

**SALEM COUNTY
IMPROVEMENT AUTHORITY**

REPORT OF AUDIT

**WITH
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED
DECEMBER 31, 2021 and 2020**

SALEM COUNTY IMPROVEMENT AUTHORITY
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**SALEM COUNTY IMPROVEMENT AUTHORITY
ROSTER OF OFFICIALS
December 31, 2021**

The following officials were in office during the year ended December 31, 2021:

MEMBERS

Corydon Taylor
Susan Bestwick
Lewis Schneider
Barry Davis
Steven DiMatteo

POSITION

Chairperson
Vice Chairperson
Treasurer
Secretary
Alt. Secretary/Treasurer

OTHER OFFICIALS

Julie Acton
Michael A. Aimino, Esquire

Executive Director
Solicitor

SALEM COUNTY IMPROVEMENT AUTHORITY

PART I

FINANCIAL SECTION

**FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

INDEPENDENT AUDITOR'S REPORT

The Chairman and Members of
The Salem County Improvement Authority
Alloway, New Jersey

Opinion

We have audited the accompanying financial statements of the business-type activities of the Salem County Improvement Authority, in the County of Salem, State of New Jersey, a component unit of the County of Salem (Authority), as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Salem County Improvement Authority, in the County of Salem, State of New Jersey, a component unit of the County of Salem, as of December 31, 2021 and 2020, the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Salem County Improvement Authority, in the County of Salem, State of New Jersey, a component unit of the County of Salem, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the Authority's proportionate share of the net pension liability and schedule of the Authority's pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion 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 accompanying supplementary schedules 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. The 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
August 12, 2022

**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**

INDEPENDENT AUDITOR'S REPORT

The Chairman and Members of
The Salem County Improvement Authority
Alloway, New Jersey

We have audited, in accordance with the 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 in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Salem County Improvement Authority, in the County of Salem, State of New Jersey, a component unit of the County of Salem (Authority), as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 12, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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* and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
August 12, 2022

**Salem County Improvement Authority
Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
(UNAUDITED)**

The Salem County Improvement Authority (the Authority) is a public agency providing resource recovery, recycling, energy production, clean communities program support, solid waste disposal and management services and bond financing assistance for the County of Salem. This section of the Authority's annual financial report provides a discussion and analysis of the financial performance for the years ended December 31, 2021 and 2020.

FINANCIAL HIGHLIGHTS

- **Total Assets** - As of December 31, 2021, total assets were \$55,598,465.52, deferred outflows of resources were \$123,023.00 and after deducting liabilities of \$30,319,808.54 and deferred inflows of resources of \$737,866.00, net position equaled \$24,663,813.98. This is compared to year ended December 31, 2020 total assets of \$55,563,267.55, deferred outflows of resources of \$264,939.00, total liabilities of \$31,063,913.66, deferred inflows of resources of \$777,780.00 and net position of \$23,986,512.89.
- **Total Operating Revenues** - 2021 operating revenues totaled \$7,914,589.52, which was an increase of \$639,394.25 from 2020 operating revenues of \$7,275,195.27. The primary reason for the increase in revenue was an increase in total tonnage received of over 30,000.
- **Total Operating Expenses** - 2021 operating expenses totaled \$6,858,559.84, which was an increase from 2020 operating expenses of \$6,396,702.01. The main reason for the increase in expenditures was the result of increased expense related to the accrual of the liability of the landfill closure and post-closure costs.
- **Net Non-Operating Revenues (Expenses)** - In 2021, the Authority had net non-operating revenues (expenses) of (\$378,728.59) compared to \$209,658.37 in 2020. This difference can be attributed to the decrease in investment income as a result of declining interest rates and market conditions due to COVID-19. In addition, the Authority was not required to make the County of Salem Contribution in 2020, which was also as a result of COVID-19.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts - Independent Auditor's Reports, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental schedules.

The basic financial statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies. The comparative statements of net position include all of the Authority's assets, liabilities, deferred inflows and outflows of resources. As the Authority follows the accrual method of accounting, the current year's revenues and expenses are accounted for in the comparative statements of revenues, expenses and changes in net position regardless of when cash is received or paid. The comparative statements of revenues, expenses and changes in net position provide a breakdown of the various areas of revenues and expenses encountered during the current year. Net position – the difference between the Authority's assets, liabilities, deferred inflows and outflows of resources – is a measure of the Authority's financial health or position.

The comparative statement of cash flows provides a breakdown of the various sources of cash flow, categorized into four areas: Cash flows from operating activities, non-capital financing activities; capital and related financing activities and investing activities.

FINANCIAL ANALYSIS OF THE AUTHORITY

The Authority's total net position was \$24,663,813.98 on December 31, 2021. Total assets, total liabilities deferred outflow and inflows of resources and total net position are detailed below.

A significant portion of the Authority's net position (59.93%) represents its investment in capital assets (i.e. land, buildings, improvements and equipment); less the related debt outstanding used to acquire those capital assets. Although the Authority's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the Authority's net position (0.09%) represents resources that are subject to external restrictions on how they can be used under state law. The remaining unrestricted net position (39.98%) may be used to meet the Authority's capital and ongoing obligations. Additionally, the Authority's Board has internally designated a portion of the unrestricted net position for capital equipment and capital construction reserves.

COMPARATIVE STATEMENTS OF NET POSITION AS OF DECEMBER 31,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Change from 2020 to 2021</u>	
				<u>Amount</u>	<u>Percentage</u>
Assets					
Current Assets	\$ 20,775,534.74	\$ 25,161,489.26	\$22,688,892.03	\$ (4,385,954.52)	-17.43%
Non-current Investments	6,913,774.66	6,579,882.98	5,425,442.15	333,891.68	5.07%
Capital Assets (Net of Depreciation)	27,909,156.12	23,821,895.31	18,043,327.05	4,087,260.81	17.16%
Total Assets	55,598,465.52	55,563,267.55	46,157,661.23	35,197.97	0.06%
Deferred Outflows Of Resources	123,023.00	264,939.00	418,668.00	(141,916.00)	-53.57%
Liabilities					
Current Liabilities	1,809,989.74	1,965,430.12	1,010,578.33	(155,440.38)	-7.91%
Long Term Liabilities	28,509,818.80	29,098,483.54	21,837,517.64	(588,664.74)	-2.02%
Total Liabilities	30,319,808.54	31,063,913.66	22,848,095.97	(744,105.12)	-2.40%
Deferred Inflows Of Resources	737,866.00	777,780.00	829,872.00	(39,914.00)	-5.13%
Net Position					
Net Investment in Capital Assets	14,781,033.00	14,760,132.71	10,575,820.81	20,900.29	0.14%
Restricted	21,732.28	20,703.77	18,337.25	1,028.51	4.97%
Unrestricted	9,861,048.70	9,205,676.41	12,304,203.20	655,372.29	7.12%
Total Net Position	\$ 24,663,813.98	\$ 23,986,512.89	\$ 22,898,361.26	\$ 677,301.09	2.82%

FINANCIAL ANALYSIS OF THE AUTHORITY (CONT'D)

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Change from 2020 to 2021</u>	
				<u>Amount</u>	<u>Percentage</u>
Operating Revenues:					
Landfill Fees	\$ 7,545,789.78	\$ 6,929,809.86	\$ 7,340,023.87	\$ 615,979.92	8.89%
State Grants	284,230.58	276,800.85	270,604.09	7,429.73	2.68%
Other Operating Revenues	84,569.16	68,584.56	82,902.43	15,984.60	23.31%
Total Operating Revenues	7,914,589.52	7,275,195.27	7,693,530.39	639,394.25	8.79%
Operating Expenses:					
Administration	930,904.70	967,876.88	904,292.39	(36,972.18)	-3.82%
Cost of Providing Services	2,774,658.87	3,145,364.34	2,991,242.53	(370,705.47)	-11.79%
Landfill Closure and Post-Closure	1,515,830.81	848,582.63	391,622.71	667,248.18	78.63%
Major Repairs	-	31,995.14	89,286.05	(31,995.14)	-100.00%
Depreciation	1,637,165.46	1,402,883.02	1,383,983.34	234,282.44	16.70%
Total Operating Expenses	6,858,559.84	6,396,702.01	5,760,427.02	461,857.83	7.22%
Net Non-Operating Revenue (Expenses)	(378,728.59)	209,658.37	455,399.72	(588,386.96)	-280.64%
Change in Net Position	677,301.09	1,088,151.63	2,388,503.09	(410,850.54)	-37.76%
Net Position Beginning	23,986,512.89	22,898,361.26	20,509,858.17	1,088,151.63	4.75%
Net Position - Ending	\$ 24,663,813.98	\$ 23,986,512.89	\$ 22,898,361.26	\$ 677,301.09	2.82%

OVERALL ANALYSIS & BUDGETARY HIGHLIGHTS

Overall, net position increased by \$677,301.09. The net increase was primarily the result of lower than expected costs related to leachate hauling and treatment, daily cover for the landfill, engineering and accounting and health benefits and pension costs. The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. The budget is adopted on the accrual basis of accounting with cash provisions for bond principal. Significant variances between the original adopted budget and actual budget amounts fall within the two categories of favorable and unfavorable. The Authority overall experienced modest favorable and unfavorable variances in budgetary expenses with an overall favorable variance. As discussed above, the Authority experienced lower than expected costs related to leachate hauling and treatment, daily cover for the landfill, engineering and accounting and health benefits and pension costs. Additionally, the Authority had planned funding the renewal and replacement reserve; however, due to concerns related to COVID-19, the contribution has been deferred to future years. Overall the Authority concluded the year with a net favorable operation appropriation variance of just over \$2.6 million.

DEBT ADMINISTRATION

The Authority made interest payments of \$106,618.75 on its outstanding loans and capital lease payable during the period under audit.

As of December 31, 2021, the Authority had \$980,000.00 capital lease payments outstanding with principal payments due until 2028.

The Authority entered into agreements with the New Jersey Infrastructure Bank for the construction of additional landfill cells to provide additional capacity. As of December 31, 2021, the Authority had \$12,118,486.06 in outstanding loans payable with principal payments due until 2040.

The Authority originally issued \$48,449,000.00 in conduit debt financing. The Authority assumes no responsibility for repayment of this debt beyond the resources provided by the underlying leases or mortgage loans. During 2021, the City of Salem Guaranteed Revenue Bonds remaining balance of \$18,100,000.00 was refunded through the issuance of City of Salem Revenue Refunding Bonds, Series 2021.

DEBT ADMINISTRATION (CONT'D)

The corresponding aggregate outstanding principal totaling \$14,690,000.00 is treated strictly as conduit debt obligations under Interpretation No. 2 of the Governmental Accounting Standards Board (GASB) and accordingly is not included in the financial statements. See Note 5 to the Notes to Financial Statements for a more detailed explanation of conduit debt.

OPERATIONS DIVISION

With the sale of the Nursing Home in May of 2011 and the Economic Development Division no longer being an operational function of the Authority, the Authority was advised to create an "Operations Division" to combine these two previous entities. The Operations Division was created with the understanding that it would be a "place holder" in the event that future business or discussions from previous business or financial situations might arise. As of 2021, the Operations Division is not being utilized.

SOLID WASTE DIVISION

Solid waste markets have begun to stabilize after many counties in New Jersey, including Salem County, had instituted flow control on specified waste types in prior years. The Authority Board has continued to implement a business plan for the Solid Waste Division which included flow control in 2016, which aimed at capturing revenue originating in Salem County. The Authority has secured a stable and predictable base of solid waste generated within Salem County by offering competitive pricing and excellent customer service.

The Authority continues to accept beneficial and profitable waste streams from markets outside Salem County as well. The Authority has contracts with all municipalities and multiple customers with adjusted rates to reflect market conditions and bordering Counties pricing influence. Yearly review of all rates is performed and the Authority is sensitive to the market and bordering Counties pricing structure. Insuring there is an economic supportive structure in Salem County is of utmost concern for the Solid Waste Division.

