700,878</u>	<u>\$7,100,739</u>

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

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, 2020 consists of serial and term bonds that mature in various amounts ranging from \$1,535,000 in 2021 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, 2020 and 2019 is \$10,405,000 and \$11,865,000 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 and the related lease receivables 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.

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

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable (Continued)

The outstanding balance of the Series 2014 Bonds at December 31, 2020 consists of serial and term bonds that mature in various amounts ranging from \$550,000 in 2021 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, 2020 and 2019 is \$15,295,000 and \$15,820,000, respectively.

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 through 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. Lease revenues and the related lease receivables from this property are pledged to the payment of debt service on the 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, 2020 consists of serial bonds that mature in various amounts ranging from \$250,000 in 2021 to \$395,000 in 2030 with an interest rate of 3.690%. The outstanding balance of the Series 2015 Bonds at December 31, 2020 and 2019 is \$3,180,000 and \$3,360,000, 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, 2020 consists of serial maturities ranging from \$100,000 in 2021 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, 2020 and 2019, \$2,225,000 and \$2,325,000 principal amount of the Series 2017A NJEIT Bonds remained outstanding, respectively and \$6,222,521 and \$6,611,428 principal amount of the Series 2017B NJEIT Bonds remained outstanding, respectively.

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

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable (Continued)

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 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 \$261,000 in 2021 to \$912,000 in 2042. As of December 31, 2020 and 2019, the outstanding balance is \$11,522,000 and \$11,768,000 respectively.

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 have been 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. Lease revenues and the related lease receivables from this property are pledged to the payment of debt service on the Bonds. 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, 2020 and 2019, 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 \$167,000 in 2021 to \$286,000 in 2033. As of December 31, 2020 and 2019, the outstanding balance is \$2,891,000 and \$3,050,000 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 were initially to 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 foot, approximately 408 bed correctional facility and a 25,000 square foot, three-story holding center and criminal courtroom facility. A portion of this project is on hold, however, Lease revenues and the related lease receivables from this project continue to be due and payable to the Authority and are pledged to the payment of debt service on the Bonds. The Bonds bear interest at 4.00% to 5.50%. Principal maturities range from \$640,000 in 2021 to \$3,355,000 in 2058. As of December 31, 2020 and 2019, the outstanding balance is \$64,380,000 and \$64,990,000.

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

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable (Continued)

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 were 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 Series 2019 Bonds are secured by the provisions of a guaranty of the County of Cumberland and by a lien on the pledged property. The Bonds bear interest at 3.00% to 5.00%. Principal maturities range from \$85,000 in 2021 to \$295,000 in 2049. As of December 31, 2020 and 2019 the outstanding balance is \$4,885,000 and \$4,970,000 respectively.

In April of 2020, the Authority issued its Lease Revenue Bonds (Vineland Board of Education Bus Depot Expansion Project), Series 2020, in the initial aggregate principal amount of \$3,165,000 to provide funds which will be used to finance the expansion of the City of Vineland School District’s bus depot in the City of Vineland, County of Cumberland, New Jersey together with all other costs and expenses necessary for or related to the development, construction and equipping of the Bus Depot Expansion. Lease revenues and the related lease receivables from this property are pledged to the payment of debt service on the Bonds. The Bonds bear interest at 1.52%. Principal maturities range from \$615,000 in 2021 to \$650,000 in 2025. As of December 31, 2020, the outstanding balance is \$3,165,000.

Loans/Notes Payable

In December 2017, the Authority (“Borrower”) secured a term loan with TD Bank, N.A. (“Lender”) in the amount of \$7,357,350 at a fixed interest rate of 3.86%. The loan is secured by property located at E. Broad to Willow Streets, City of Bridgeton, Cumberland County, New Jersey to be used to fund a loan from the Borrower to the Investment Fund in connection with the NMTC Transaction and to pay costs and expenses incident to closing the Loan. Principal payments commenced in February of 2019. As of December 31, 2020 and 2019, the outstanding balance is \$5,100,679 and \$7,105,194 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 outstanding balance as of December 31, 2020 and 2019 is \$1,000,000 and \$1,000,000 respectively.

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

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

Loans/Notes Payable (Continued)

In July 2018, the Authority secured financing for certain equipment acquisitions (via lease/purchase agreements) in the amount of \$3,000,000 related to the Compressed Natural Gas (CNG) Facility located at the Authority's Solid Waste Complex, and \$700,000 related to one of the Authority's leased facilities (51-71 W. Park Avenue, Vineland, New Jersey). The \$3,000,000 borrowing is for a 10-year term at 3.380% interest. Principal payments range from \$274,822 in 2021 to \$346,823 in 2028. The outstanding balance at December 31, 2020 and 2019 is \$2,477,017 and \$2,742,854 respectively. The \$700,000 borrowing is for a 7-year term at 3.240% interest. Principal payments range from \$96,665 in 2021 to \$109,815 in 2025. The outstanding balance at December 31, 2020 and 2019 is \$515,676 and \$609,307 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 equipment acquired with these proceeds are used as collateral to secure the outstanding loan balance. The loan is for a 5 year term bearing interest at a rate of 2.10%. Principal payments range from \$39,160 in 2021 to \$41,680 in 2024. The outstanding balance at December 31, 2020 and 2019 is \$161,645 and \$200,000 respectively.

In April 2020, the Authority secured a loan from TD Bank, NA. in the amount of \$725,000 in connection with the acquisition of certain equipment. The equipment acquired with these proceeds are used as collateral to secure the outstanding loan balance. The loan is for a 5 year term bearing interest at a rate of 1.750%. Principal payments range from \$140,013 in 2021 to \$150,075 in 2025. The outstanding balance at December 31, 2020 is \$725,000.

In October 2020 the Authority secured a loan from TD Bank, NA. in the amount of \$1,650,000 in connection with the acquisition of certain equipment. The equipment acquired with these proceeds are used as collateral to secure the outstanding loan balance. The loan is for a 7 year term bearing interest at a rate of 1.450%. Principal payments range from \$225,657 in 2021 to \$246,015 in 2027. The outstanding balance at December 31, 2020 is \$1,650,000.

In December 2020 the Authority secured a loan from TD Bank, NA. in the amount of \$850,000 in connection with the acquisition of certain equipment. The equipment acquired with these proceeds are used as collateral to secure the outstanding loan balance. The loan is for a 5 year term bearing interest at a rate of 1.430%. Principal payments range from \$165,207 in 2021 to \$174,862 in 2025. The outstanding balance at December 31, 2020 is \$850,000.

Accrued Closure and Postclosure Care Costs

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

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

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

Accrued Closure and Postclosure Care Costs (Continued)

The \$34,183,516 reported as accrued closure and postclosure care costs at December 31, 2020 represents the cumulative amount reported to date based on the use of approximately 61.58% of the estimated capacity of the landfill.

The Authority will recognize the remaining \$21,330,968 of the total estimated cost of closure and postclosure care of \$55,514,484 as the remaining estimated capacity is filled.

These amounts are based on what it would cost to perform all closure and postclosure care in 2020. 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, 2020, cash and investments of \$19,067,878 (\$18,515,177-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. That report reflected a change in timing, methodology and cost of final closure from the previous report resulting in a change in accounting estimate. This resulted in an increase in the accrued closure postclosure cost from December 31, 2019 to 2020, and, therefore an expense for 2020 in the amount of \$7,327,201. Note the expense for 2019 was \$816,286.

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.

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

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, 2020:

Type of Debt:	Balance Jan. 1, 2020	Additions	Reductions	Balance Dec. 31, 2020	Amounts Due Within One Year
Revenue Bonds Payable:					
Solid Waste System					
Revenue Bonds:					
Series 2015A	\$ 11,865,000	\$ -	\$1,460,000	\$ 10,405,000	\$1,535,000
Series 2017	8,936,428		488,907	8,447,521	488,908
Lease/Other Revenue Bonds:					
Series 2015	3,360,000		180,000	3,180,000	250,000
Series 2014	15,820,000		525,000	15,295,000	550,000
Capital Bank Series 2017	11,768,000		246,000	11,522,000	261,000
Vld PD Series 2017	21,935,000			21,935,000	640,000
Capital Bank Series 2018	3,050,000		159,000	2,891,000	167,000
DOC Series 2018	64,990,000		610,000	64,380,000	640,000
Series 2019 County					
Guaranteed-Admin. Bldg.	4,970,000		85,000	4,885,000	85,000
Vineland Bd of Ed Series 2020		3,165,000		3,165,000	615,000
Unamortized Debt Premium	4,976,821		227,841	4,748,980	
Total Revenue Bonds Payable	151,671,249	3,165,000	3,981,748	150,854,501	5,231,908
Loans Payable:					
CEZC	1,000,000			1,000,000	
Series 2017 Food					
Specialization Center	7,105,194		2,004,515	5,100,679	370,216
Equip. Loan-W. Park	609,307		93,631	515,676	96,665
Equip. Loan-CNG Station	2,742,854		265,837	2,477,017	274,822
Equip. Loan-2019	200,000		38,355	161,645	39,160
Equip. Loan-2020 Food Spec.		1,650,000		1,650,000	225,658
Equip. Loan-2020 Solid Waste		1,575,000		1,575,000	305,220
Total Loans Payable	11,657,355	3,225,000	2,402,338	12,480,017	1,311,741
Accrued Closure and Postclosure Care Costs	26,856,315	7,327,201		34,183,516	
Net Pension Liability	7,392,102	1,544,941		8,937,043	
Accrued Liability-Pensions	199,527	100,236		299,763	
Net OPEB Obligation	2,870,421	1,030,642		3,901,063	
Accrued Comp Absences	162,197	43,861		206,058	
	<u>\$200,809,166</u>	<u>\$16,436,881</u>	<u>\$6,384,086</u>	<u>\$210,861,961</u>	<u>\$6,543,649</u>