The Authority received NJDEP approval to extend the life of the landfill with the construction of Cell 10 to meet future waste disposal needs. In order to finance the cell expansion project, the Authority utilized funding from the New Jersey Infrastructure Bank Trust Fund (NJIB), which is in conjunction with the NJDEP. The Authority had previously issued a temporary loan through the NJIB of \$7,473,075.00 in an interest free fund loan, which was permanently funded in 2021 once the project was completed.

In conjunction with the New Jersey Clean Energy Program, the Authority's capital program also includes clean energy upgrades over the next few years. Some of the equipment in the Administration and Operations buildings are nearing the end of their useful lives. Rather than just replacing equipment when it breaks down, the Authority has been proactively researching more energy efficient procedures and equipment that will allow the Authority to reduce energy consumption and thereby reduce the environmental impact of operations. The beginning of this clean energy program was the replacement of lighting fixtures and the HVAC system with more modern energy efficient technologies.

Along with the clean energy upgrades, the Authority has partnered with businesses to ship agriculture plastic mulch overseas in order for them to be recycled. Along with the benefits of recycling, there is an added benefit of reducing the amount of waste in the landfill and thereby extending its useful life. The Authority is required to pay the shipping costs of the plastics however, they are paid from State recycling grant funds and there is no net cost to the Authority.

CONTACTING THE AUTHORITY'S MANAGEMENT

This financial report is designed to provide Salem County residents, investors, clients and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the public funds it receives. If you have any questions about this report or need additional financial information, contact the Julie Acton, Executive Director, Salem County Improvement Authority, PO Box 890, 286 Welchville Road, Alloway, New Jersey 08001-0890, by e-mail: jacton@scianj.org, by phone 856-935-7900 ext. 15, or the Authority website at scianj.com.

BASIC FINANCIAL STATEMENTS

SALEM COUNTY IMPROVEMENT AUTHORITY

Comparative Statements of Net Position
As of December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 8,535,459.03	\$ 4,525,743.64
Investments	3,387,444.48	5,874,259.87
Service Fees Receivable, Net of an Allowance for Doubtful Accounts of \$4,520.49 in 2021 and \$1,408.25 in 2020	528,483.66	463,722.34
Accrued Interest Receivable	<u>1,301.20</u>	<u>5,199.70</u>
Total Unrestricted Assets	<u>12,452,688.37</u>	<u>10,868,925.55</u>
Restricted Assets:		
Cash and Cash Equivalents	3,233,932.07	1,654,044.92
Investments	4,916,736.72	6,243,673.46
NJIB Loan Receivable		6,208,045.15
Grant Receivable	162,000.00	162,000.00
Accrued Interest Receivable	<u>10,177.58</u>	<u>24,800.18</u>
Total Restricted Assets	<u>8,322,846.37</u>	<u>14,292,563.71</u>
Total Current Assets	<u>20,775,534.74</u>	<u>25,161,489.26</u>
Noncurrent Assets:		
Unrestricted Assets:		
Investments	1,839,414.95	1,599,844.55
Restricted Assets:		
Investments	<u>5,074,359.71</u>	<u>4,980,038.43</u>
Total Investments	<u>6,913,774.66</u>	<u>6,579,882.98</u>
Capital Assets:		
Capital Assets, net of Accumulated Depreciation	23,388,520.69	16,715,134.99
Construction in Progress	<u>4,520,635.43</u>	<u>7,106,760.32</u>
Total Capital Assets	<u>27,909,156.12</u>	<u>23,821,895.31</u>
Total Noncurrent Assets	<u>34,822,930.78</u>	<u>30,401,778.29</u>
Total Assets	<u>55,598,465.52</u>	<u>55,563,267.55</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Related to Pensions	<u>123,023.00</u>	<u>264,939.00</u>

(Continued)

SALEM COUNTY IMPROVEMENT AUTHORITY

Comparative Statements of Net Position
As of December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable - Operating	\$ 276,400.93	\$ 523,809.12
Accounts Payable - Capital	441,616.93	716,333.36
Accounts Payable - Related to Pensions	100,429.00	93,950.00
Payroll Taxes Payable	11,980.46	1,041.39
Accrued Wages	35,096.20	30,076.25
Accrued Interest Payable	66,107.34	25,050.52
Unearned Revenue	104,270.26	60,830.09
Compensated Absences Payable - Current Portion	12,752.79	13,591.99
Intergovernmental Loan - Current Portion		11,166.66
NJIB Loan Payable - Current Portion	636,335.83	364,580.74
Capital Lease Payable - Current Portion	125,000.00	125,000.00
Total Current Liabilities	<u>1,809,989.74</u>	<u>1,965,430.12</u>
Noncurrent Liabilities:		
Landfill Closure and Post-Closure Costs	14,991,782.45	13,475,951.64
Net Pension Liability	1,015,896.00	1,400,502.00
Accrued Liabilities - Related to Pensions	50,215.00	46,975.00
Compensated Absences Payable - Noncurrent Portion	114,775.12	122,327.91
NJIB Loan Payable - Noncurrent Portion	11,482,150.23	13,072,726.99
Capital Lease Payable - Noncurrent Portion	855,000.00	980,000.00
Total Noncurrent Liabilities	<u>28,509,818.80</u>	<u>29,098,483.54</u>
Total Liabilities	<u>30,319,808.54</u>	<u>31,063,913.66</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Related to Pensions	<u>737,866.00</u>	<u>777,780.00</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	14,781,033.00	14,760,132.71
Restricted:		
Unemployment Trust	21,732.28	20,703.77
Unrestricted	<u>9,861,048.70</u>	<u>9,205,676.41</u>
Total Net Position	<u>\$ 24,663,813.98</u>	<u>\$ 23,986,512.89</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

SALEM COUNTY IMPROVEMENT AUTHORITY
 Comparative Statements of Revenues, Expenses and Changes in Net Position
 For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
Landfill Fees	\$ 7,545,789.78	\$ 6,929,809.86
State Grants	284,230.58	276,800.85
Other Revenues	<u>84,569.16</u>	<u>68,584.56</u>
Total Operating Revenues	<u>7,914,589.52</u>	<u>7,275,195.27</u>
Operating Expenses:		
Administrative:		
Salaries and Wages	253,079.07	260,828.19
Employee Benefits	54,603.35	68,823.52
Other Expenses	623,222.28	638,225.17
Cost of Providing Service:		
Salaries and Wages	537,912.44	534,846.67
Employee Benefits	27,483.53	160,628.13
Other Expenses	2,209,262.90	2,449,889.54
Landfill Closure and Post-Closure	1,515,830.81	848,582.63
Major Repairs		31,995.14
Depreciation	<u>1,637,165.46</u>	<u>1,402,883.02</u>
Total Operating Expenses	<u>6,858,559.84</u>	<u>6,396,702.01</u>
Operating Income	<u>1,056,029.68</u>	<u>878,493.26</u>
Non-Operating Revenues (Expenses):		
Investment Income Including Net Realized and Unrealized Gains on Investments	25,649.77	383,522.36
Investment Expenses	(18,257.32)	(20,662.65)
Interest Expense	(133,250.75)	(81,462.57)
Gain on Sale of Capital Assets	25,727.75	
Cost of Issuance	(94,999.10)	(73,991.00)
Net Unemployment Activity	1,019.06	2,252.23
Contribution to County of Salem	<u>(184,618.00)</u>	
Total Non-Operating Revenues (Expenses)	<u>(378,728.59)</u>	<u>209,658.37</u>
Change in Net Position	677,301.09	1,088,151.63
Net Position Beginning of Year	<u>23,986,512.89</u>	<u>22,898,361.26</u>
Net Position at End of Year	<u><u>\$ 24,663,813.98</u></u>	<u><u>\$ 23,986,512.89</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

SALEM COUNTY IMPROVEMENT AUTHORITY
Comparative Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities:		
Receipts from Customers and Users	\$ 7,524,468.63	\$ 6,956,335.79
Payments to Suppliers	(3,079,893.37)	(2,910,234.87)
Payments to Employees	(1,138,396.36)	(1,108,446.54)
Other Operating Receipts	<u>368,799.74</u>	<u>326,705.41</u>
Net Cash Provided by Operating Activities	<u>3,674,978.64</u>	<u>3,264,359.79</u>
Cash Flows From Non-Capital Financing Activities:		
County Appropriations	(184,618.00)	
Other Non-Operating Receipts	<u>1,019.06</u>	<u>2,252.23</u>
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>(183,598.94)</u>	<u>2,252.23</u>
Cash Flows From Capital and Related Financing Activities:		
Interest Paid on Debt	(106,618.75)	(89,771.67)
Principal Paid on Debt	(611,917.46)	(389,437.56)
Debt Issue Costs Payable	(94,999.10)	(73,991.00)
New Jersey Infrastructure Bank Receivable	5,379,399.10	1,283,034.00
Proceeds from Sales of Capital Assets	25,727.75	
Acquisitions of Capital Assets	<u>(5,999,142.70)</u>	<u>(6,479,298.62)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(1,407,551.16)</u>	<u>(5,749,464.85)</u>
Cash Flows From Investing Activities:		
Purchases of Investments	(8,665,226.41)	(18,175,500.57)
Receipts from the Maturity of Investments	12,061,938.80	20,733,541.86
Investment Income Receipts	127,318.93	399,836.30
Investment Expenses	<u>(18,257.32)</u>	<u>(20,662.65)</u>
Net Cash Provided by Investing Activities	<u>3,505,774.00</u>	<u>2,937,214.94</u>
Net Increase in Cash and Cash Equivalents	5,589,602.54	454,362.11
Cash and Cash Equivalents at Beginning of Year	<u>6,179,788.56</u>	<u>5,725,426.45</u>
Cash and Cash Equivalents at End of Year	<u><u>\$11,769,391.10</u></u>	<u><u>\$ 6,179,788.56</u></u>

(Continued)

SALEM COUNTY IMPROVEMENT AUTHORITY
 Comparative Statements of Cash Flows
 For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of Operating Income to Net Cash Flows Provided		
by Operating Activities:		
Operating Income	\$ 1,056,029.68	\$ 878,493.26
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation Expense	1,637,165.46	1,402,883.02
Pension Expense (Benefit) - GASB 68	(272,885.00)	(99,773.00)
Changes in Assets and Liabilities:		
Service Fees Receivable	(64,761.32)	2,436.97
Grant Receivable		(18,680.00)
Accounts Payable	(247,408.19)	209,874.98
Accrued Salaries and Payroll Taxes	15,959.02	7,770.29
Unearned Revenue	43,440.17	24,088.96
Landfill Closure and Post-Closure Costs	1,515,830.81	848,582.63
Compensated Absences Payable	(8,391.99)	8,682.68
	<u>\$ 3,674,978.64</u>	<u>\$ 3,264,359.79</u>
Net Cash Provided by Operating Activities		

The accompanying Notes to Financial Statements are an integral part of this statement.

SALEM COUNTY IMPROVEMENT AUTHORITY
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Salem County Improvement Authority (the "Authority") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Reporting Entity

The Authority is a public body corporate and politic of the State of New Jersey and was originally created by a resolution of the Board of County Commissioners of the County of Salem (the "County"), adopted in 1976, pursuant to the County Improvement Authority Law, Chapter 183 of the Pamphlet Laws of 1960, of the State of New Jersey, as amended and supplemented, ("The Act").

The Act empowers improvement authorities to provide within the County, public facilities, convention halls, equipment and facilities for public transportation, aviation facilities, garbage and solid waste systems, the improvement, furtherance and promotion of tourist industries and recreational attractiveness and planning and carrying out of redevelopment projects.