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

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	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 Comp Absences	141,735	28,891	8,429	162,197	
	<u>\$197,183,543</u>	<u>\$8,750,101</u>	<u>\$5,124,478</u>	<u>\$200,809,166</u>	<u>\$6,399,575</u>

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

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, 2020 are as follows:

Year Ending December 31,	Solid Waste Revenue Bonds		Lease Revenue Bonds		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 2,023,908	\$ 504,319	\$ 3,208,000	\$ 5,406,622	\$ 1,311,741	\$ 374,259
2022	2,103,907	420,694	3,282,000	5,271,273	1,128,158	343,986
2023	2,188,907	332,944	3,458,000	5,132,789	1,156,607	315,536
2024	2,288,908	240,694	3,599,000	4,987,670	6,400,485	311,952
2025	2,373,907	152,994	3,552,000	4,838,860	1,476,203	63,875
2026-2030	4,564,538	246,819	18,038,000	21,966,768	1,006,823	79,466
2031-2035	2,744,538	107,406	19,918,000	17,810,023	-	-
2036-2040	563,908	5,909	22,336,000	13,275,110	-	-
2041-2045	-	-	14,692,000	9,209,480	-	-
2046-2050	-	-	35,170,000	11,877,550	-	-
	<u>18,852,521</u>	<u>\$ 2,011,779</u>	<u>127,253,000</u>	<u>\$ 99,776,145</u>	<u>12,480,017</u>	<u>\$ 1,489,074</u>
Add:						
Unamortized Debt Premium	<u>491,699</u>		<u>4,257,281</u>			
	<u>\$ 19,344,220</u>		<u>\$ 131,510,281</u>		<u>\$ 12,480,017</u>	

COMMITMENTS AND CONTINGENCIES

As of December 31, 2020 and 2019 the Authority has entered into various commitments for construction related professional services and construction contracts in its Solid Waste Operation in the amount of \$3,110,245 and \$2,278,207 respectively. Costs incurred on those contracts to December 31, 2020 and 2019 totaled \$1,933,028 and \$1,764,918 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, 2020 and 2019 the Authority has entered into various commitments for construction related professional services and construction contracts in its Other Operations in the amount of \$84,142,153 and \$40,835,334 respectively. Costs incurred on those contracts to December 31, 2020 and 2019 totaled \$30,260,333 and \$31,195,027 respectively.

Litigation - The Authority is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Authority, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

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

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.

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

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.

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

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, 2020, 2019 and 2018, were 14, 16 and 19, respectively. For the years ended December 31, 2020, 2019 and 2018, the Authority's contributions for covered employees were \$4,657, \$5,598 and \$5,432, 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 2020, 2019 and 2018, 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 2020 and 7.50% in State fiscal year 2019. Employee contributions were \$302,578, \$302,828 and \$225,900 for the years ended December 31, 2020, 2019, and 2018, respectively. The payroll subject to pension for the Authority's employees covered by PERS was \$3,997,062, \$3,933,635 and \$2,830,522 for the years ended December 31, 2020, 2019 and 2018, 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 \$599,525, \$399,054 and \$318,802 for the years ended December 31, 2020, 2019, and 2018, respectively, and is included in the accompanying financial statements. The percentage of employer's contribution rate as a percentage of covered payroll for 2020, 2019 and 2018 was 15.00%, 10.14% and 11.26%, respectively.

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

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, 2020 and 2019, the Authority reported a liability of \$8,937,053 and \$7,392,112, respectively for its proportionate share of the net pension liability. The net pension liability at December 31, 2020 and 2019 were measured as of June 30, 2020 and 2019, respectively. The total pension liability used to calculate the net pension liability on June 30, 2020 and 2019 was determined by an actuarial valuation as of July 1, 2019 and 2018, respectively. At June 30, 2020, the Authority's proportion was 0.05480371490%, which was an increase of 0.0137785509% from its proportion measured as of June 30, 2019. 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 December 31, 2020 and 2019, respectively, the Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>June 30, 2020</u>		<u>June 30, 2019</u>	
	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience	\$ 162,729	\$ 31,605	\$ 132,679	\$ 32,655
Changes of Assumptions	289,928	3,742,029	738,130	2,565,779
Net Difference between Projected and Actual Earnings on Pension Plan Investments	305,476	-	-	116,687
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	3,950,066	-	2,093,483	28,236
Authority Contributions Subsequent to the Measurement Date	299,763	-	199,527	-
	<u>\$ 5,007,962</u>	<u>\$ 3,773,634</u>	<u>\$ 3,163,819</u>	<u>\$ 2,743,357</u>

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

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 \$299,763 and \$199,527 will be included as a reduction of the net pension liability in the year ending December 31, 2021 and 2020, respectively. This amount is based on an estimated April 1, 2021 and April 1, 2020 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	
<u>Dec 31,</u>	<u>Amortization</u>
2021	\$ 347,557
2022	316,865
2023	181,080
2024	73,226
2025	15,837
2026	<u>-</u>
	<u><u>\$ 934,565</u></u>

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

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:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
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	-
June 30, 2020	5.16	-
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
June 30, 2020	-	5.16
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
June 30, 2020	5.00	-

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

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2020 and 2019 measurement dates were determined by actuarial valuations as of July 1, 2019 and 2018, respectively, which were rolled forward to June 30, 2020 and 2019, respectively.

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases Based on Years of Service:		
Through 2026	2.00% - 6.00%	2.00% - 6.00%
Thereafter	3.00% - 7.00%	3.00% - 7.00%
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, 2014 - June 30, 2018

For the June 30, 2020 and 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.

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

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020 and 7.00% at June 30, 2019) 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, 2020 and 2019 are summarized in the table on the following page:

	<u>June 30, 2020</u>		<u>June 30, 2019</u>	
<u>Asset Class</u>	<u>Target</u>	<u>Long-Term</u> <u>Expected Real</u>	<u>Target</u>	<u>Long-Term</u> <u>Expected Real</u>
	<u>Allocation</u>	<u>Rate of Return</u>	<u>Allocation</u>	<u>Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	50.00%	5.00%	2.00%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Assets	3.00%	9.73%	2.50%	9.31%
Private Equity	13.00%	11.42%	12.00%	10.85%
Emerging Market Equities	5.50%	10.23%	6.50%	11.37%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
Non-U.S. Market Equity	13.50%	8.57%	12.50%	9.00%
Real Estate	8.00%	9.56%	7.50%	8.33%
High Yield	2.00%	5.95%	2.00%	5.37%
U.S. Equity	27.00%	7.71%	28.00%	8.26%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
	<u>100.00%</u>		<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% and 6.28% as of June 30, 2020 and 2019, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on these assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

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

The following presents the Authority's proportionate share of the net pension liability at June 30, 2020 and 2019, 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, 2020		
	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 11,250,259</u>	<u>\$ 8,937,053</u>	<u>\$ 7,678,131</u>
	June 30, 2019		
	1% Decrease <u>5.28%</u>	Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 9,337,439</u>	<u>\$ 7,392,112</u>	<u>\$ 5,752,899</u>

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.

DEFERRED COMPENSATION PLAN (CONTINUED)

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.

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

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan Description and Benefits Provided - The self-insured plan will be administered through Southern Coastal Regional Employee Benefits Fund/PERMA. The plan provides fully paid health benefits to employees retiring with the minimum of fifteen (15) years of service with the Authority and has reached the threshold of sixty-two (62) years of age. The benefits would be available to the employee from the age of eligibility (62 years) until the employee reaches the age of sixty-five (65). 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, 2020 and 2019, the following employees were covered by the benefit terms:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Retired Employees Receiving Benefits	0	0
Active Employees Eligible to Retire and Receive Benefits	0	1
Active Employees	<u>56</u>	<u>53</u>
Total Participants	<u><u>56</u></u>	<u><u>54</u></u>

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

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, 2020 and 2019, 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 \$3,901,063 as of December 31, 2020 was measured as of December 31, 2020. The liabilities were determined by an actuarial valuation as of December 31, 2020. 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.

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

Deferred outflows of resources related to OPEB in the amount of \$1,092,560 and \$649,567 at December 31, 2020 and 2019 respectively will be recognized in OPEB expense as follows:

2021	\$	70,661
2022		70,661
2023		70,661
2024		70,661
2025		70,661
Thereafter		<u>739,255</u>
	\$	<u><u>1,092,560</u></u>

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

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, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
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	2.12%	2.74%
CPI Increase	2.50%	2.50%
Salary Increase	2.50%	2.50%
Medical Trend	5.6% in 2020, reducing by 0.1% per year, leveling at 5% in 2026	5.7% in 2019, reducing by 0.1% per year, leveling at 5% in 2026
Prescription Trend	9.4% in 2020, reducing by 0.5% per year to 2022 and 1.0% thereafter, leveling at 5% in 2026	9.5% in 2019, 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.