The Authority has five board members, appointed by the Salem County Board of County Commissioners. One member is appointed each year for a five-year term.

The Authority is composed of two distinct divisions:

Operations Division

The Operations Division was created by resolution on September 11, 2014 and began operations on January 1, 2015. The Operations Division was created for the purpose of managing the payments and reimbursements of health benefit expenses of former retired employees of the dissolved Nursing Home Division. Subsequent to the creation of the Operations Division, the County of Salem assumed the responsibility to directly pay the health benefit expenses of former retired employees of the dissolved Nursing Home Division. This division also processes any activities outside of the scope of the Solid Waste Landfill Division. For the year ended December 31, 2021, the Operations Division was not utilized.

Solid Waste Landfill Division

The Solid Waste Landfill Division is the former Salem County Utilities Authority, and came under the umbrella of the Salem County Improvement Authority effective April 1, 2009. The Salem County Utilities Authority was a public body corporate and politic of the State of New Jersey and was originally created as a utilities authority by an ordinance adopted in 1980 by the Board of County Commissioners of Salem County. The Salem County Utilities Authority began operations on April 18, 1988 and was created for the purpose of constructing, maintaining and operating facilities for the disposal of solid waste generated throughout the County in an environmentally sound manner in conformance with the provisions of the New Jersey Solid Waste Management Act, consulting Chapter 326 of the Pamphlet Laws of 1983, of the State of New Jersey, implementing the Salem County Solid Waste Management plan, as amended and reviewing modifications to the plan.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Component Unit**

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity*, as amended. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the financial statements to emphasize that it is legally separate from the government.

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

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

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

Basis of Presentation

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Authority is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

The transactions of the Authority are divided into two separate activities (Operations and Solid Waste Landfill) within the enterprise fund type. Each activity is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflow of resources, net position, revenues and expenditures.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

Revenues -- Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. Landfill, convenience center and other fees are recognized as revenue when services are provided.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, contributed capital, and donations. Revenue from grants, contributed capital, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Budgets and Budgetary Accounting

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current year and to adopt not later than the beginning of the Authority's year. The governing body may amend the budget at any point during the year. The budget is adopted on the accrual basis of accounting with provisions for cash payments for bond principal. Depreciation expense, debt issue costs, debt discounts, debt premiums and deferred loss on defeasance are not included in the budget appropriations.

The legal level of budgetary control is established at the detail shown on the Comparative Statements of Revenues, Expenses and Changes in Net Position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended. The Authority adopted an amending budget resolution during the year.

The Authority records encumbrances. An encumbrance represents a commitment related to unperformed contracts for goods or services. The issuance of a purchase order or the signing of a contract would create an encumbrance. The encumbrance does not represent an expenditure for the period, only a commitment to expend resources. At year-end, the accounting records are adjusted to record only expenses in accordance with generally accepted accounting principles.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds and cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Cash, Cash Equivalents and Investments (Cont'd)**

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its 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 in 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 municipal units. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of school district of which the local unit is a part or within which the school district is located, bonds or other obligations approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which 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 or having 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 at least equal to five percent 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 amount of their deposits to the governmental units.

Additionally, the Authority has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

Inventories

The cost of inventories of supplies are recorded as expenditures at the time the individual items are purchased. The Authority has determined that the inventories are immaterial and are not recorded in the financial statements.

Prepaid Expenses

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond the applicable year end. The Authority had no prepaid expenses for the years ended December 31, 2021 and 2020.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Capital Assets**

Capital assets primarily consist of expenditures to acquire, construct, place in operation and improve the facilities of the Authority. Assets purchased are stated at cost. Donated capital assets are recorded at their fair market value as of the date received.

Expenditures, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the capital asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Costs incurred during construction of an asset are recorded as construction in progress. In the year that the project is completed, these costs are transferred to Capital Assets - Completed. Interest costs incurred during construction are not capitalized into the cost of the asset.

Expenditures are capitalized when they meet the following requirements:

- 1) Cost of \$5,000.00 or more
- 2) Useful life of more than one year
- 3) Asset is not affected by consumption

Depreciation

Depreciation is provided using the straight-line method over the following estimated useful life of the assets:

	<u>Years</u>
Site and Building Improvements	5-21
Landfill Cells	3-12
Furniture and Equipment	3-20
Vehicles	5-8

Debt Premiums

Debt premiums arising from the issuance of long-term debt are amortized over the life of the loans, in a systematic and rational method, from the issue date to maturity as a component of interest expense. Debt premiums are presented as an adjustment of the face amount on the loans.

Deferred Outflows and Deferred Inflows of Resources

The comparative 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. The Authority is required to report deferred outflows of resources and deferred inflows of resources related to its defined benefit pension plans.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Compensated Absences**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Authority and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the Authority is eligible to realize the revenue.

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.

Net Position

In accordance with the provisions of GASB Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board *"Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments"*, the Authority has classified its net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

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

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

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

Income Taxes

The Authority operates as defined by the Internal Revenue Code Section 115 and appropriately is exempt from income taxes under Section 115.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Operating and Non-Operating Revenues and Expenses**

Operating revenues include all revenues derived from solid waste disposal and other revenue sources. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and on investments in debt securities.

Operating expenses include expenses associated with the operation, maintenance and repair of the solid waste facility and general administrative expenses. Non-operating expenses principally include expenses attributable to the Authority's interest on funded debt, investment expenses and contribution to the County of Salem.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Impact of Recently Issued Accounting Policies**Recently Issued and Adopted Accounting Pronouncements**

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also simplifies accounting for interest cost incurred before the end of a construction period. The adoption of this Statement had no impact on the Authority's financial statements.

Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The adoption of this Statement had no impact on the Authority's financial statements.

Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The adoption of this Statement had no impact on the Authority's financial statements.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as indicated below:

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement originally would have become effective for the Authority in the year ending December 31, 2020, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2022. Management has not yet determined the impact of this Statement on the financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Policies (Cont'd)****Recently Issued Accounting Pronouncements (Cont'd)**

Statement No. 91, *Conduit Debt Obligations*. The 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 originally would have become effective for the Authority in the year ending December 31, 2021, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2022. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to 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. The requirements of this Statements are effective as follows:

1. The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
2. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 originally would have become effective for the Authority in the year ending December 31, 2021, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2022.
3. The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities originally would have become effective for the Authority in the year ending December 31, 2021, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2022.
4. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition originally would have become effective for the Authority in the year ending December 31, 2021, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2022.

Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is 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. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The Statement will become effective for the Authority in the year ending December 31, 2023. Management does not expect this Statement will have an impact on the financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Policies (Cont'd)****Recently Issued Accounting Pronouncements (Cont'd)**

Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Statement will become effective for the Authority in the year ending December 31, 2023. Management does not expect this Statement will have an impact on the financial statements.

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 portions of the statement effect component unit criteria are effective immediately, but the other portions of the Statement will become effective for the Authority in the year ending December 31, 2022. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective immediately. The requirements related to leases, PPPs, and SBITAs will become effective for the Authority in the year ending December 31, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will become effective for the Authority in the year ending December 31, 2024. Management does not expect this Statement will have an impact on the financial statements.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**Compliance with Finance Related Legal and Contractual Provisions**

Management of the Authority is unaware of any material violations of finance related legal and contractual provisions.

Note 3: DETAIL NOTES - ASSETS**Cash and Cash Equivalents**

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. Although the Authority does not have a formal policy regarding custodial credit risk, 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 (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. If the Authority had any such funds, they would be shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2021 and 2020, the Authority's bank balances were exposed to custodial credit risk as follows:

	<u>2021</u>	<u>2020</u>
Insured by FDIC	\$ 250,000.00	\$ 250,000.00
Insured by GUDPA	7,491,611.45	3,792,943.03
Uninsured and Uncollateralized	4,114,391.04	2,391,646.23
Total	<u>\$ 11,856,002.49</u>	<u>\$ 6,434,589.26</u>

Investments

New Jersey authorities are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey authorities. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or other obligations of the local unit or units within which the Authority is located, bonds or other obligations approved by the Division of Investment in the Department of Treasury for investment by authorities, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. The Authority has no investment policy that would further limit its investment choices.

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. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority has no investment policy to limit its exposure to custodial credit risk. All of the Authority's \$15,217,955.86 as of December 31, 2021 and \$18,697,816.31 as of December 31, 2020 investments in certificate of deposits, debt obligations of FHLB, FFCB, FHLMC and US Treasury are held in the name of the Authority.

Note 3: DETAIL NOTES – ASSETS (CONT'D)**Investments (Cont'd)**

As of December 31, 2021 and 2020, the Authority's investment balances were exposed to custodial credit risk as follows:

	<u>2021</u>	<u>2020</u>
Insured by FDIC	\$ 5,935,904.70	\$ 6,870,343.30
Insured by GUDPA	2,366,812.18	4,465,897.31
Uninsured and Uncollateralized	6,915,238.98	7,361,575.70
	<hr/>	<hr/>
Total	\$ 15,217,955.86	\$ 18,697,816.31

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority's investment policies place no limit on the amount the Authority may invest in any one issuer. More than 5.0% of the Authority's investments are in US Treasury securities (43.71%) and Regal Bank CD's (17.20%).

As of December 31, 2021 and 2020, the Authority had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value Hierarchy Level *</u>	<u>Credit Rating</u>	<u>Fair Value Dec. 31, 2021</u>	<u>Fair Value Dec. 31, 2020</u>
Federal Home Loan Bank	2/10/2021	Level 1	AAA		\$ 931,385.70
Mainstreet Bk CD	2/12/2021	Level 1	N/R		245,727.65
Star Finl Bk CD	2/12/2021	Level 1	N/R		245,727.65
Federal Home Loan Bank	2/18/2021	Level 1	AAA		44,842.25
Needham Bk CD	2/22/2021	Level 1	N/R		245,901.60
Meadows Bk CD	3/26/2021	Level 1	N/R		245,088.20
Regal Bank CD	3/19/2021	Level 1	N/R		2,148,709.49
Federal Farm Credit Bank	4/1/2021	Level 1	AAA		19,997.34
Towne Bk CD	4/15/2021	Level 1	N/R		245,752.15
Bell Bank Corp CD	4/16/2021	Level 1	N/R		245,766.85
Congressional Bk CD	4/30/2021	Level 1	N/R		161,256.00
Federal Home Loan Bank	5/4/2021	Level 1	N/R		1,350,097.82
Farmers Natl Bank CD	5/14/2021	Level 1	N/R		245,235.20
Regal Bank CD	5/17/2020	Level 1	N/R		466,043.09
Lakeland Bk CD	6/10/2021	Level 1	N/R		245,612.50
Citizens Natl Bk CD	6/18/2021	Level 1	N/R		245,186.20
Safra Natl Bk NY CD	7/1/2021	Level 1	N/R		245,262.15
Fulton Bank CD	7/16/2021	Level 1	N/R		2,101,144.73
TIAA FSB CD	7/29/2021	Level 1	N/R		227,625.75
Goldman Sachs Bk CD	7/30/2021	Level 1	N/R		151,767.00
US Treasury Notes	7/31/2021	Level 1	AAA		525,126.00
Beal Bk USA CD	8/4/2021	Level 1	N/R		245,235.20
First Finl Bk CD	8/6/2021	Level 1	N/R		125,083.75
US Treasury Bonds	8/15/2021	Level 1	AAA		40,748.83
US Treasury Notes	8/31/2021	Level 1	AAA		266,133.22
Reading Co-Op Bk CD	9/22/2021	Level 1	N/R		245,281.75
US Treasury Notes	11/30/2021	Level 1	AAA		121,746.90
Bank of Baroda CD	12/2/2021	Level 1	N/R		245,107.80
Seacoast Natl Bk CD	12/13/2021	Level 1	N/R		245,340.55
US Treasury Strips	2/15/2022	Level 1	N/R	\$ 45,003.13	44,933.40
Discover Bank CD	3/16/2022	Level 1	N/R	244,975.50	
Metabank CD	3/17/2022	Level 1	N/R	244,973.05	245,396.90

Note 3: DETAIL NOTES – ASSETS (CONT'D)**Investments (Cont'd)**

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value Hierarchy Level *</u>	<u>Credit Rating</u>	<u>Fair Value Dec. 31, 2021</u>	<u>Fair Value Dec. 31, 2020</u>
Balance Brought Forward				\$ 534,951.68	\$ 12,408,263.62
US Treasury Notes	3/31/2022	Level 1	AAA	59,974.14	60,958.74
Sallie Mae Bk CD	4/15/2022	Level 1	N/R	245,749.70	248,890.60
US Treasury Notes	4/30/2022	Level 1	AAA	919,850.66	920,145.06
US Treasury Notes	5/15/2022	Level 1	AAA	25,091.86	25,468.96
Regal Bank CD	5/17/2022	Level 1	N/R	468,492.55	
First Heritage Bk CD	6/10/2022	Level 1	N/R	245,000.00	245,612.50
Lakeland Bank CD	6/10/2022	Level 1	N/R	245,000.00	
NY Cmty Bk CD	6/13/2022	Level 1	N/R	245,000.00	245,614.95
Merrick Bk Corp CD	6/30/2022	Level 1	N/R	245,000.00	245,627.20
Mizrahi Tefahot CD	6/30/2022	Level 1	N/R	59,955.00	60,018.60
Farmers & Traders CD	7/8/2022	Level 1	N/R	244,992.65	245,632.10
Morton Cmty Bk CD	7/14/2022	Level 1	N/R	244,990.20	245,637.00
Preferred Bk CD	7/18/2022	Level 1	N/R	124,958.75	125,230.00
Preferred Bk CD	7/18/2022	Level 1	N/R	119,960.40	120,220.80
US Treasury Notes	7/31/2022	Level 1	AAA	524,648.25	
US Treasury Bonds	8/15/2022	Level 1	AAA	25,389.73	27,205.98
US Treasury Notes	8/15/2022	Level 1	AAA	10,024.46	10,183.36
Bradescobac FI CD	9/15/2022	Level 1	N/R	244,625.15	
US Treasury Notes	9/30/2022	Level 1	N/R	983,729.35	985,118.20
State Bk of India CD	10/20/2022	Level 1	N/R	244,679.05	245,252.35
Enerbank USA CD	10/21/2022	Level 1	N/R	244,676.60	245,252.35
Federal Home Loan Bank	12/9/2022	Level 1	AAA	50,627.49	51,636.99
US Treasury Notes	12/31/2022	Level 1	AAA	398,784.00	
US Treasury Notes	2/15/2023	Level 1	AAA	45,441.38	46,445.78
BMW Bank North America CD	2/27/2023	Level 1	N/R	244,284.60	
Envision Bank CD	3/17/2023	Level 1	N/R	244,061.65	
First General Bank CD	3/17/2023	Level 1	N/R	244,059.20	
Mutual Savings Association CD	3/17/2023	Level 1	N/R	244,211.10	
Regal Bank CD	3/19/2023	Level 1	N/R	2,148,319.63	
Federal Home Loan Bank	3/28/2023	Level 1	AAA	40,648.91	41,565.71
Maine Cmty Bank CD	3/29/2023	Level 1	N/R	244,005.30	
Parkway Bank CD	3/30/2023	Level 1	N/R	244,149.85	
US Treasury Notes	3/31/2023	Level 1	AAA	253,855.05	
Indl and Cmp Bank CD	4/5/2023	Level 1	N/R	244,127.80	
Bank Hapoalim CD	4/21/2023	Level 1	N/R	244,216.00	
US Treasury Notes	4/30/2023	Level 1	AAA	477,489.60	
Toyota Financial Savings CD	5/1/2023	Level 1	N/R	244,174.35	
US Treasury Notes	5/15/2023	Level 1	AAA	111,583.40	113,964.90
US Treasury Notes	5/31/2023	Level 1	AAA	496,975.00	
US Treasury Notes	5/31/2023	Level 1	AAA	1,460,950.44	
Wex Bank CD	6/30/2023	Level 1	N/R	244,078.80	
US Treasury Bonds	8/15/2023	Level 1	AAA	26,685.25	28,410.25
US Treasury Notes	8/15/2023	Level 1	AAA	96,955.85	99,973.05
Federal Home Loan Mortgage Corp	9/1/2023	Level 1	AAA		708,657.52
US Treasury Notes	11/15/2023	Level 1	AAA	82,753.94	85,685.14
US Treasury Notes	2/15/2024	Level 1	AAA	25,781.07	26,752.82
US Treasury Notes	5/15/2024	Level 1	AAA	103,579.93	107,473.93
Federal Home Loan Bank	6/14/2024	Level 1	AAA	41,896.04	43,623.64
US Treasury Notes	8/15/2024	Level 1	AAA	61,767.63	64,146.63
Federal Home Loan Bank	9/13/2024	Level 1	AAA	88,617.12	92,521.17
US Treasury Notes	11/15/2024	Level 1	AAA	20,680.09	21,494.89

Note 3: DETAIL NOTES – ASSETS (CONT'D)**Investments (Cont'd).**

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value Hierarchy Level *</u>	<u>Credit Rating</u>	<u>Fair Value Dec. 31, 2021</u>	<u>Fair Value Dec. 31, 2020</u>
Balance Brought Forward				\$ 14,781,500.65	\$ 18,242,684.79
US Treasury Notes	2/15/2025	Level 1	AAA	107,372.83	111,658.93
Federal Home Loan Bank	3/14/2025	Level 1	AAA	41,407.30	43,044.50
US Treasury Notes	5/15/2025	Level 1	AAA	98,097.18	102,308.53
US Treasury Notes	8/15/2025	Level 1	AAA	179,187.46	187,225.21
US Treasury Notes	11/15/2025	Level 1	AAA	10,390.44	10,894.34
				<u>\$ 15,217,955.86</u>	<u>\$ 18,697,816.31</u>

* Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation.

Level 3 inputs are unobservable inputs for the asset; they should be used only when the relevant Level 1 and Level 2 inputs are unavailable.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As stated in note 1, investments are purchased in accordance with N.J.S.A. 40A:5-15.1. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority has no investment policy that would further limit its exposure to credit risk.

Service Fees

The following is a three-year comparison of service charge billings and collections for all types of accounts maintained by the Authority:

<u>Year</u>	<u>Beginning Balance</u>	<u>Billings</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
2021	\$ 463,722.34	\$ 7,545,789.78	\$ 7,481,028.46	93.40%
2020	466,159.31	6,929,809.86	6,932,246.83	93.73%
2019	575,647.96	7,340,023.87	7,449,512.52	94.11%

The Authority's policy for allowance for doubtful accounts is to review aging history periodically and deem accounts doubtful as necessary.

Note 3: DETAIL NOTES – ASSETS (CONT'D)**Capital Assets**

During the year ended December 31, 2021, the following changes in Capital Assets occurred:

	Balance <u>Jan. 1, 2021</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2021</u>
Capital Assets not being Depreciated					
Land & Land Improvements	\$ 1,339,663.90				\$ 1,339,663.90
Construction in Progress	7,106,760.32	\$ 5,128,972.71	\$ (7,715,097.60)		4,520,635.43
Total Capital Assets not being Depreciated	8,446,424.22	5,128,972.71	(7,715,097.60)	-	5,860,299.33
Capital Assets being Depreciated					
Infrastructure	41,885,005.12		8,328,021.37		50,213,026.49
Buildings & Improvements	4,354,406.34		(625,235.00)	\$ (119,844.46)	3,609,326.88
Equipment	6,440,723.14	595,453.56	12,311.23		7,048,487.93
Total Capital Assets being Depreciated	52,680,134.60	595,453.56	7,715,097.60	(119,844.46)	60,870,841.30
Total Capital Assets	61,126,558.82	5,724,426.27	-	(119,844.46)	66,731,140.63
Less Accumulated Depreciation	(37,304,663.51)	(1,637,165.46)	-	119,844.46	(38,821,984.51)
Capital Assets, Net	<u>\$ 23,821,895.31</u>	<u>\$ 4,087,260.81</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,909,156.12</u>

Note 3: DETAIL NOTES – ASSETS (CONT'D)**Capital Assets (Cont'd)**

During the year ended December 31, 2020, the following changes in Capital Assets occurred:

	Balance <u>Jan. 1, 2020</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2020</u>
Capital Assets not being Depreciated					
Land & Land Improvements	\$ 1,339,663.90				\$ 1,339,663.90
Construction in Progress	341,412.77	\$ 6,841,674.77	\$ (76,327.22)		7,106,760.32
Total Capital Assets not being Depreciated	1,681,076.67	6,841,674.77	(76,327.22)	-	8,446,424.22
Capital Assets being Depreciated					
Infrastructure	41,885,005.12				41,885,005.12
Buildings & Improvements	4,278,079.12		76,327.22		4,354,406.34
Equipment	6,100,946.63	339,776.51			6,440,723.14
Total Capital Assets being Depreciated	52,264,030.87	339,776.51	76,327.22	-	52,680,134.60
Total Capital Assets	53,945,107.54	7,181,451.28	-	-	61,126,558.82
Less Accumulated Depreciation	(35,901,780.49)	(1,402,883.02)	-	-	(37,304,663.51)
Capital Assets, Net	\$ 18,043,327.05	\$ 5,778,568.26	\$ -	\$ -	\$ 23,821,895.31

Note 4: DETAIL NOTES – LIABILITIES**Long-term Liabilities**

During the year ended December 31, 2021 and 2020, the following changes occurred in long-term obligations:

	<u>Balance</u> <u>Jan. 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Due Within</u> <u>One Year</u>
Loans Payable:					
NJIB Loans	\$13,413,423.95	\$6,219,517.00	\$ (7,948,825.80)	\$11,684,115.15	\$ 636,335.83
Premium on Loan	23,883.78	424,911.95	(14,424.82)	434,370.91	
Intergovernmental	11,166.66		(11,166.66)		
Total Loans Payable	13,448,474.39	6,644,428.95	(7,974,417.28)	12,118,486.06	636,335.83
Net Pension Liability	1,400,502.00	671,653.00	(1,056,259.00)	1,015,896.00	
Accrued Liabilities -					
Related to Pension	46,975.00	50,215.00	(46,975.00)	50,215.00	
Closure & Post Closure	13,475,951.64	1,515,830.81		14,991,782.45	
Capital Lease Payable	1,105,000.00		(125,000.00)	980,000.00	125,000.00
Compensated Absences	135,919.90	89,471.64	(97,863.63)	127,527.91	12,752.79
Total Other Liabilities	16,164,348.54	2,327,170.45	(1,326,097.63)	17,165,421.36	137,752.79
Total Noncurrent Liabilities	\$29,612,822.93	\$8,971,599.40	\$ (9,300,514.91)	\$29,283,907.42	\$ 774,088.62

	<u>Balance</u> <u>Jan. 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Due Within</u> <u>One Year</u>
Loans Payable:					
NJIB Loans	\$ 6,657,872.69	\$7,473,075.00	\$ (717,523.74)	\$13,413,423.95	\$ 364,580.74
Premium on Loan	25,376.52		(1,492.74)	23,883.78	
Intergovernmental	22,333.33		(11,166.67)	11,166.66	11,166.67
Total Loans Payable	6,705,582.54	7,473,075.00	(730,183.15)	13,448,474.39	375,747.41
Net Pension Liability	1,612,281.00	1,035,101.00	(1,246,880.00)	1,400,502.00	
Accrued Liabilities -					
Related to Pension	43,519.00	46,975.00	(43,519.00)	46,975.00	
Closure & Post Closure	12,627,369.01	848,582.63		13,475,951.64	
Capital Lease Payable	1,225,000.00		(120,000.00)	1,105,000.00	125,000.00
Compensated Absences	127,237.22	86,315.08	(77,632.40)	135,919.90	13,591.99
Total Other Liabilities	15,635,406.23	2,016,973.71	(1,488,031.40)	16,164,348.54	138,591.99
Total Noncurrent Liabilities	\$22,340,988.77	\$9,490,048.71	\$ (2,218,214.55)	\$29,612,822.93	\$ 514,339.40

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**New Jersey Infrastructure Bank**

On May 25, 2017, the Authority closed on two loans from the New Jersey Infrastructure Bank totaling \$7,565,088.00 for the construction of Cell 11 of the landfill. The Fund portion of the award is for \$5,695,088.00 and is interest free. The remaining Trust portion is for \$1,870,000.00 and carries interest rates varying from 3.0% to 5.0% with a final maturity due on August 1, 2036.