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

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 years ended December 31, 2020 and 2019:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Balance at Beginning of Year	\$2,870,421	\$1,851,045
Changes for the Year:		
Service Cost	\$ 426,648	\$ 243,295
Interest Cost	90,340	85,868
Change in Assumptions	<u>513,654</u>	<u>690,213</u>
Net Changes	<u>1,030,642</u>	<u>1,019,376</u>
Balance at End of Year	<u><u>\$3,901,063</u></u>	<u><u>\$2,870,421</u></u>

In the fiscal year ended December 31, 2020 and 2019, 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 using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>December 31, 2020</u>		
	<u>1% Decrease 3.12%</u>	<u>Current Discount Rate 2.12%</u>	<u>1% Increase 1.12%</u>
Total OPEB Liability	<u>\$3,953,116</u>	<u>\$ 3,901,063</u>	<u>\$3,855,324</u>
	<u>December 31, 2019</u>		
	<u>1% Decrease 3.74%</u>	<u>Current Discount Rate 2.74%</u>	<u>1% Increase 1.74%</u>
Total OPEB Liability	<u>\$2,990,084</u>	<u>\$ 2,870,421</u>	<u>\$2,766,233</u>

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

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, 2020		
	<u>1% Decrease</u>	<u>Health Care Cost Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$3,826,404</u>	<u>\$ 3,901,063</u>	<u>\$4,162,664</u>
	December 31, 2019		
	<u>1% Decrease</u>	<u>Health Care Cost Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$2,818,688</u>	<u>\$ 2,870,421</u>	<u>\$2,950,594</u>

OPEB Expense

For the year ended December 31, 2020 and 2019, the Authority recognized OPEB expense of \$587,649 and \$369,809, respectively.

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

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.

	<u>2020</u>	<u>2019</u>
<u>Solid Waste Operation:</u>		
Operations	\$ 1,729,730	\$ 1,571,390
Debt Service	1,535,000	1,460,000
Equipment Renewal and Replacement	<u>1,687,142</u>	<u>2,499,757</u>
	4,951,872	5,531,147
<u>Other Operations:</u>		
Debt Service	<u>502,778</u>	<u>448,000</u>
 Total Restricted	 <u><u>\$ 5,454,650</u></u>	 <u><u>\$ 5,979,147</u></u>

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 Authority, also by resolution, removed this designation in 2020. The amount of net position designated for self-insurance as of December 31, 2020 and 2019 is \$-0- and \$601,250, respectively.

The Solid Waste Operation’s unrestricted net position-designated for subsequent year’s expenditures at December 31, 2020 and 2019 consists of \$775,967 and \$605,114, respectively; which has been appropriated and included as anticipated revenue in the Authority's 2021 and 2020 budgets respectively.

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

	<u>2020</u>	<u>2019</u>
City of Millville	<u><u>\$ -</u></u>	<u><u>\$ 100,000</u></u>

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

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, 2020 and 2019 is \$278,353 and \$-0-, respectively.

Undesignated Net Position:

Solid Waste Operations

The balance of unrestricted and undesignated net position (deficit) as of December 31, 2020 and 2019 of \$(11,503,930) and \$(4,407,148) respectively, is comprised of the following:

	<u>2020</u>	<u>2019</u>
Amount Related to Pensions (GASB 68 and 71)	\$ (7,791,522)	\$ (7,074,434)
Amount Related to OPEB (GASB 75)	(2,239,863)	(1,831,446)
Undesignated before GASB 68, 71 Pension and GASB 75 OPEB Related Items	<u>(1,472,545)</u>	<u>4,498,732</u>
	<u><u>\$ (11,503,930)</u></u>	<u><u>\$ (4,407,148)</u></u>

Other Operations

The balance of unrestricted and undesignated net position (deficit) as of December 31, 2020 and 2019 of \$(1,379,131) and \$(2,293,496) respectively, is comprised of the following:

	<u>2020</u>	<u>2019</u>
Amount Related to Pensions (GASB 68 and 71)	\$ (810,491)	\$ (495,797)
Amount Related to OPEB (GASB 75)	(568,640)	(389,407)
Undesignated before GASB 68, 71 Pension and GASB 75 OPEB Related Items	<u> </u>	<u>(1,408,292)</u>
	<u><u>\$ (1,379,131)</u></u>	<u><u>\$ (2,293,496)</u></u>

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

NOTE 7 INTEREST EXPENSE

Interest expense consisted of the following:

	<u>2020</u>	<u>2019</u>
Interest on Bonds and Notes	\$ 7,078,601	\$ 5,880,190
Add: Amortization of Deferred Loss on Defeasance of Debt	69,849	80,861
Less: Amortization of Premium on Bonds	(227,840)	(250,145)
Less: Capitalized to Construction in Progress	<u>(1,879,856)</u>	<u>(3,175,552)</u>
Net Interest Expense	<u>\$ 5,040,754</u>	<u>\$ 2,535,354</u>

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, 2020, 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. In September 2016, the Authority switched to a self-insured health insurance fund, Southern Coastal Regional Employee Benefits Fund which is administered by PERMA.

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

NOTE 9 MAJOR CUSTOMERS - CONCENTRATION

In 2020, approximately fifty-six percent (56%) of the solid waste received by the Authority at its Solid Waste Complex was delivered by four (4) haulers. In 2019, the top four (4) haulers also delivered approximately fifty-six percent (56%).

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 June of 2021, the Authority adopted a resolution authorizing the issuance and sale of up to \$21,000,000 aggregate principal amount of the Authority's City General Obligation Lease Revenue Bonds (Vineland Public Facilities Projects) Series 2021. The Series 2021 Bonds are to be issued to provide funds which will be used to pay for the construction, furnishing and equipping of a new public safety building on a certain piece of real property currently owned by the City of Vineland as well as capitalized interest and the costs of issuance. No bonds have been issued pursuant to this Bond Resolution as of the date of this report.

In June of 2021, the Authority adopted a resolution authorizing the issuance and sale of its County-Guaranteed Subordinate Project Notes, Series 2021, in the principal amount of up to \$6,000,000. The Authority has applied to NJIB for a low cost loan program related to the construction of the Side Slope Restoration/LFG Main Header Installation Project, which would be funded by the Series 2021 Project Notes. No Project Notes have been issued pursuant to this Project Note Resolution as of the date of this report.

In February of 2021, the Authority authorized the sale of certain real property located at 51 West Park Avenue in the City of Vineland, New Jersey. The agreement was subsequently executed in the amount of \$9,750,000 with settlement expected to occur thirty (30) days following Purchaser's receipt of all Development Approvals.

In March of 2020 the Authority issued a contract to a construction contractor, 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 April of 2021 the Authority approved Change Order Number 1, Settlement and Release Agreement and Termination of the contract with the construction contractor.

In July of 2021, the Authority authorized a lease and purchase agreement for the property owned by the Authority located at 2 N. High Street, Millville, NJ. Under this agreement the Authority would receive \$100,000/year for five (5) years plus \$625/month for PILOT costs,

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

NOTE 11 SUBSEQUENT EVENTS (CONTINUED)

with an option to purchase the building at the end of the lease term for \$1. The agreement was subsequently revised to a purchase agreement in the amount of \$500,000 with annual payments in the amount of \$100,000 plus an administrative fee of 3% per annum.

In August of 2021, the Authority authorized the submission of an application to the New Jersey Local Finance Board to seek its positive findings for the proposed issuance by the Authority of up to \$13,000,000 aggregate principal amount of City General Obligation Lease Revenue Bonds (Bridgeton Fire Station Project), Series 2021. As of the date of this report this application has not yet been considered by the Local Finance Board and no Bonds have been authorized or issued.

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 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.

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).

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

NOTE 12 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2020.

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.

Mortgages Receivable - Mortgage's receivable are carried at unpaid principal balances, less an allowance for losses. Management's periodic evaluation of the adequacy of the allowance is based on the CEZC's past loan loss experience, specific impaired loans, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. Past due status is based on contractual terms. Mortgages are considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms.

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

NOTE 12 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, 2020 and 2019, the allowance for uncollectible accounts is \$453,877 and \$332,385, 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 December 31, 2020 and 2019 exceeded the federally insured limits by \$7,341,414 and \$6,860,499, 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, 2020 and 2019, the US Department of Education has provided the organization with \$0 and \$608,695 respectively.

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

NOTE 12 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, 2020 is \$371,675 with \$128,325 lent to borrowers, and is recorded in Unearned Grant Revenue in the Statements of Net Position.

G. 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. The CEZC will continue to hold the property until the debt is lower before transferring it back to the Jacksons.

H. 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, 2020 and 2019 is \$60,417 and \$60,417, respectively.

I. 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. The cost of these services for December 31, 2020 and 2019 were \$109,277 and \$382,204, respectively.

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

NOTE 12 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)

J. MORTGAGES RECEIVABLE

Mortgages receivable consisted of the following at December 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Mortgage Receivable (HUD Projects)	\$ 1,307,213	\$ 1,451,570
Mortgage Receivable (2nd Generation Funds)	2,368,974	2,722,925
Mortgage Receivable (UEZ Loans)	128,324	128,324
Less: Allowance for Doubtful Accounts	<u>(453,877)</u>	<u>(332,385)</u>
	<u>\$ 3,350,634</u>	<u>\$ 3,970,434</u>

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.