On February 19, 2020, the Authority closed on an interim loan from the New Jersey Infrastructure Bank in the amount of \$7,473,075.00 at no interest. This loan matured on June 10, 2021, when it was permanently financed for the construction of a new landfill cell. The Fund portion of the award is for \$3,279,517.00 and is interest free. The remaining Trust portion is for \$2,940,000.00 and carries interest rates varying from 2.0% to 5.0% with a final maturity due on August 1, 2040.

The following schedule reflects the loan maturities for NJIB:

<u>Year Ending December 31,</u>	<u>Interest Free Loan Principal</u>	<u>Loan Principal</u>	<u>Total Principal</u>	<u>Rates</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 180,000.00	\$ 456,335.83	\$ 636,335.83	5.00%	\$ 159,412.50	\$ 795,748.33
2023	195,000.00	456,335.83	651,335.83	5.00%	150,412.50	801,748.33
2024	205,000.00	456,335.83	661,335.83	5.00%	140,662.50	801,998.33
2025	210,000.00	456,335.83	666,335.83	5.00%	130,412.50	796,748.33
2026	220,000.00	456,335.83	676,335.83	3.00% - 5.00%	119,912.50	796,248.33
2027-2031	1,260,000.00	2,281,679.15	3,541,679.15	3.00% - 5.00%	455,512.50	3,997,191.65
2032-2036	1,485,000.00	1,923,736.26	3,408,736.26	2.00% - 3.375%	228,125.00	3,636,861.26
2037-2040	775,000.00	667,020.59	1,442,020.59	2.00% - 3.00%	44,950.00	1,486,970.59
	<u>\$ 4,530,000.00</u>	<u>\$7,154,115.15</u>	11,684,115.15		<u>\$1,429,400.00</u>	<u>\$13,113,515.15</u>
Current Maturities			(636,335.83)			
Premium on Bonds			434,370.91			
Long-Term Portion			<u>\$11,482,150.23</u>			

Intergovernmental Loan

On February 8, 2018, the Authority approved a loan from the Pollution Control Financing Authority of Salem County totaling \$33,500.00 for the acquisition of a global positioning system for the compactor. As part of the agreement, the Authority also received a grant of \$33,500.00 towards the acquisition. The loan carried interest rates varying from 1.75% to 2.25% and matured on August 1, 2021.

Compensated Absences

The Authority accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Authority employees may accumulate unused sick time with no limit. Upon retirement, employees are compensated for accumulated sick leave and accumulated vacation time (upon board approval) at their current hourly rate times the number of hours accumulated, up to a maximum of \$15,000.00. The accrued liability for accumulated sick leave and vacation time at December 31, 2021 and 2020 is estimated to be \$127,527.91 and \$135,919.90, respectively.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Net Pension Liability**

For details on the net pension liability, see the Pension Plans section on the following page. The Authority's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis.

Lease Obligations

Capital Leases Payable - The Solid Waste Landfill Division of the Salem County Improvement Authority entered into a Capital Project Lease Agreement for the purpose of constructing and equipping a glass blowing facility to be utilized by the students of the Salem Community College and the residents of the County. The Salem County Improvement Authority financed the cost of the project through the issuance of its County-Guaranteed Lease Revenue Bonds (County Glass Blowing Project), Series 2008. These bonds were refunded on December 5, 2016 as County-Guaranteed Lease Revenue Refunding Bonds (County Glass Blowing Project), Series 2016.

The following schedule represents the remaining principal and interest payments, through maturity, for capital leases due by the Solid Waste Landfill Division of the Salem County Improvement Authority:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Rates</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 125,000.00	2.25%	\$ 20,643.75	\$ 145,643.75
2023	135,000.00	2.25%	17,718.75	152,718.75
2024	135,000.00	2.25%	14,681.25	149,681.25
2025	140,000.00	2.25%	11,587.50	151,587.50
2026	145,000.00	2.25%	8,381.25	153,381.25
2027-2028	300,000.00	2.25%	6,862.50	306,862.50
	980,000.00		\$ 79,875.00	\$ 1,059,875.00
Current Maturities	(125,000.00)			
Long-Term Portion	\$ 855,000.00			

Operating Leases - At December 31, 2021, the Authority had an operating lease agreement in effect for building rent.

Future minimum rental payments under the operating lease agreement are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 163,315.00
2023	163,315.00
2024	173,830.00
2025	177,335.00
2026	177,335.00
2027-2029	399,003.75
	<u>\$ 1,254,133.75</u>

Rental payments under the operating lease for year ended December 31, 2021 and 2020 were \$168,652.36 and \$184,220.00.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans**

A substantial number of the Authority's employees participate in the Public Employees' Retirement System ("PERS") which is administered by the New Jersey Division of Pensions and Benefits. In addition, several Authority employees 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, required supplementary information and detailed information about the PERS plans' fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

General Information about the Pension Plans**Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System 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.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program 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.

Vesting and Benefit Provisions

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A. 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.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Public Employees' Retirement System (Cont'd) - 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 21, 2010
- 4 Members who were eligible to enroll after May 21, 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 with 25 years or more of service credit before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Defined Contribution Retirement Program - 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 non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable 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.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 7.50% of base salary, effective July 1, 2018. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) is 10.0%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability..

The Authority's contractually required contribution rate for the years ended December 31, 2021 and 2020 was 13.75% and 13.05% of the Authority's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Public Employees' Retirement System (Cont'd) - Based on the most recent PERS measurement date of June 30, 2021, the Authority's contractually required contribution to the pension plan for the year ended December 31, 2021 was \$100,429.00, and was payable by April 1, 2022. For the prior year measurement date of June 30, 2020, the Authority's contractually required contribution to the pension plan for the year ended December 31, 2020 was \$93,950.00, and was paid by April 1, 2021.

Employee contributions to the Plan for the year ended December 31, 2021 and 2020 were \$55,397.07 and \$53,948.55, respectively.

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.

For the year ended December 31, 2021 and 2020, employee contributions totaled \$1,040.21 and \$1,124.37, respectively. The Authority recognized pension expense of \$743.67 and \$864.14 for the years ended December 31, 2021 and 2020, which equaled the required contributions. There were no forfeitures during the years.

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**Public Employees' Retirement System**

Pension Liability - As of December 31, 2021, the Authority's proportionate share of the PERS net pension liability was \$1,015,896.00. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2021 measurement date, the Authority's proportion was .0085754939%, which was a decrease of .0000126534% from its proportion measured as of June 30, 2020.

As of December 31, 2020, the Authority's proportionate share of the PERS net pension liability was \$1,400,502.00. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2020 measurement date, the Authority's proportion was .0085881473%, which was a decrease of .0003597825% from its proportion measured as of June 30, 2019.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions****Public Employees' Retirement System (Cont'd)**

Pension Expense - For the years ended December 31, 2021 and 2020, the Authority recognized its proportionate share of the PERS pension (benefit) expense of (\$178,935.00) and (\$12,735.00), respectively. These amounts were based on the Plan's June 30, 2021 and 2020 measurement dates, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources – At December 31, 2021 and 2020, the Authority had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Measurement Date</u>		<u>Measurement Date</u>	
	<u>June 30, 2021</u>		<u>June 30, 2020</u>	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>
Differences between Expected and Actual Experience	\$ 16,022.00	\$ 7,273.00	\$ 25,501.00	\$ 4,953.00
Changes of Assumptions	5,291.00	361,665.00	45,434.00	586,404.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	267,614.00	47,870.00	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	51,495.00	101,314.00	99,159.00	186,423.00
Authority Contributions Subsequent to the Measurement Date	50,215.00	-	46,975.00	-
	<u>\$ 123,023.00</u>	<u>\$ 737,866.00</u>	<u>\$ 264,939.00</u>	<u>\$ 777,780.00</u>

Deferred outflows of resources in the amounts of \$50,215.00 and \$46,975.00 will be included as a reduction of the net pension liability during the years ending December 31, 2022 and 2021, respectively. These amounts are based on an estimated April 1, 2023 and April 1, 2022 contractually required contribution, prorated from the pension plan's measurement date of June 30, 2021 and 2020 to the Authority's year end of December 31, 2021 and 2020.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The Authority will amortize the other deferred outflows of resources and deferred inflows of resources related to pensions over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>		<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience			Changes of Assumptions		
Year of Pension Plan Deferral:			Year of Pension Plan Deferral:		
June 30, 2014	-	-	June 30, 2014	6.44	-
June 30, 2015	5.72	-	June 30, 2015	5.72	-
June 30, 2016	5.57	-	June 30, 2016	5.57	-
June 30, 2017	5.48	-	June 30, 2017	-	5.48
June 30, 2018	-	5.63	June 30, 2018	-	5.63
June 30, 2019	-	5.21	June 30, 2019	-	5.21
June 30, 2020	5.16	-	June 30, 2020	-	5.16
June 30, 2021	5.13	-	June 30, 2021	5.13	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments			Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:			Year of Pension Plan Deferral:		
June 30, 2014	-	-	June 30, 2014	6.44	6.44
June 30, 2015	-	-	June 30, 2015	5.72	5.72
June 30, 2016	5.00	-	June 30, 2016	5.57	5.57
June 30, 2017	5.00	-	June 30, 2017	5.48	5.48
June 30, 2018	5.00	-	June 30, 2018	5.63	5.63
June 30, 2019	5.00	-	June 30, 2019	5.21	5.21
June 30, 2020	5.00	-	June 30, 2020	5.16	5.16
June 30, 2021	5.00	-	June 30, 2021	5.13	5.13

Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

**Year Ending
December 31,**

2022	\$ (242,518.00)
2023	(194,103.00)
2024	(137,634.00)
2025	(90,767.00)
2026	(36.00)
	<u>\$ (665,058.00)</u>

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Actuarial Assumptions****Public Employees' Retirement System (Cont'd)**

The net pension liability was measured as of June 30, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 and 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021 and 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Measurement Date</u> <u>June 30, 2021</u>	<u>Measurement Date</u> <u>June 30, 2020</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:		
Through 2026	2.00% - 6.00%	2.00% - 6.00%
	Based on Years of Service	Based on Years of Service
Thereafter	3.00% - 7.00%	3.00% - 7.00%
	Based on Years of Service	Based on Years of Service
Investment Rate of Return	7.00%	7.00%
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, 2021 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-2021.

For the June 30, 2020 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-2020.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Actuarial Assumptions (Cont'd)****Public Employees' Retirement System (Cont'd)**

In accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2021 and 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2021 and 2020 are summarized in the table below:

<u>Asset Class</u>	<u>Measurement Date</u> <u>June 30, 2021</u>		<u>Measurement Date</u> <u>June 30, 2020</u>	
	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>
U.S. Equity	27.00%	8.09%	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.71%	13.50%	8.57%
Emerging Markets Equity	5.50%	10.96%	5.50%	10.23%
Private Equity	13.00%	11.30%	13.00%	11.42%
Real Estate	8.00%	9.15%	8.00%	9.56%
Real Assets	3.00%	7.40%	3.00%	9.73%
High Yield	2.00%	3.75%	2.00%	5.95%
Private Credit	8.00%	7.60%	8.00%	7.59%
Investment Grade Credit	8.00%	1.68%	8.00%	2.67%
Cash Equivalents	4.00%	0.50%	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.35%	3.00%	3.40%
	<u>100.00%</u>		<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Actuarial Assumptions (Cont'd)****Public Employees' Retirement System (Cont'd)**

Discount Rate (Cont'd) - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of the June 30, 2020 measurement date based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers would be based on 78% of the actuarially determined contributions for the State and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of Authority's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability as of the June 30, 2021 measurement date, calculated using a discount rate of 7.00%, 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 1,383,444.00</u>	<u>\$ 1,015,896.00</u>	<u>\$ 703,979.00</u>

The following presents the Authority's proportionate share of the net pension liability as of the June 30, 2020 measurement date, calculated using a discount rate of 7.00%, 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 1,952,927.00</u>	<u>\$ 1,400,502.00</u>	<u>\$ 1,203,220.00</u>

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Plan Fiduciary Net Position****Public Employees' Retirement System (Cont'd)**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (benefit) expense, information about the respective fiduciary net position of the PERS and additions to/deductions from PERS' respective fiduciary net position have been determined on the same basis as they are reported by PERS. Accordingly, 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.

Note 5: DETAIL NOTES – CONDUIT DEBT OBLIGATIONS

To provide within the County, public facilities, convention halls, equipment and facilities for public transportation, garbage and solid waste systems, the improvement, furtherance and promotion of tourist industries and recreational attractiveness and the planning and carrying out of redevelopment projects, the Authority has issued certain debt bearing its name to lower the cost of borrowing for specific governmental or non-governmental third parties. This debt is commonly referred to as conduit (or non-commitment) debt. Typically, the debt proceeds are used to finance facilities within the Authority's jurisdiction that are transferred to the third party either by lease or by sale. The underlying lease or mortgage loan agreement, which serves as collateral for the promise of payments by the third party, calls for payments that are essentially the same as 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 leases or mortgage loans.

As of December 31, 2021, there was one series of Special Revenue Bonds outstanding, as the series 2021 Revenue Refunding Bonds refunded the 2017 issue previously outstanding. The corresponding aggregate principal totaling \$14,690,000.00 is treated strictly as conduit debt obligations under Interpretation No. 2 of the Governmental Accounting Standards Board (GASB) and accordingly is not included in the financial statements.

As of December 31, 2020, there was one series of Special Revenue Bonds outstanding. The corresponding aggregate principal totaling \$18,100,000.00 is treated strictly as conduit debt obligations under Interpretation No. 2 of the Governmental Accounting Standards Board (GASB) and accordingly is not included in the financial statements.

Note 6: INTERGOVERNMENTAL AGREEMENTS**Salem County Service Agreements**

In 1984, a service agreement was enacted between the Solid Waste Landfill Division (formerly the Salem County Utilities Authority) and the County of Salem. Section 301 of the agreement provides "Charges may and still at all times be such that the receipts of the Authority shall be sufficient to pay or provide for expenses of operation, repair and maintenance of the system including insurance, renewals and replacements and the cost of all enlargements and alterations of the system not otherwise provided for to pay the principal of and interest on any and all bonds or other obligations of the Authority as the same become due, and to repay to the County any deficiency advances made by the County to meet any deficits of the Authority by any participant or any other cause, and to provide and maintain such reserves or sinking funds, if required, for any of the foregoing purposes as provided by the terms of any contract or other obligation of the Authority."

Note 6: INTERGOVERNMENTAL AGREEMENTS (CONT'D)**Salem County Service Agreements (Cont'd)**

Section 401 provides "On or before January 15 next following the close of each fiscal year, the Authority shall make and deliver to the Board of County Commissioners of the County, a certificate, signed by its Chairman or Vice-Chairman and its Registered Municipal Accountant, stating the receipts and expenses to the Authority for the current fiscal year, and deficiency advances (if any) payable by the County to the Authority, for or with respect to the preceding and current fiscal year. Such deficiency advances shall be a sum of money equal to the excess (if any) of the expenses of the Authority for a fiscal year over the receipts of the Authority for such fiscal year".

Section 402 provides "On or before May 1 of each fiscal year, the County will pay to the Authority the deficiency advances (if any) stated in the certificate delivered to the Board of County Commissioners pursuant to Section 401 of this Article".

Since inception, the now Solid Waste Landfill Division of the Authority has filed annually with the County a statement of receipts and disbursements, for which no deficiencies have been noted.

Note 7: CONCENTRATIONS**Major Customers**

The revenues from two customers represent \$2,064,922.36 or 27.37% of the Authority's landfill fees for the year ended December 31, 2021.

The revenues from three customers represent \$2,943,729.18 or 42.48% of the Authority's landfill fees for the year ended December 31, 2020.

Note 8: DEFERRED COMPENSATION

The Authority offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

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

Note 9: CONTINGENCIES

Litigation - The Authority currently does not have any pending or threatened litigation.

Care Settlement – The Authority was notified by the State of Georgia Department of Natural Resources that a facility in Valdosta, Georgia is listed on the Georgia Hazardous Site Inventory. It is alleged that the Authority generated a portion of the material at that hazardous site via the Authority's household hazardous waste vendor, Care Environmental Corp., which collected, packaged, labeled and transported the Authority's hazardous waste. The owner of the Facility, N.L. Bassford, Jr. ("Bassford") entered into a Consent Order with the State of Georgia for remediation of the site and Bassford has demanded contribution towards the remediation from SCIA and other allegedly responsible parties.

Bassford has offered to settle its claim for contribution against the Authority for \$20,000.00 in exchange for the Authority receiving a full release of claims and indemnity agreement from Bassford. The Authority has determined it is in their best interest and the best interest of the public to settle this matter for the requested sum of \$20,000.00. This amount was recorded as a liability as of December 31, 2020 and was paid in 2021.

Note 10: RISK MANAGEMENT

The Authority is a member of the Statewide Insurance Fund (the "Fund"). The Fund provides the Authority with the following coverage:

Workers' Compensation and Employer's Liability
Liability other than Motor Vehicles
Property Damage other than Motor Vehicles
Motor Vehicles

Contributions to the Fund, including a reserve for contingencies are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations. The Authority's agreement with the pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial insurance for claims in excess of \$500,000.00 for each insured event.

The Fund publishes its own financial report for the year ended December 31, 2021, which can be obtained from:

Statewide Insurance Fund
One Sylvan Way, Suite 100,
Parsippany, NJ 07054

Note 11: CLOSURE AND POST-CLOSURE COSTS

State and federal laws and regulations require the Authority to place a final cover on Solid Waste Landfill Division's landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The original funding plan for closure and post-closure costs of the landfill was developed and implemented at the Authority's inception and has since been revised. Government Accounting Standards Board Statement No. 18 requires the Authority to disclose specific information relevant to closure and post-closure costs including. Pursuant to Statement No. 18, the Authority directed its engineer to update the closure/post-closure plan along with the required financial schedules. This plan was completed and filed with the Authority on March 2, 1995, revised in December 1998, May 2006, May 2007, March 2009, August 2015 and August 2018.

Landfill Closure and Post-Closure Liability

Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Authority reports a portion of these closure and postclosure care costs as an operating expense each year based on landfill capacity used as of each statement of net position date.

As of December 31, 2021, the Authority had an accrued liability for landfill closure and postclosure care of \$14,991,782.45. This liability represents the cumulative amount reported to date based on the estimate that the landfill is 55.37% filled. The Authority will recognize the remaining \$12,084,707.58 of estimated costs of closure and postclosure care as the remaining estimated capacity is filled. These amounts, from the August 2018 closure plan, are based on what it would cost to perform all closure and postclosure care in 2021.

Note 11: CLOSURE AND POST-CLOSURE COSTS (CONT'D)**Landfill Closure and Post-Closure Liability (Cont'd)**

As of December 31, 2020, the Authority had an accrued liability for landfill closure and postclosure care of \$13,475,951.64. This liability represents the cumulative amount reported to date based on the estimate that the landfill is 53.27% filled. The Authority will recognize the remaining \$11,820,573.01 of estimated costs of closure and postclosure care as the remaining estimated capacity is filled. These amounts, from the August 2018 closure plan, 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 2046. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

Assets Held In Trust

The Authority is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The Authority is in compliance with these requirements. At December 31, 2021 and 2020, The NJDEP and Alternative closure/post-closure fund restricted cash and investment balance is \$13,206,153.45 and \$12,847,816.80, respectively. These balances are reported as restricted on the comparative 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 Authority's funding progress, which includes accumulated contributions and investment income at December 31, 2021 and 2020, and additional contributions and investment income subsequent to December 31, 2021 and 2020, (estimated) regarding the plan overall are as follows:

	<u>Dec. 31, 2021</u>	<u>Dec. 31, 2020</u>
New Jersey Department of Environmental Protection and Energy Escrow Tax Account	\$ 5,391,606.85	\$ 5,314,858.42
Closure/Post-Closure Account Balance of the Authority	<u>7,814,546.60</u>	<u>7,532,958.38</u>
Subtotal	13,206,153.45	12,847,816.80
Remaining Estimated Contributions to be made by the Authority to the NJDEP Escrow Tax Account	2,500,000.00	2,500,000.00
Remaining Estimated Contributions to be made by the Authority	15,722,000.00	16,044,000.00
Projected Investment Earnings Assuming an Interest Rate ranging from 1.07% to 4.00%	<u>24,997,801.00</u>	<u>25,148,591.00</u>
Total	<u>\$ 56,425,954.45</u>	<u>\$ 56,540,407.80</u>

Note 12: SUBSEQUENT EVENTS

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, as of the date of the financial statements, the related financial impact and duration cannot be reasonably estimated.

REQUIRED SUPPLEMENTARY INFORMATION

SALEM COUNTY IMPROVEMENT AUTHORITY
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
Last Nine Plan Years

	Measurement Date Ending June 30,				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net Pension Liability	0.0085754939%	0.0085881473%	0.0089479298%	0.0094629722%	0.8841817900%
Authority's Proportionate Share of the Net Pension Liability	\$ 1,015,896.00	\$ 1,400,502.00	\$ 1,612,281.00	\$ 1,863,212.00	\$ 2,058,234.00
Authority's Covered Payroll (Plan Measurement Period)	720,132.00	704,604.00	709,568.00	744,140.00	687,288.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	141.07%	198.76%	227.22%	250.38%	299.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.33%	58.32%	56.27%	53.60%	48.10%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Authority's Proportion of the Net Pension Liability	0.0082692685%	0.0106917064%	0.0091070249%	0.0097032491%	
Authority's Proportionate Share of the Net Pension Liability	\$ 2,449,120.00	\$ 2,400,074.00	\$ 1,705,084.00	\$ 1,854,484.00	
Authority's Covered Payroll (Plan Measurement Period)	625,076.00	767,660.00	645,896.00	669,348.00	
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	391.81%	312.65%	263.99%	277.06%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%	

Note: This schedule is 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.