K. SUBSEQUENT EVENTS

In January 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) as a *Public Health Emergency of Internal Concern*, which has developed rapidly throughout 2020, with a significant number of cases. Measures taken by various governments to contain the virus has affected economic activity. As of the date of these financial statements, we are unable to determine the economic impact the virus will have on the CEZC.

On May 20, 2020, Vineland Development Corp. (VDC) sold the Landis Theatre to Ghostlight Theatrical Productions, LLC for \$900,000. On February 12, 2021, the CEZC reached an agreement with the Vineland Development Corp. to accept payment of \$450,000 in satisfaction of their \$750,000 loan. This payment from VDC released CEZC from any rights they might have against the Landis Theatre. The \$300,000 was written off to the allowance account in 2021.

The Company has evaluated subsequent events through March 16, 2021, the date which the financial statements were available to be issued.

**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)

	2020	2019	2018	2017	2016	2015	2014	2013
Authority's Proportion of the Net Pension Liability	0.0548037149%	0.0410251640%	0.0320508100%	0.0307909211%	0.0302375415%	0.0286952278%	0.0234671743%	0.0256294937%
Authority's Proportionate Share of the Net Pension Liability	\$ 8,937,053	\$ 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)	\$ 3,878,288	\$ 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	230.44%	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	79.18%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Schedule of Employer Contributions

	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 599,525	\$ 399,054	\$ 318,802	\$ 285,245	\$ 268,626	\$ 246,702	\$ 193,460	\$ 193,113
Contributions in Relation to the Contractually Required Contribution	(599,525)	(399,054)	(318,802)	(285,245)	(268,626)	(246,702)	(193,460)	(193,113)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered-Employee Payroll	\$ 3,997,062	\$ 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	15.00%	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, 2019 and 2018 actuarial valuation

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

2020	2019	2018	2017	2016	2015	2014	2013
7.00%	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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 426,648	\$ 243,295	\$ 243,295
Interest on Total OPEB Liability - Over Measurement Period	90,340	85,868	72,904
Benefit Payments			
Recognition of Assumption Changes	<u>70,661</u>	<u>40,646</u>	
Net Change on Total OPEB Liability	587,649	369,809	316,199
Total OPEB Liability - Beginning	<u>2,870,421</u>	<u>1,851,045</u>	<u>1,534,846</u>
Total OPEB Liability - Ending	<u><u>\$ 3,458,070</u></u>	<u><u>\$ 2,220,854</u></u>	<u><u>\$ 1,851,045</u></u>
Covered-Employee Payroll	\$ 3,997,062	\$ 3,933,635	\$ 2,830,522
Total OPEB Liability as a Percentage of Covered-Employee Payroll	86.52%	56.46%	65.40%

Notes

Changes in Benefit Terms - There were no significant changes in benefits for the December 31, 2020 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:

<u>2020</u>	<u>2019</u>	<u>2018</u>
2.12%	2.74%	4.10%

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, 2020 AND 2019

	SOLID WASTE OPERATIONS							OTHER OPERATIONS				TOTAL	
	INVESTMENT IN CAPITAL ASSETS	UNRESTRICTED		RESTRICTED			INVESTMENT IN CAPITAL ASSETS	UNRESTRICTED		RESTRICTED	2020 (MEMO)	2019 (MEMO)	
		UNDESIGNATED	DESIGNATED	OPERATING RESERVE	RENEWAL AND REPLACEMENT	DEBT SERVICE		CLOSURE AND POST- CLOSURE	UNDESIGNATED	DESIGNATED			DEBT SERVICE
OPERATING REVENUE:													
Landfill Tipping Fees	\$	\$ 15,369,107	\$	\$	\$	\$	\$	\$	\$	\$	\$ 15,369,107	\$ 13,958,130	
Lease/Rental Income									6,861,026		6,861,026	4,431,595	
Interest Income on Leases									295,605		295,605	224,377	
Project Management Fee									1,185,466		1,185,466	1,204,187	
Methane Gas Project Revenue		224,897									224,897	308,554	
Recycle Revenue		307,510									307,510	42,596	
Operating Grants		344,562							112,918		457,480	323,041	
Administrative Fees/Bond Transaction Fees/Real Estate Transactions									498,864		498,864	26,294	
Project Income - Fleet Maintenance									313,108		313,108	507,846	
Property Management Fee									996,625		996,625	931,000	
Other		67,054							406,780		473,834	180,672	
	-	16,313,130	-	-	-	-	-	-	10,670,392	-	26,983,522	22,138,292	
OPERATING EXPENSES:													
Cost of Providing Services		8,319,778							4,197,508		12,517,286	12,255,160	
Administrative and General		3,513,174							908,750		4,421,924	3,814,864	
Closure and Postclosure Costs		7,327,201									7,327,201	816,286	
Depreciation		4,265,960							3,434,918		7,700,878	7,100,739	
	-	23,426,113	-	-	-	-	-	-	8,541,176	-	31,967,289	23,987,049	
OPERATING INCOME (LOSS)	-	(7,112,983)	-	-	-	-	-	-	2,129,216	-	(4,983,767)	(1,848,757)	
NON-OPERATING REVENUE (EXPENSES):													
Interest Income		8,400	1,510		13,424	45,886	369,862		32,065		8,289	479,436	749,524
Interest Expense		(450,869)							(4,589,890)			(5,040,759)	(2,535,354)
Other Non-Operating Income		111,451							1,184,180			1,295,631	1,026,954
Forgivable Loans/Grants		(100,000)										(100,000)	(100,000)
P.I.L.O.T. Program-Municipal									(14,833)			(14,833)	(13,000)
Appropriated to County		(605,114)										(605,114)	(553,611)
Debt Issue Costs Incurred		(4,505)							(53,956)			(58,461)	(139,215)
Gain on Disposal of Assets		82,941										82,941	66,350
Net Decrease in Fair Value of Investments		733,580							(37,842)			695,738	854,275
	-	(224,116)	1,510	-	13,424	45,886	369,862	-	(3,480,276)	-	8,289	(3,265,421)	(644,077)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS		(7,337,099)	1,510		13,424	45,886	369,862		(1,351,060)		8,289	(8,249,188)	(2,492,834)
CONTRIBUTIONS AND TRANSFERS:													
Capital Contributions		38,340							2,235,088			2,273,428	554,736
Other Transfers	32,013	1,508,341	(531,907)	158,340	(826,039)	29,114	(369,862)	(355,179)	30,337	278,353	46,489		
INCREASE (DECREASE) IN NET POSITION	32,013	(5,790,418)	(530,397)	158,340	(812,615)	75,000	-	(355,179)	914,365	278,353	54,778	(5,975,760)	(1,938,098)
NET POSITION - JANUARY 1,	34,706,440	(5,713,512)	1,306,364	1,571,390	2,499,757	1,460,000	-	9,485,317	(2,293,496)	-	448,000	43,470,260	45,408,358
NET POSITION - DECEMBER 31,	\$ 34,738,453	\$ (11,503,930)	\$ 775,967	\$ 1,729,730	\$ 1,687,142	\$ 1,535,000	\$ -	\$ 9,130,138	\$ (1,379,131)	\$ 278,353	\$ 502,778	\$ 37,494,500	\$ 43,470,260
UNRESTRICTED NET POSITION (DEFICIT) - UNDESIGNATED-													
Related to Pensions (GASB 68, 71)	\$	(7,791,522)						\$	(810,491)				
Related to OPEB (GASB 75)		(2,239,863)							(568,640)				
Before GASB 68, 71 Pension and GASB 75 OPEB Related Items		(1,472,545)							-				
	\$	(11,503,930)						\$	(1,379,131)				

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF NET POSITION
DECEMBER 31, 2020 AND 2019

	2020			2019		
	<u>Solid Waste Operations</u>	<u>Other</u>	<u>Total</u>	<u>Solid Waste Operations</u>	<u>Other</u>	<u>Total</u>
ASSETS						
CURRENT ASSETS - UNRESTRICTED:						
Cash	\$ 796,744	\$ 120,749	\$ 917,493	\$ 894,146	\$ 950,665	\$ 1,844,811
Accounts Receivable	874,588	426,254	1,300,842	611,630	303,717	915,347
Loans Receivable	52,088	-	52,088	151,958	100,000	251,958
Interest Receivable - Loans	393	41,709	42,102	3,458	9,300	12,758
Grant Funds Receivable	10,259	301,980	312,239		392,755	392,755
Other Receivables	9,066	1,330,934	1,340,000	6,664	805,214	811,878
Lease Receivables		9,051,160	9,051,160		4,408,570	4,408,570
Due from Restricted Assets	635,984		635,984	93,934		93,934
Inventories	40,632	110,126	150,758	28,567	110,253	138,820
Prepaid Expenses	91,971	43,222	135,193	7,900	24,350	32,250
Total Current Assets - Unrestricted	<u>2,511,725</u>	<u>11,426,134</u>	<u>13,937,859</u>	<u>1,798,257</u>	<u>7,104,824</u>	<u>8,903,081</u>
CURRENT ASSETS - RESTRICTED:						
Accounts Required by the Authority's Bond Resolutions/Loan Agreements:						
Cash	15,331,849	56,029,983	71,361,832	12,506,306	45,063,081	57,569,387
Cash Held by Fiscal Agent		422,221	422,221		6,127,820	6,127,820
Other Restricted Accounts:						
Cash	510,968	1,882,660	2,393,628	942,678	437	943,115
Investments	2,446,375		2,446,375	2,686,378		2,686,378
Interest Receivable	102,891		102,891	111,367	73,159	184,526
Interfunds	5,136,360	(5,136,360)		7,080,043	(7,080,043)	
Total Current Assets - Restricted	<u>23,528,443</u>	<u>53,198,504</u>	<u>76,726,947</u>	<u>23,326,772</u>	<u>44,184,454</u>	<u>67,511,226</u>
NONCURRENT ASSETS:						
Investments - Required by Bond Resolutions/Loan Agreements		-	-		18,178,828	18,178,828
Investments - Other Restricted Accounts	16,347,229	1,000,000	17,347,229	15,002,367	2,400,000	17,402,367
Investment in Redevelopment Sites		2,112,500	2,112,500		2,112,500	2,112,500
Lease Receivables - Noncurrent		209,439,050	209,439,050		56,192,074	56,192,074
Loans Receivable - Noncurrent	262,406	12,141,725	12,404,131	314,495	12,174,464	12,488,959
Prepaid Bond Insurance	22,524	264,734	287,258	27,029	266,982	294,011
Capital Assets, Net	53,813,260	100,735,328	154,548,588	54,374,551	88,793,102	143,167,653
Total Noncurrent Assets	<u>70,445,419</u>	<u>325,693,337</u>	<u>396,138,756</u>	<u>69,718,442</u>	<u>180,117,950</u>	<u>249,836,392</u>
TOTAL ASSETS	<u>96,485,587</u>	<u>390,317,975</u>	<u>486,803,562</u>	<u>94,843,471</u>	<u>231,407,228</u>	<u>326,250,699</u>
DEFERRED OUTFLOWS OF RESOURCES:						
Deferred Loss on Defeasance of Debt	166,473		166,473	236,323		236,323
Deferred Amount Relating to Pensions	3,886,753	1,121,209	5,007,962	2,605,073	558,746	3,163,819
Deferred Amount Relating to OPEB	709,598	382,962	1,092,560	401,717	247,850	649,567
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,762,824</u>	<u>1,504,171</u>	<u>6,266,995</u>	<u>3,243,113</u>	<u>806,596</u>	<u>4,049,709</u>

(Continued)

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF NET POSITION
DECEMBER 31, 2020 AND 2019

	2020			2019		
	Solid Waste Operations	Other	Total	Solid Waste Operations	Other	Total
CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED ASSETS:						
Accounts Payable - Operations	\$ 721,316	\$ 672,768	\$ 1,394,084	\$ 719,129	\$ 1,117,603	\$ 1,836,732
Other Payables		2,233,750	2,233,750		2,233,750	2,233,750
Accrued Liabilities	111,134	28,740	139,874	99,228	416,990	516,218
Accrued Liabilities - Pension	471,652	127,873	599,525	332,325	66,729	399,054
Customer Deposits	149,500		149,500	157,500		157,500
Security Deposits		166,666	166,666		166,666	166,666
Landfill Taxes Payable	173,597		173,597	162,414		162,414
Host Community Benefit Payable	49,069		49,069	45,935		45,935
Unearned Revenue	55,994	226,423	282,417	325	257,245	257,570
Unearned Grant Revenue	-			9,279		9,279
Total Current Liabilities Payable From Unrestricted Assets	1,732,262	3,456,220	5,188,482	1,526,135	4,258,983	5,785,118
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:						
Loans Payable	305,220	1,006,521	1,311,741		2,645,667	2,645,667
Contracts Payable - Construction	110,946	1,322,233	1,433,179	188,138	1,874,208	2,062,346
Contracts Payable - Retainage	26,840	365,059	391,899	24,921	488,779	513,700
Revenue Bonds Payable	2,023,908	3,208,000	5,231,908	1,948,908	1,805,000	3,753,908
Accrued Interest Payable - Revenue Bonds	273,659	1,042,287	1,315,946	303,293	326,366	629,659
Due to Unrestricted Assets	635,984		635,984	93,934		93,934
License Agreement Escrow	109,016		109,016	117,065		117,065
Total Current Liabilities Payable From Restricted Assets	3,485,573	6,944,100	10,429,673	2,676,259	7,140,020	9,816,279
LONG-TERM LIABILITIES:						
Revenue Bonds Payable	17,320,312	128,302,281	145,622,593	19,517,772	128,399,569	147,917,341
Loan Payable	1,269,780	9,898,496	11,168,276		9,011,688	9,011,688
Accrued Closure and Postclosure Care Costs	34,183,516		34,183,516	26,856,315		26,856,315
Accrued Liability Pension	235,827	63,936	299,763	166,163	33,364	199,527
Net Pension Liability	8,014,019	923,024	8,937,043	6,940,285	451,817	7,392,102
Net OPEB Obligation	2,949,461	951,602	3,901,063	2,233,164	637,257	2,870,421
Accrued Compensated Absences	138,533	67,525	206,058	99,329	62,868	162,197
Total Long-Term Liabilities	64,111,448	140,206,864	204,318,312	55,813,028	138,596,563	194,409,591
Total Liabilities	69,329,283	150,607,184	219,936,467	60,015,422	149,995,566	210,010,988
DEFERRED INFLOWS OF RESOURCES:						
Deferred Amount Relating to Pensions	2,956,766	816,868	3,773,634	2,240,723	502,634	2,743,357
Deferred Amount Relating to Arts & Innovation Project		3,784,375	3,784,375		3,784,375	3,784,375
Deferred Amount Relating to Leases		228,081,581	228,081,581		70,291,428	70,291,428
TOTAL DEFERRED INFLOWS OF RESOURCES	2,956,766	232,682,824	235,639,590	2,240,723	74,578,437	76,819,160
NET POSITION:						
Net Investment in Capital Assets	34,738,453	9,130,138	43,868,591	34,706,440	9,485,317	44,191,757
Restricted:						
Operations	1,729,730		1,729,730	1,571,390		1,571,390
Debt Service	1,535,000	502,778	2,037,778	1,460,000	448,000	1,908,000
Equipment Renewal and Replacement	1,687,142		1,687,142	2,499,757		2,499,757
Unrestricted (Deficit)	(10,727,963)	(1,100,778)	(11,828,741)	(4,407,148)	(2,293,496)	(6,700,644)
Total Net Position	\$ 28,962,362	\$ 8,532,138	\$ 37,494,500	\$ 35,830,439	\$ 7,639,821	\$ 43,470,260

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Solid Waste Operations	Other	Total	Solid Waste Operations	Other	Total
OPERATING REVENUE:						
Landfill Tipping Fees	\$ 15,369,107	\$	\$ 15,369,107	\$ 13,958,130	\$	\$ 13,958,130
Lease/Rental Income		6,861,026	6,861,026		4,431,595	4,431,595
Interest Income on Leases		295,605	295,605		224,377	224,377
Project Management Fee		1,185,466	1,185,466		1,204,187	1,204,187
Methane Gas Project Revenue	224,897		224,897	308,554		308,554
Recycle Revenue	307,510		307,510	42,596		42,596
Operating Grants	344,562	112,918	457,480	318,041	5,000	323,041
Project Income - Fleet Maintenance		313,108	313,108		507,846	507,846
Admin. Fees/ Bond Transaction Fee/ Real Estate Transactions		498,864	498,864		26,294	26,294
Property Management Fee		996,625	996,625		931,000	931,000
Other Operating Income	67,054	406,780	473,834	72,955	107,717	180,672
Total Operating Revenue	16,313,130	10,670,392	26,983,522	14,700,276	7,438,016	22,138,292
OPERATING EXPENSES:						
Cost of Providing Services	8,319,778	4,197,508	12,517,286	7,539,917	4,715,243	12,255,160
Administrative and General	3,513,174	908,750	4,421,924	2,708,637	1,106,227	3,814,864
Closure and Postclosure Costs	7,327,201		7,327,201	816,286		816,286
Depreciation	4,265,960	3,434,918	7,700,878	4,464,221	2,636,518	7,100,739
Total Operating Expenses	23,426,113	8,541,176	31,967,289	15,529,061	8,457,988	23,987,049
OPERATING INCOME (LOSS)	(7,112,983)	2,129,216	(4,983,767)	(828,785)	(1,019,972)	(1,848,757)
NON-OPERATING REVENUE (EXPENSES):						
Interest Income	439,082	40,354	479,436	661,924	87,600	749,524
Interest Expense	(450,869)	(4,589,890)	(5,040,759)	(504,837)	(2,030,517)	(2,535,354)
Net Increase (Decrease) in Fair Value of Investments	733,580	(37,842)	695,738	495,432	358,843	854,275
Appropriated to County	(605,114)		(605,114)	(553,611)		(553,611)
Forgivable Loans/Grants	(100,000)		(100,000)	(100,000)		(100,000)
Debt Issue Costs Incurred	(4,505)	(53,956)	(58,461)	(4,505)	(134,710)	(139,215)
Gain/Loss on Disposal of Assets	82,941		82,941	66,350		66,350
Contribution to Host Community/P.I.L.O.T. Program		(14,833)	(14,833)		(13,000)	(13,000)
Other Non-Operating Income	111,451	1,184,180	1,295,631	50,608	976,346	1,026,954
Total Non-Operating Revenue (Expenses)	206,566	(3,471,987)	(3,265,421)	111,361	(755,438)	(644,077)
LOSS BEFORE CAPITAL CONTRIBUTIONS	(6,906,417)	(1,342,771)	(8,249,188)	(717,424)	(1,775,410)	(2,492,834)
CAPITAL CONTRIBUTIONS	38,340	2,235,088	2,273,428	43,280	511,456	554,736
CHANGE IN NET POSITION	(6,868,077)	892,317	(5,975,760)	(674,144)	(1,263,954)	(1,938,098)
NET POSITION-BEGINNING	35,830,439	7,639,821	43,470,260	36,504,583	8,903,775	45,408,358
TOTAL NET POSITION-ENDING	\$ 28,962,362	\$ 8,532,138	\$ 37,494,500	\$ 35,830,439	\$ 7,639,821	\$ 43,470,260