SALEM COUNTY IMPROVEMENT AUTHORITY
Required Supplementary Information
Schedule of the Authority's Contributions
Public Employees' Retirement System (PERS)
Last Nine Years

	Year Ended December 31,				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Contractually Required Contribution	\$ 100,429.00	\$ 93,950.00	\$ 87,037.00	\$ 94,126.00	\$ 81,910.00
Authority's Contribution in Relation to the Contractually Required Contribution	<u>(100,429.00)</u>	<u>(93,950.00)</u>	<u>(87,037.00)</u>	<u>(94,126.00)</u>	<u>(81,910.00)</u>
Authority's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Calendar Year)	\$ 730,539.00	\$ 720,132.00	\$ 701,051.00	\$ 718,870.00	\$ 735,806.00
Authority's Contributions as a Percentage of Covered Payroll	13.75%	13.05%	12.42%	13.09%	11.13%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Authority's Contractually Required Contribution	\$ 73,463.00	\$ 91,920.00	\$ 75,077.00	\$ 73,112.00	
Authority's Contribution in Relation to the Contractually Required Contribution	<u>(73,463.00)</u>	<u>(91,920.00)</u>	<u>(75,077.00)</u>	<u>(73,112.00)</u>	
Authority's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Authority's Covered Payroll (Calendar Year)	\$ 680,264.00	\$ 636,077.00	\$ 718,433.00	\$ 706,241.00	
Authority's Contributions as a Percentage of Covered Payroll	10.80%	14.45%	10.45%	10.35%	

Note: This schedule is 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.

SALEM COUNTY IMPROVEMENT AUTHORITY

Notes to Required Supplementary Information
For the Year Ended December 31, 2021

Note 1: POSTEMPLOYMENT BENEFITS - PENSION**Public Employees' Retirement System (PERS)**Changes in Benefit Terms

The June 30, 2021 measurement date included one change to the plan provisions. Chapter 140, P.L. 2021 reopened the Worker's Compensation Judges (WCJ) Part of PERS and transferred WCJs from the Defined Contribution Retirement Program (DCRP) and regular part of PERS into the WCJ Part of PERS.

Changes in Assumptions

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	7.00%	2017	5.00%
2020	7.00%	2016	3.98%
2019	6.28%	2015	4.90%
2018	5.66%	2014	5.39%

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	7.00%	2017	7.00%
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%

The mortality assumption was updated upon direction from the Division of Pensions and Benefits.

SUPPLEMENTARY SCHEDULES

SALEM COUNTY IMPROVEMENT AUTHORITY - SOLID WASTE LANDFILL DIVISION

Schedule of Anticipated Revenues, Operating Appropriations, Principal Payments and
Non-Operating Appropriations Compared to Budget--Budgetary Basis
For the Year Ended December 31, 2021

	Adopted Budget	Modifications/ Transfers	Amended Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:					
Service Fees - Landfill Fees	\$ 7,100,000.00		\$ 7,100,000.00	\$ 7,545,789.78	\$ 445,789.78
Methane Gas Generator				32,992.04	32,992.04
Miscellaneous	5,000.00		5,000.00	51,577.12	46,577.12
Recycling Program Products	5,000.00		5,000.00		(5,000.00)
Total Operating Revenues	7,110,000.00	\$ -	7,110,000.00	7,630,358.94	520,358.94
Non - Operating Revenues:					
Clean Communities	114,800.00	7,430.00	122,230.00	122,230.58	0.58
REA Entitlement Grant	143,320.00	18,680.00	162,000.00	162,000.00	
Interest on Investments & Deposits	250,000.00		250,000.00	25,649.77	(224,350.23)
Total Non Operating Revenues	508,120.00	26,110.00	534,230.00	309,880.35	(224,349.65)
Total Revenues	7,618,120.00	26,110.00	7,644,230.00	7,940,239.29	296,009.29
Operating Appropriations:					
Administration:					
Salaries and Wages	265,000.00	-	265,000.00	253,079.07	11,920.93
Employee Benefits:					
Health Benefits	83,200.00		83,200.00	57,096.54	26,103.46
Pension	34,240.00		34,240.00	30,064.00	4,176.00
FICA	22,000.00		22,000.00	19,218.38	2,781.62
DCRP Employer Contribution	800.00		800.00	237.99	562.01
Unemployment	1,600.00		1,600.00		1,600.00
Disability Insurance	2,880.00		2,880.00	2,563.44	316.56
Total Employee Benefits	144,720.00	-	144,720.00	109,180.35	35,539.65
Other Expenses:					
Employment / Payroll Services	11,500.00		11,500.00	8,758.79	2,741.21
Travel	2,500.00		2,500.00	232.74	2,267.26
Training & Education	4,000.00		4,000.00	1,145.32	2,854.68
Reference Materials & Subscriptions	550.00		550.00	543.39	6.61
Office Supplies	14,000.00		14,000.00	11,112.21	2,887.79
Postage	3,500.00		3,500.00	307.62	3,192.38
Office Expenses	14,100.00		14,100.00	12,365.51	1,734.49
Marketing & Sales	25,000.00		25,000.00	5,244.69	19,755.31
Records Retention	1,000.00		1,000.00		1,000.00
Legal Advertisement	3,000.00		3,000.00	1,833.05	1,166.95
Trustee Fees	19,610.00	70,000.00	89,610.00	13,119.08	76,490.92
Special Studies	50,000.00	(10,000.00)	40,000.00	9,600.00	30,400.00
Insurance	165,000.00		165,000.00	147,585.44	17,414.56
Computer/Data Processing	40,000.00		40,000.00	30,856.89	9,143.11
Audit and Accounting	123,500.00		123,500.00	68,335.40	55,164.60
Legal Expenses	70,000.00		70,000.00	47,689.95	22,310.05
Consultants	25,000.00	10,000.00	35,000.00	30,227.03	4,772.97
Total Other Expenses	572,260.00	70,000.00	642,260.00	388,957.11	253,302.89
Total Administration	981,980.00	70,000.00	1,051,980.00	751,216.53	300,763.47
Cost of Providing Service:					
Salaries and Wages	565,000.00	-	565,000.00	537,912.44	27,087.56

(Continued)

SALEM COUNTY IMPROVEMENT AUTHORITY - SOLID WASTE LANDFILL DIVISION

Schedule of Anticipated Revenues, Operating Appropriations, Principal Payments and
Non-Operating Appropriations Compared to Budget--Budgetary Basis
For the Year Ended December 31, 2021

	Adopted Budget	Modifications/ Transfers	Amended Budget	Actual	Variance Favorable (Unfavorable)
Operating Appropriations (Cont'd):					
Cost of Providing Service (Cont'd):					
Employee Benefits:					
Pension	\$ 72,760.00		\$ 72,760.00	\$ 63,886.00	\$ 8,874.00
FICA	46,000.00		46,000.00	41,504.75	4,495.25
Unemployment	3,400.00		3,400.00		3,400.00
DCRP Employer Contribution	1,700.00		1,700.00	505.68	1,194.32
Disability Insurance	6,120.00		6,120.00	5,952.52	167.48
Health Benefits	176,800.00		176,800.00	133,942.58	42,857.42
Total Employee Benefits	306,780.00	\$ -	306,780.00	245,791.53	60,988.47
Other Expenses:					
Propane	11,000.00	10,000.00	21,000.00	20,807.25	192.75
Telecommunications	15,000.00		15,000.00	13,235.53	1,764.47
Electric/Gas	25,000.00		25,000.00	17,102.03	7,897.97
Diesel Fuel	100,000.00		100,000.00	89,484.57	10,515.43
Landfill Engineer	100,000.00		100,000.00	52,109.67	47,890.33
Topographical Engineer	24,000.00		24,000.00	15,763.25	8,236.75
Title V Engineer	100,000.00		100,000.00	31,259.12	68,740.88
Convenience Center Expenses	10,000.00		10,000.00	9,851.00	149.00
Safety Program	13,000.00		13,000.00	11,296.75	1,703.25
Daily Cover	200,000.00		200,000.00	129,705.91	70,294.09
Leachate Treatment	160,000.00		160,000.00	115,551.35	44,448.65
Leachate Hauling	780,000.00	(10,000.00)	770,000.00	629,230.88	140,769.12
Road Maintenance	20,000.00		20,000.00	16,872.08	3,127.92
Environmental Monitoring	35,000.00		35,000.00	27,324.50	7,675.50
Special Projects	50,000.00	(35,000.00)	15,000.00	4,403.01	10,596.99
Methane Gas Collection System	30,000.00	15,000.00	45,000.00	43,392.01	1,607.99
Equipment Maintenance	120,000.00		120,000.00	104,526.97	15,473.03
Scale Maintenance	15,000.00		15,000.00	6,526.95	8,473.05
Site Improvements	30,000.00	20,000.00	50,000.00	32,817.77	17,182.23
Tire Recycling	500.00		500.00		500.00
Household Hazardous Waste	500.00		500.00		500.00
Ref. Materials and Subscriptions	500.00		500.00		500.00
NJ DEP Permits	122,600.00		122,600.00	82,599.39	40,000.61
Membership and Sponsorships	1,500.00		1,500.00	493.00	1,007.00
Clean Communities Programs	114,800.00	7,430.00	122,230.00	71,822.05	50,407.95
REA Bonus Grant	143,320.00	18,680.00	162,000.00	138,264.56	23,735.44
Total Other Expenses	2,221,720.00	26,110.00	2,247,830.00	1,664,439.60	583,390.40
Total Cost of Providing Service	3,093,500.00	26,110.00	3,119,610.00	2,448,143.57	671,466.43
Total Principal Payments on Debt in lieu of Depreciation	720,248.00	(39,298.75)	680,949.25	611,917.46	69,031.79
Total Operating Appropriations	4,795,728.00	56,811.25	4,852,539.25	3,811,277.56	1,041,261.69
Non-Operating Appropriations:					
Interest on Bonds	137,321.00	(30,701.25)	106,619.75	133,250.75	(26,631.00)
Finlaw Debt & Support Agreement	264,000.00		264,000.00	234,265.17	29,734.83
Closure/Post Closure Reserves	100,000.00		100,000.00	86,915.56	13,084.44
Construction/Landfill Cells Reserve	500,000.00		500,000.00	279,867.56	220,132.44
Community Host Benefits and Taxes	275,000.00		275,000.00	237,334.75	37,665.25
Landfill Taxes	47,000.00		47,000.00	43,457.80	3,542.20
Renewal and Replacement Reserve	1,032,453.00		1,032,453.00		1,032,453.00
Recycling Tax	282,000.00		282,000.00	264,030.75	17,969.25
Municipal/County Appropriations	184,618.00		184,618.00	184,618.00	
Total Non-Operating Appropriations	2,822,392.00	(30,701.25)	2,791,690.75	1,463,740.34	1,327,950.41

(Continued)

SALEM COUNTY IMPROVEMENT AUTHORITY - SOLID WASTE LANDFILL DIVISION
Schedule of Anticipated Revenues, Operating Appropriations, Principal Payments and
Non-Operating Appropriations Compared to Budget--Budgetary Basis
For the Year Ended December 31, 2021

	Adopted Budget	Modifications/ Transfers	Amended Budget	Actual	Variance Favorable (Unfavorable)
Total Budget Appropriations	\$ 7,618,120.00	\$ 26,110.00	\$ 7,644,230.00	\$ 5,275,017.90	\$ 2,369,212.10
Excess of Revenues Over Appropriations	\$ -	\$ -	\$ -	\$ 2,665,221.39	\$ 2,665,221.39
<u>Reconciliation of Excess Revenues over Appropriations to Operating Income</u>					
Excess Revenues over Appropriations				\$ 2,665,221.39	
Add:					
Interest on Debt			\$ 133,250.75		
Principal on Debt			611,917.46		
Pension Benefit - GASB 68			272,885.00		
Non-Operating Expenditures					
Reserve Expenditures			86,915.56		
Municipal/County Appropriations			184,618.00		
Escrow and Alternate Escrow Reserve Deposits			<u>279,867.56</u>		
				1,569,454.33	
Less:					
Depreciation			1,637,165.46		
Landfill Closure and Post-Closure			1,515,830.81		
Non-Operating Revenues					
Investment Income Including Net Realized and					
Unrealized Gains on Investments			<u>25,649.77</u>		
				<u>3,178,646.04</u>	
Operating Income Exhibit B				<u>\$ 1,056,029.68</u>	