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUES AND COSTS FUNDED BY
REVENUES COMPARED TO BUDGET - BUDGETARY BASIS
SOLID WASTE OPERATIONS
YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020 BUDGET	2020 ACTUAL	2019 ACTUAL
REVENUE:			
Closure Postclosure Escrow Funds Utilized	\$	\$ 21,883	\$ 19,339
User Charges and Fees	14,068,892	15,369,107	13,958,130
Recycle Revenue	35,000	307,510	42,596
Methane Gas Project Revenue	270,000	224,897	308,554
Operating Grants	334,447	344,562	318,041
Interest Income	13,000	23,334	69,233
Rental Income		24,078	16,512
Miscellaneous Revenues		154,428	107,054
Total Revenue	14,721,339	16,469,799	14,839,459
EXPENSES:			
Costs of Providing Services:			
Salaries - Supervision			
Salaries and Wages - Operations	2,070,330	2,215,755	1,974,586
Fringe Benefits	1,132,117	1,214,959	990,850
Consultant Services - Operations	559,100	618,808	611,885
Fuel	315,955	198,521	278,264
Equipment Maintenance Agreements	118,344	114,665	52,658
Tires	91,976	33,160	105,869
Replacement Parts	196,750	279,606	311,338
Repairs and Maintenance	157,060	205,883	233,872
Truck Wash Parts & Supplies	3,000	30,355	11,536
Tire Repair	6,000	4,483	1,318
Lawn Maintenance	45,500	45,861	63,738
Utilities	364,561	287,095	324,033
Recycle Rebate	-	12,412	11,958
Materials and Supplies	33,702	25,224	44,809
Road & Slope Maintenance	50,000	58,836	
Uniforms	44,434	55,365	47,544
Landfill Parts & Supplies	34,500	69,017	
Security Services	6,150	6,672	5,323
Equipment Rental	60,000	6,377	76,081
Leachate Treatment	315,690	224,094	200,520
Leachate Hauling	180,000	501,057	533,242
Pretreatment Facility - Replacement Parts	124,050	68,107	96,320
Pretreatment Facility - Repairs and Maintenance	50,000	110,390	79,587
Groundwater Sampling and Analysis	40,000	59,887	44,015
Flare	50,000	8,050	52,435
Telephone	14,276	20,237	17,778
Disposal Fees	987,175	904,589	682,659
REA Grant	95,741	115,556	97,318
Promotional Materials	14,500	15,701	5,187
Public Awareness & Advertising	32,066	15,115	44,140
Other Operating Costs	26,408	36,378	41,580
	7,219,385	7,562,215	7,040,443

(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, 2020

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

	2020 BUDGET	2020 ACTUAL	2019 ACTUAL
EXPENSES (CONTINUED):			
Administrative and General Expenses:			
Salaries and Wages	\$ 1,006,563	\$ 1,081,575	\$ 988,426
Fringe Benefits	475,739	508,960	428,461
Administrative Payroll Expense	11,526	12,717	10,425
Building Rent	152,153	304,306	113,642
Security	-	2,822	2,480
Office Supplies and Expense	32,250	27,934	30,440
Professional Services	313,600	414,916	215,224
Professional Services - Closure Related	18,800	21,883	19,339
Insurance	249,352	348,383	242,863
Travel, Conferences and Meetings	9,510	2,221	11,577
Dues and Subscriptions	7,691	5,761	3,601
Utilities	50,876	47,379	50,389
Telephone	18,104	19,510	19,514
Licenses, Permits, Penalties and Assessments	178,829	106,421	119,865
Other Administrative Expenses	129,330	127,569	97,123
Training Programs	23,850	3,093	31,028
Repairs and Maintenance	28,130	34,408	29,439
Public Awareness and Advertising	40,500	18,149	17,809
REA Grant	32,579	37,043	36,868
Public Relations	22,300		
Automotive Supplies and Expenses	6,000	4,067	5,008
Litter Abatement Program	36,300	16,116	22,479
	<u>2,843,982</u>	<u>3,145,233</u>	<u>2,496,000</u>
Interest Expense	<u>545,611</u>	<u>554,572</u>	<u>623,476</u>
OTHER COSTS FUNDED BY REVENUES:			
Principal Maturities	2,023,908	1,948,908	1,878,908
Capital Outlays	315,000	1,062,455	615,707
Reserve for Equipment Renewal and Replacement	846,300	821,396	636,344
Reserve for Operating and Maintenance	155,843	158,340	82,900
Debt Service Coverage Requirements	256,952		
Appropriated to County	605,114	605,114	553,611
Forgivable Loans/Grants	100,000	100,000	100,000
	<u>4,303,117</u>	<u>4,696,213</u>	<u>3,867,470</u>
TOTAL COSTS FUNDED BY REVENUES	<u>14,912,095</u>	<u>15,958,233</u>	<u>14,027,389</u>

(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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020 BUDGET	2020 ACTUAL	2019 ACTUAL
REVENUES OVER (UNDER) COSTS FUNDED BY REVENUES	\$ (190,756)	\$ 511,566	\$ 812,070
Reconciliation of Budgetary Basis to Change in Net Position:			
Adjustments to Budgetary Basis:			
Interest Income not used for Operations		415,747	592,688
Capital Outlays		1,062,455	615,707
Principal Maturities		1,948,908	1,878,908
Transfers to Renewal and Replacement Reserves		821,396	636,344
Increase in Reserve for Operating and Maintenance		158,340	82,900
Increase (Decrease) in Fair Value of Investments		733,580	495,432
Closure Postclosure Escrow Funds Utilized		(21,883)	(19,339)
Amortization Charged to Interest Expense		103,703	118,639
Depreciation		(4,265,960)	(4,464,221)
Gain on Disposal of Assets		82,941	66,350
Closure Post Closure Expenses per GAAP		(7,327,201)	(816,286)
Debt Issuance Costs Incurred		(4,505)	(4,505)
Capital Contributions		38,340	43,280
OPEB - Difference of GAAP vs. Budgetary Basis		(408,416)	(228,704)
Pension Expense - Difference of GAAP vs. Budgetary Basis		(717,088)	(483,407)
CHANGE IN NET POSITION PER SCHEDULE 3		\$ (6,868,077)	\$ (674,144)

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUES AND COSTS FUNDED BY
REVENUES COMPARED TO BUDGET - BUDGETARY BASIS
OTHER OPERATIONS

YEAR ENDED DECEMBER 31, 2020

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

	2020 BUDGET	2020 ACTUAL	2019 ACTUAL
REVENUE:			
Operating Transfers			
Lease/Rental Income	\$ 9,986,495	\$ 7,156,631	\$ 4,655,972
Project Management Fee	2,472,500	1,185,466	1,204,187
Admin. Fees/ Bond Transaction Fee/ Real Estate Transactions	96,000	498,864	26,294
Fuel Income (Gas & CNG)	357,120	548,572	275,805
Fleet Maintenance	645,000	313,108	507,846
Property Management Fee	996,625	996,625	931,000
Other Operating Income		406,780	107,717
Miscellaneous Income	166,836	635,608	700,541
Operating Grants	5,000	112,918	5,000
Interest Income		40,354	87,600
Total Revenue	14,725,576	11,894,926	8,501,962
EXPENSES:			
Costs of Providing Services:			
Salaries	1,816,010	1,329,669	1,638,370
Employee Benefits	1,071,368	813,526	975,704
Building Services	1,117,715	890,768	1,123,441
Repairs and Maintenance	345,000	243,504	333,155
Garage Lease	4,116	4,116	71,368
Grant Expenses	5,000	112,918	5,000
Fuel and CNG	266,920	289,256	225,141
Other Operating Expenses	45,550	70,326	74,404
	4,671,679	3,754,083	4,446,583
Administrative and General Expenses:			
Salaries	240,111	148,333	228,078
Employee Benefits	89,359	44,726	81,946
Professional Services	317,666	309,021	391,244
Property Management	189,504	185,504	
Insurance	75,050	18,290	71,778
Marketing and Advertising	74,500	12,819	30,820
Sponsorships	14,450	8,050	15,400
Other Administrative Expenses	86,483	126,106	244,582
	1,087,123	852,849	1,063,848
Interest Expense	5,607,184	4,644,178	2,081,162

(Continued)

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUES AND COSTS FUNDED BY
REVENUES COMPARED TO BUDGET - BUDGETARY BASIS
OTHER OPERATIONS
YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020 BUDGET	2020 ACTUAL	2019 ACTUAL
OTHER COSTS FUNDED BY REVENUES:			
Principal Maturities	\$ 2,867,352	\$ 2,209,494	\$ 1,661,995
Capital Outlays	170,000	167,751	253,690
Replacement Reserve	70,284	70,284	70,284
P.I.L.O.T. - Municipal	7,333	14,833	13,000
	<u>3,114,969</u>	<u>2,462,362</u>	<u>1,998,969</u>
TOTAL COSTS FUNDED BY REVENUES	<u>14,480,955</u>	<u>11,713,472</u>	<u>9,590,562</u>
REVENUES OVER (UNDER) COSTS FUNDED BY REVENUES	<u>\$ 244,621</u>	181,454	(1,088,600)
Reconciliation of Budgetary Basis to Change in Net Position:			
Adjustments to Budgetary Basis:			
Capital Outlays		167,751	253,690
Transfers to Renewal and Replacement Reserves		70,284	70,284
Principal Maturities		2,209,494	1,661,995
Capital Contributions		2,235,088	511,456
Debt Issue Costs Incurred		(53,956)	(134,710)
Amortization Charged to Interest Expense		54,288	50,645
Increase (Decrease) in Fair Value of Investments		(37,842)	358,843
OPEB - Difference of GAAP vs. Budgetary Basis		(184,632)	(141,105)
Pension Expense - Difference of GAAP vs. Budgetary Basis		(314,694)	(169,934)
Depreciation		<u>(3,434,918)</u>	<u>(2,636,518)</u>
CHANGE IN NET POSITION PER SCHEDULE 3		<u>\$ 892,317</u>	<u>\$ (1,263,954)</u>

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF RECONCILIATION OF BUDGETARY REVENUES AND
COSTS FUNDED BY REVENUES TO CHANGE IN NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Revenues Over (Under) Costs Funded By Revenues:		
Solid Waste Operations - Schedule 4A	\$ 511,566	\$ 812,070
Other Operations - Schedule 4B	181,454	(1,088,600)
	693,020	(276,530)
Adjustments to Budgetary Basis:		
Interest Income not used for Operations	415,747	592,688
Capital Outlays	1,230,206	869,397
Principal Maturities	4,158,402	3,540,903
Transfers to Renewal and Replacement Reserves	891,680	706,628
Increase (Decrease) in Fair Value of Investments	695,738	854,275
Increase in Reserve for Operating and Maintenance	158,340	82,900
Closure Postclosure Escrow Funds Utilized	(21,883)	(19,339)
Amortization Charged to Interest Expense	157,991	169,284
Depreciation	(7,700,878)	(7,100,739)
Gain on Disposal of Assets	82,941	66,350
Closure Post Closure Expenses per GAAP	(7,327,201)	(816,286)
Debt Issue Costs Incurred	(58,461)	(139,215)
OPEB - Difference of GAAP vs. Budgetary Basis	(593,048)	(369,809)
Pension Expense - Difference of GAAP vs. Budgetary Basis	(1,031,782)	(653,341)
Capital Contributions	2,273,428	554,736
Change in Net Position Per Exhibit B	<u>\$ (5,975,760)</u>	<u>\$ (1,938,098)</u>

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUE BONDS PAYABLE
DECEMBER 31, 2020

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES		INTEREST RATE	BALANCE JANUARY 1, 2020	PRINCIPAL ADDITIONS 2020	PRINCIPAL MATURITIES 2020	DEFEASED 2020	BALANCE DECEMBER 31, 2020
			DATE	AMOUNT						
2014 County Guaranteed Facilities Acquisition Project Revenue Bonds	\$ 17,955,000	5/29/2014	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%	\$ 15,820,000	\$ -	\$ 525,000	\$ -	\$ 15,295,000
2015A County Guaranteed Solid Waste Revenue Refunding Bonds	14,595,000	5/29/2015	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%	11,865,000		1,460,000		10,405,000
2015 Lease Revenue Bonds - State Office Buildings Project	3,975,000	8/25/2015	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%	3,360,000		180,000		3,180,000

(Continued)

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUE BONDS PAYABLE
DECEMBER 31, 2020

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES		INTEREST RATE	BALANCE JANUARY 1, 2020	PRINCIPAL ADDITIONS 2020	PRINCIPAL MATURITIES 2020	DEFEASED 2020	BALANCE DECEMBER 31, 2020
			DATE	AMOUNT						
2017 New Jersey Environmental Infrastructure Trust Loan	\$ 2,510,000	5/25/2017	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%	\$ 2,325,000	\$ -	\$ 100,000	\$ -	\$ 2,225,000
2017 New Jersey Environmental Infrastructure Fund Loan	7,648,515	5/25/2017	2021	388,908	N/A					
			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	388,901		6,611,428		388,907		6,222,521

(Continued)

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUE BONDS PAYABLE
DECEMBER 31, 2020

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES		INTEREST RATE	BALANCE JANUARY 1, 2020	PRINCIPAL ADDITIONS 2020	PRINCIPAL MATURITIES 2020	DEFEASED 2020	BALANCE DECEMBER 31, 2020
			DATE	AMOUNT						
2017 Revenue Bonds	\$ 12,000,000	10/4/2017	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%	\$ 11,768,000	\$ -	\$ 246,000	\$ -	\$ 11,522,000
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, 2020

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES		INTEREST RATE	BALANCE JANUARY 1, 2020	PRINCIPAL ADDITIONS 2020	PRINCIPAL MATURITIES 2020	DEFEASED 2020	BALANCE DECEMBER 31, 2020
			DATE	AMOUNT						
2018 Revenue Bonds	\$ 3,200,000	9/15/2018	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	4.980%					
			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%	\$ 3,050,000	\$ -	\$ 159,000	\$ -	\$ 2,891,000
2018 Revenue Bonds										
County Correctional Facility Project	\$ 64,990,000	12/13/2018	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		610,000		64,380,000

(Continued)

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUE BONDS PAYABLE
DECEMBER 31, 2020

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES		INTEREST RATE	BALANCE JANUARY 1, 2020	PRINCIPAL ADDITIONS 2020	PRINCIPAL MATURITIES 2020	DEFEASED 2020	BALANCE DECEMBER 31, 2020
			DATE	AMOUNT						
2019 County Guaranteed- Administration Building	\$ 4,970,000	4/4/2019	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%					
			3/15/2030	125,000	5.00%					
			3/15/2031	130,000	5.00%					
			3/15/2032	135,000	5.00%					
			3/15/2033	145,000	5.00%					
			3/15/2034	150,000	5.00%					
			3/15/2035	160,000	5.00%					
			3/15/2036	165,000	5.00%					
			3/15/2037	175,000	5.00%					
			3/15/2038	185,000	5.00%					
			3/15/2039	195,000	5.00%					
			3/15/2040	200,000	3.50%					
			3/15/2041	210,000	3.50%					
			3/15/2042	215,000	3.50%					
			3/15/2043	225,000	3.50%					
			3/15/2044	235,000	3.50%					
			3/15/2045	240,000	5.00%					
			3/15/2046	255,000	5.00%					
			3/15/2047	270,000	5.00%					
			3/15/2048	280,000	5.00%					
			3/15/2049	295,000	5.00%			\$ 4,970,000	\$ -	\$ 85,000
2020 Vineland Board of Education Bus Depot Project	\$ 3,165,000	4/28/2020	4/15/2021	615,000	1.52%					
			4/15/2022	625,000	1.52%					
			4/15/2023	635,000	1.52%					
			4/15/2024	640,000	1.52%					
			4/15/2025	650,000	1.52%	-	3,165,000	-	-	3,165,000
						\$ 146,694,428	\$ 3,165,000	\$ 3,753,907	\$ -	\$ 146,105,521

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF LOANS PAYABLE
DECEMBER 31, 2020

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES		INTEREST RATE	BALANCE JANUARY 1, 2020	ISSUED 2020	PAID 2020	REFUNDED 2020	BALANCE DECEMBER 31, 2020
			DATE	AMOUNT						
2017 TD Loan Payable	\$ 7,357,350	12/29/2017	12/1/2021	370,216	3.860%					
			12/1/2022	165,304	3.860%					
			12/1/2023	171,869	3.860%					
			12/1/2024	4,393,290	3.860%	\$ 7,105,194	\$ -	\$ 2,004,515	\$ -	\$ 5,100,679
CEZC	2,000,000	6/14/2018	12/1/2024	1,000,000	NA	1,000,000				1,000,000
Equipment Loan - W. Park	700,000	7/31/2018	7/31/2021	96,665	3.240%					
			7/31/2022	99,797						
			7/31/2023	103,030						
			7/31/2024	106,369						
			7/31/2025	109,815		609,307		93,631	-	515,676
Equipment Loan - CNG Station	3,000,000	7/31/2018	7/31/2021	274,822	3.380%					
			7/31/2022	284,111						
			7/31/2023	293,714						
			7/31/2024	303,642						
			7/31/2025	313,905						
			7/31/2026	324,515						
			7/31/2027	335,485						
			7/31/2028	346,823		2,742,854		265,837		2,477,017
Equipment Loan - 2019	200,000	10/10/2019	10/10/2021	39,160	2.100%					
			10/10/2022	39,983						
			10/10/2023	40,822						
			10/10/2024	41,680		200,000		38,355		161,645
Equipment Loan - Food	1,650,000	10/30/2020	10/30/2021	225,657	1.450%		1,650,000			1,650,000
			10/30/2022	228,930						
			10/30/2023	232,249						
			10/30/2024	235,617						
			10/30/2025	239,033						
			10/30/2026	242,499						
			10/30/2027	246,015						