SALEM COUNTY IMPROVEMENT AUTHORITY

Schedule of Accrued Interest Receivable
For the Year Ended December 31, 2021

	Balance Dec. 31, 2020	Accrued	Received	Balance Dec. 31, 2021
Solid Waste Landfill Division:				
Unrestricted:				
Operating Accounts	\$ 5,199.70	\$ 5,564.02	\$ 9,462.52	\$ 1,301.20
Restricted:				
Unemployment Reserve		9.45	9.45	
Closure/Post-Closure	24,800.18	20,076.30	34,698.90	10,177.58
Total Restricted	24,800.18	20,085.75	34,708.35	10,177.58
	<u>\$ 29,999.88</u>	<u>\$ 25,649.77</u>	<u>\$ 44,170.87</u>	<u>\$ 11,478.78</u>
Cash Receipts			\$ 127,318.93	
Unrealized Loss on Investments			(83,148.06)	
			<u>\$ 44,170.87</u>	

Schedule 3**SALEM COUNTY IMPROVEMENT AUTHORITY**

Analysis of Accrued Interest Payable
For the Year Ended December 31, 2021

Balance December 31, 2020	\$ 25,050.52
Increased by:	
Accrued	<u>147,675.57</u>
	172,726.09
Decreased by:	
Payments Made	<u>106,618.75</u>
Balance December 31, 2021	<u>\$ 66,107.34</u>
Analysis of Interest Expense:	
Accrued	\$ 147,675.57
Premium on Loans	<u>(14,424.82)</u>
Exhibit B	<u>\$ 133,250.75</u>

SALEM COUNTY IMPROVEMENT AUTHORITY
Schedule of Capital Project Lease Payable
For the Year Ended December 31, 2021

<u>Description</u>	<u>Date Issued</u>	<u>Amount</u>	<u>Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2020</u>	<u>Paid</u>	<u>Balance Dec. 31, 2021</u>
County-Guaranteed Lease Revenue Refunding Bonds, Series 2016	12/21/16	\$ 1,380,000.00	4/15/2022	\$ 125,000.00	2.25%			
			4/15/2023	135,000.00	2.25%			
			4/15/2024	135,000.00	2.25%			
			4/15/2025	140,000.00	2.25%			
			4/15/2026	145,000.00	2.25%			
			4/15/2027	145,000.00	2.25%			
			4/15/2028	155,000.00	2.25%			
				<u>\$ 980,000.00</u>		<u>\$ 1,105,000.00</u>	<u>\$ 125,000.00</u>	<u>\$ 980,000.00</u>

SALEM COUNTY IMPROVEMENT AUTHORITYSchedule of Intergovernmental Loans Payable
For the Year Ended December 31, 2021

<u>Description</u>	<u>Date Issued</u>	<u>Amount</u>	<u>Balance Dec. 31, 2020</u>	<u>Paid</u>	<u>Balance Dec. 31, 2021</u>
Pollution Control Financing Authority	08/21/18	\$ 33,500.00	<u>\$ 11,166.66</u>	<u>\$ 11,166.66</u>	<u>\$ -</u>

SALEM COUNTY IMPROVEMENT AUTHORITY
Schedule of NJIB Loans Payable
For the Year Ended December 31, 2021

<u>Description</u>	<u>Date Issued</u>	<u>Amount</u>	<u>Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2020</u>	<u>Issued</u>	<u>Paid</u>	<u>Defeased</u>	<u>Balance Dec. 31, 2021</u>
New Jersey Infrastructure Bank Loan, Series 2017A (Interest Bearing)	05/25/17	\$ 1,870,000.00	08/01/22	\$ 80,000.00	5.000%					
			08/01/23	85,000.00	5.000%					
			08/01/24	90,000.00	5.000%					
			08/01/25	90,000.00	5.000%					
			08/01/26	95,000.00	3.000%					
			08/01/27	100,000.00	3.000%					
			08/01/28	105,000.00	3.000%					
			08/01/29	105,000.00	3.000%					
			08/01/30	110,000.00	3.000%					
			08/01/31	115,000.00	3.000%					
			08/01/32	115,000.00	3.000%					
			08/01/33	120,000.00	3.125%					
			08/01/34	125,000.00	3.250%					
			08/01/35	125,000.00	3.250%					
			08/01/36	130,000.00	3.375%					
				<u>1,590,000.00</u>		\$ 1,665,000.00		\$ 75,000.00		\$ 1,590,000.00
New Jersey Infrastructure Bank Loan, Series 2017A (Non-Interest Bearing)	05/25/17	5,695,088.00	02/01/22	96,526.91						
			08/01/22	193,053.83						
			02/01/23	96,526.91						
			08/01/23	193,053.83						
			02/01/24	96,526.91						
			08/01/24	193,053.83						
			02/01/25	96,526.91						
			08/01/25	193,053.83						
			02/01/26	96,526.91						
			08/01/26	193,053.83						
			02/01/27	96,526.91						
			08/01/27	193,053.83						
			02/01/28	96,526.91						
			08/01/28	193,053.83						
			02/01/29	96,526.91						
			08/01/29	193,053.83						
			02/01/30	96,526.91						
			08/01/30	193,053.83						
			02/01/31	96,526.91						
			08/01/31	193,053.83						
			02/01/32	96,526.91						

(Continued)

SALEM COUNTY IMPROVEMENT AUTHORITY
Schedule of NJIB Loans Payable
For the Year Ended December 31, 2021

<u>Description</u>	<u>Date Issued</u>	<u>Amount</u>	<u>Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2020</u>	<u>Issued</u>	<u>Paid</u>	<u>Defeased</u>	<u>Balance Dec. 31, 2021</u>
New Jersey Infrastructure Bank Loan, Series 2017A (Non-Interest Bearing) (Cont'd)	05/25/17	\$ 5,695,088.00	08/01/32	\$ 193,053.83						
			02/01/33	96,526.91						
			08/01/33	193,053.83						
			02/01/34	96,526.91						
			08/01/34	193,053.83						
			02/01/35	96,526.91						
			08/01/35	124,691.68						
				<u>3,985,768.21</u>		\$ 4,275,348.95		\$ 289,580.74		\$ 3,985,768.21
New Jersey Infrastructure Bank Interim Loan (Non-Interest Bearing)	02/19/20	7,473,075.00	02/19/22	7,473,075.00		7,473,075.00			\$ 7,473,075.00	
New Jersey Infrastructure Bank Loan, Series 2021A (Interest Bearing)	06/10/21	2,940,000.00	07/31/22	100,000.00	5.000%					
			08/01/23	110,000.00	5.000%					
			08/01/24	115,000.00	5.000%					
			08/01/25	120,000.00	5.000%					
			08/01/26	125,000.00	5.000%					
			08/01/27	130,000.00	5.000%					
			08/01/28	140,000.00	5.000%					
			08/01/29	145,000.00	5.000%					
			08/01/30	150,000.00	4.000%					
			08/01/31	160,000.00	3.000%					
			08/01/32	165,000.00	3.000%					
			08/01/33	170,000.00	3.000%					
			08/01/34	170,000.00	3.000%					
			08/01/35	180,000.00	3.000%					
			08/01/36	185,000.00	2.000%					
			08/01/37	185,000.00	3.000%					
			08/01/38	190,000.00	3.000%					
			08/01/39	200,000.00	2.000%					
			08/01/40	200,000.00	2.000%					
				<u>2,940,000.00</u>			\$ 2,940,000.00			2,940,000.00

(Continued)

SALEM COUNTY IMPROVEMENT AUTHORITY
Schedule of NJIB Loans Payable
For the Year Ended December 31, 2021

<u>Description</u>	<u>Date Issued</u>	<u>Amount</u>	<u>Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2020</u>	<u>Issued</u>	<u>Paid</u>	<u>Defeased</u>	<u>Balance Dec. 31, 2021</u>
New Jersey Infrastructure Bank Loan, Series 2021A (Non-Interest Bearing)	06/10/21	\$ 3,279,517.00	02/01/22	\$ 55,585.03						
			08/01/22	111,170.06						
			02/01/23	55,585.03						
			08/01/23	111,170.06						
			02/01/24	55,585.03						
			08/01/24	111,170.06						
			02/01/25	55,585.03						
			08/01/25	111,170.06						
			02/01/26	55,585.03						
			08/01/26	111,170.06						
			02/01/27	55,585.03						
			08/01/27	111,170.06						
			02/01/28	55,585.03						
			08/01/28	111,170.06						
			02/01/29	55,585.03						
			08/01/29	111,170.06						
			02/01/30	55,585.03						
			08/01/30	111,170.06						
			02/01/31	55,585.03						
			08/01/31	111,170.06						
			02/01/32	55,585.03						
			08/01/32	111,170.06						
			02/01/33	55,585.03						
			08/01/33	111,170.06						
			02/01/34	55,585.03						
			08/01/34	111,170.06						
			02/01/35	55,585.03						
			08/01/35	111,170.06						
			02/01/36	55,585.03						
			08/01/36	111,170.06						
			02/01/37	55,585.03						
			08/01/37	111,170.06						
			02/01/38	55,585.03						
			08/01/38	111,170.06						
			02/01/39	55,585.03						
			08/01/39	111,170.06						
			02/01/40	55,585.03						
			08/01/40	111,170.06						
				<u>3,168,346.71</u>			<u>\$ 3,279,517.00</u>	<u>\$ 111,170.06</u>		<u>\$ 3,168,346.94</u>
Premium on Loans - Amortized						\$ 13,413,423.95	6,219,517.00	475,750.80	\$ 7,473,075.00	11,684,115.15
						23,883.78	424,911.95	14,424.82		434,370.91
						<u>\$ 13,437,307.73</u>	<u>\$ 6,644,428.95</u>	<u>\$ 490,175.62</u>	<u>\$ 7,473,075.00</u>	<u>\$ 12,118,486.06</u>

**SCHEDULES ASSOCIATED WITH THE
ISSUANCE OF CONDUIT DEBT**

SALEM COUNTY IMPROVEMENT AUTHORITY
Schedule of Conduit Debt Obligations Payable (Memorandum)
For the Year Ended December 31, 2021

<u>Issue</u>	<u>Date Issued</u>	<u>Issue Amount</u>	<u>Balance Dec. 31, 2020</u>	<u>Issued</u>	<u>Refunded</u>	<u>Balance Dec. 31, 2021</u>
Municipal Guaranteed:						
Finlaw State Office Building Project Series 2007	07/19/07	\$ 19,500,000.00	\$ 18,100,000.00		\$ 18,100,000.00	
Salem City Guaranteed:						
Revenue Refunding Bonds of 2021	07/08/21	14,690,000.00		\$ 14,690,000.00		\$ 14,690,000.00
			\$ 18,100,000.00	\$ 14,690,000.00	\$ 18,100,000.00	\$ 14,690,000.00

SALEM COUNTY IMPROVEMENT AUTHORITY

PART II

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

**FOR THE YEAR ENDED
DECEMBER 31, 2021**

SALEM COUNTY IMPROVEMENT AUTHORITY
Schedule of Findings and Recommendations
For the Year Ended December 31, 2021

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires.

None

SALEM COUNTY IMPROVEMENT AUTHORITY
Summary Schedule of Prior Year Findings and Recommendations
For the Year Ended December 31, 2021

Schedule of Financial Statement Findings

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* and with the audit requirements as prescribed by the Bureau of Authority Regulations, Division of Local Governmental Services, Department of Community Affairs, State of New Jersey.

None

APPRECIATION

We express our appreciation for the courtesies extended and assistance rendered to us during the course of this audit.

Respectfully submitted,

A handwritten signature in cursive script that reads "Bowman & Company LLP".

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