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF LOANS PAYABLE
DECEMBER 31, 2020

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES		INTEREST RATE	BALANCE JANUARY 1, 2020	ISSUED 2020	PAID 2020	REFUNDED 2020	BALANCE DECEMBER 31, 2020
			DATE	AMOUNT						
Equipment Loan - Gas Wells	725,000	4/30/2020	4/30/2021	140,013	1.750%	\$ -	\$ 725,000	\$ -		\$ 725,000
			4/30/2022	142,463						
			4/30/2023	144,956						
			4/30/2024	147,493						
			4/30/2025	150,075						
Equipment Loan - Generators	850,000	12/18/2020	12/18/2021	165,207	1.430%		850,000			850,000
			12/18/2022	167,569						
			12/18/2023	169,966						
			12/18/2024	172,396						
			12/18/2025	174,862						
						\$ 11,657,355	\$ 3,225,000	\$ 2,402,338	\$ -	\$ 12,480,017

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF CONDUIT DEBT
DECEMBER 31, 2020**

ISSUE	DATE OF ISSUE	ISSUED AMOUNT	BALANCE JANUARY 1, 2020	BONDS ISSUED 2020	PRINCIPAL MATURITIES 2020	BONDS DEFEASED 2020	BALANCE DECEMBER 31, 2020
Guaranteed by Other Governmental Entities:							
Local Unit Program Bonds - City of Vineland Electric Utility Project, Series 2009A	10/1/2009	\$ 6,445,000	\$ 1,945,000	\$	\$ 1,945,000	\$ -	\$ -
Local Unit Program Bonds - City of Vineland Electric Utility Project, Series 2009B	10/1/2009	53,555,000	53,555,000		13,055,000		40,500,000
Cumberland County General Obligation Revenue Bonds Technical High School Project, Series 2019	1/16/2019	21,035,000	21,035,000		575,000		20,460,000
Cumberland County General Obligation Bonds Technical High School Project, Series 2014	10/30/2014	63,890,000	56,820,000		1,925,000	25,575,000	29,320,000
Cumberland County General Obligation Revenue Refunding Bonds Technical High School Project, Series 2020	7/15/2020	31,335,000	-	31,335,000	430,000		30,905,000
			<u>\$ 133,355,000</u>	<u>\$ 31,335,000</u>	<u>\$ 17,930,000</u>	<u>\$ 25,575,000</u>	<u>\$ 121,185,000</u>

(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, 2020**

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

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

CRIME POLICY/EMPLOYEE DISHONESTY

Traveler's Insurance Company

SINGLE AUDIT SECTION

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Cumberland County Improvement Authority's, County of Cumberland, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major Federal programs for the year ended December 31, 2020. The Authority's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the Cumberland County Improvement Authority, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

ROMANO, HEARING, TESTA & KNORR



Certified Public Accountants

September 22, 2021

SCHEDULE A

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/Program Title	CFDA Number	Grant I.D. Number	Award Amount	Grant Period		Balance Dec. 31, 2019	Revenue Recognized	Cash Received	Budgetary Expenditures	Balance Dec. 31, 2020	
				From	To	(Unearned Revenue)/ Accounts Receivable				Accounts Receivable	Unearned Revenue
U.S. Economic Development Administration Public Works and Economic Development Facilities	11.300	01-01-14761	\$ 2,500,000	9/28/2017	12/28/2020	\$ 392,755	\$ 1,855,088	\$ 1,997,843	\$ 1,855,088	\$ 250,000	\$
U.S. Federal Emergency Management Agency: Passed-through New Jersey State Police	97.036	011-03EDC-00	30,055	1/1/2020	9/30/2020	-	30,055	-	30,055	\$ 30,055	
			<u>\$ 2,530,055</u>			<u>\$ 392,755</u>	<u>\$ 1,885,143</u>	<u>\$ 1,997,843</u>	<u>\$ 1,885,143</u>	<u>\$ 280,055</u>	<u>\$ -</u>

The accompanying Notes to the Financial Statements and Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2020**

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes federal award activity of the Cumberland County Improvement Authority (hereafter referred to as the "Authority"). The Authority is defined in Note 1 to the Authority's basic financial statements. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). All federal awards received directly from federal agencies, as well as federal expenditures passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

NOTE 2 BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, with the exception of the capital assets purchases that are shown as expenditures in this schedule. The basis of accounting is described in Note 1 to the Authority's basic financial statements. The information in this schedule is also presented in accordance with the requirements of Federal Uniform Guidance; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agree with amounts reported in the Authority's financial reports as follows:

The Federal grant expenditures are reported in the financial statements as follows:

Construction in Progress	\$ 1,855,088
Equipment	7,785
Operating Expenses - Cost of Providing Services	18,891
Operating Expenses - Administrative and General Expenses	<u>3,379</u>
	<u><u>\$ 1,885,143</u></u>

NOTE 4 RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal financial reports.

NOTE 5 MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

NOTE 6 INDIRECT COST RATE

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020**

Section 1 - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued :

Unmodified

Internal control over financial reporting :

Material weakness(es) identified ?

_____ yes X no

Significant deficiency(ies) identified?

 X yes _____ none reported

Noncompliance material to the financial statements noted?

_____ yes X no

Federal Awards

Internal control over compliance:

Material weaknesses identified?

_____ yes X no

Significant deficiency(ies) identified not considered to
be material weaknesses?

_____ yes X none reported

Type of auditor's report on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in
accordance with Section 516 of Title 2 U.S. Code of Federal
Regulations Part 200, *Uniform Administrative Requirements,
Cost Principles, and Audit Requirements for
Federal Awards* (Uniform Guidance)?

_____ yes X no

Identification of major programs:

CFDA Numbers

11.300

Name of Federal Program or Cluster

Public Works and Economic
Development Facilities

Dollar threshold used to determine Type A programs

\$750,000

Auditee qualified as low-risk auditee?

_____ yes X no

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
YEAR ENDED DECEMBER 31, 2020**

Section 1 - Summary of Auditor's Results (Continued)

State Financial Assistance

SECTION NOT APPLICABLE

Internal control over major programs:

Material weaknesses identified?

_____ yes _____ no

Significant deficiency(ies) identified?

_____ yes _____ none reported

Type of auditor's report on compliance for major programs

Any audit findings disclosed that are required to be reported in
accordance with New Jersey Circular 15-08-OMB?

_____ yes _____ no

Identification of major programs:

GMIS Numbers

Name of State Program

Dollar threshold used to determine Type A programs

Auditee qualified as low-risk auditee?

_____ yes _____ no

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Section 2 – Schedule of Financial Statement Findings

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

Finding No. 2020-001

Criteria or Specific Requirement

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. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey governments. In addition, debt obligations from certain local government entities are statutorily authorized to be incorporated into a local government's cash management plan.

Condition

The Authority utilizes an Escrow Agent to invest the funds contained in its DEP Landfill Closure Escrow Fund. In 2020 a portion of those funds were invested in out-of-state (non-New Jersey) governmental debt issues which are not currently permitted by N.J.S.A. 40A:5-15.1.

Context

We noted the errors during our review of investments for compliance with State of New Jersey statutes and the Authority's Cash Management Plan.

Effect

The Authority, through its Escrow Agent, invested in out-of-state (non-New Jersey) governmental debt issues which are not currently permitted by N.J.S.A. 40A:5-15.1.

Cause

The Authority's Escrow Agent was unaware the Authority was not permitted to invest in out-of-state Government debt issues.

Recommendation

The Authority should ensure it only invests in investments permitted by 40A:5-15.1 or otherwise statutorily authorized to be incorporated into its Cash Management Plan.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding, addressed the matter when it was brought to their attention, and will include their response as part of their corrective action plan.

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Section 2 – Schedule of Financial Statement Findings (Continued)

Finding No. 2020-002

Criteria or Specific Requirement

N.J.S.A. 40A:11-5 permits certain contracts that exceed the local unit's bid threshold to be awarded of the governing body without public advertising for bids.

N.J.S.A. 19:44A-20.4 requires that contracts over \$17,500 can be awarded using a "non-fair and open process" only after the Authority verifies the contractor did not make any reportable contributions that would preclude such an award during the one year preceding the award of the contract. That certification is due ten (10) days prior to the award of the contract.

Condition

The Authority awarded two contracts that were exempt from bidding requirements, however, were not exempt from the pay-to-play requirements noted above. The required political contribution certifications for those contracts were not obtained from the vendor.

Context

We noted the errors during our test of contract awards for compliance with State of New Jersey statutes and regulations.

Effect

The Authority awarded two contracts that were exempt from bidding requirements without having obtained the required political contribution certifications.

Cause

The Authority properly awarded two contracts that exceed the bid limit using a "non-fair and open" process, believing those contracts would also be exempt from the requirement of obtaining political contribution certifications.

Recommendation

The Authority should award all contracts that exceed the bid limit or pay-to-play limit, that are not required to be awarded via a "fair and open" process, only after having obtained the required political contribution certifications ten days prior to the award.

View of Responsible Officials and Planned Corrective Action

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Section 3 – Schedule of Federal Awards Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

None

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Section 4 – Schedule of State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by State of New Jersey Circular 15-08-OMB,

This section is Not Applicable

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2020**

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.

FINANCIAL STATEMENT FINDINGS

None

FEDERAL AWARDS

None

STATE FINANCIAL ASSISTANCE PROGRAMS

Not Applicable