SALEM COUNTY IMPROVEMENT AUTHORITY

SOLID WASTE FACILITY
SANITARY LANDFILL
CLOSURE ESCROW FUND

REPORT OF AUDIT

FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 2024 AND 2023

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

36700

SALEM COUNTY IMPROVEMENT AUTHORITY
SOLID WASTE FACILITY
SANITARY LANDFILL CLOSURE ESCROW FUND
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SALEM COUNTY IMPROVEMENT AUTHORITY
ROSTER OF OFFICIALS
SEPTEMBER 30, 2024

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The following officials were in office as of September 30, 2024:

MEMBERS	**POSITION**
Susan Bestwick	Chairperson
Lewis Schneider	Vice Chairperson
Laura Crane	Treasurer
Barry Davis	Secretary
Richard Warner	Alternate Secretary/Treasurer

OTHER OFFICIALS	
Julie Acton	Executive Director
Michael Aimino, Esquire	Solicitor
Archer & Greiner, P.C.	Bond Counsel

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying statements of assets and fund balance - regulatory basis of the Salem County Improvement Authority – Sanitary Landfill Closure Escrow Fund (Closure Fund) in the County of Salem, State of New Jersey, a component unit of the County of Salem, and the related statements of revenue, expenses and changes in fund balance - regulatory basis as of and for the fiscal years ended September 30 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Salem County Improvement Authority – Sanitary Landfill Closure Escrow Fund's basic financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the assets and fund balance - regulatory basis of the Salem County Improvement Authority – Sanitary Landfill Closure Escrow Fund (Closure Fund) in the County of Salem, State of New Jersey, a component unit of the County of Salem, as of September 30, 2024 and 2023, and the results of its related statements of revenues, expenses and changes in fund balance - regulatory basis for the fiscal years then ended, in conformity with financial reporting provisions of the Bureau of Solid Waste Planning and Licensing, Division of Sustainable Waste Management, Department of Environmental Protection, and the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America* section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the Salem County Improvement Authority – Sanitary Landfill Closure Escrow Fund (Closure Fund) in the County of Salem, State of New Jersey, a component unit of the County of Salem, as of September 30, 2024 and 2023, or the results of its revenue, expenses and changes in fund balance for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion on Regulatory Basis of Accounting

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Bureau of Solid Waste Planning and Licensing, Division of Sustainable Waste Management, Department of Environmental Protection, and the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the 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 – Sanitary Landfill Closure Escrow Fund (Closure Fund) 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in note 1 to the financial statements, the financial statements are prepared by the Salem County Improvement Authority – Sanitary Landfill Closure Escrow Fund (Closure Fund) in the County of Salem, State of New Jersey, a component unit of the County of Salem, on the basis of the financial reporting provisions of the Bureau of Solid Waste Planning and Licensing, Division of Sustainable Waste Management, Department of Environmental Protection, and the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey. The effects on the financial statements of the variances between the regulatory basis of accounting described in note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Bureau of Solid Waste Planning and Licensing, Division of Sustainable Waste Management, Department of Environmental Protection and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible 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 Salem County Improvement Authority – Sanitary Landfill Closure Escrow Fund (Closure Fund) in the County of Salem, State of New Jersey, a component unit of the County of Salem, 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 opinions. 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America 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 Salem County Improvement Authority – Sanitary Landfill Closure Escrow Fund (Closure Fund) in the County of Salem, State of New Jersey, a component unit of the County of Salem, 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we (cont'd):

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Salem County Improvement Authority – Sanitary Landfill Closure Escrow Fund (Closure Fund) in the County of Salem, State of New Jersey, a component unit of the County of Salem, 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.

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.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplemental statements 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 October 21, 2024 on our consideration of the Salem County Improvement Authority – Sanitary Landfill Closure Escrow Fund (Closure Fund) in the County of Salem, State of New Jersey, a component unit of the County of Salem, 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 Salem County Improvement Authority – Sanitary Landfill Closure Escrow Fund (Closure Fund) in the County of Salem, State of New Jersey, a component unit of the County of Salem, 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 Salem County Improvement Authority – Sanitary Landfill Closure Escrow Fund (Closure Fund) in the County of Salem, State of New Jersey, a component unit of the County of Salem, internal control over financial reporting and compliance.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
October 21, 2024

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 Chairperson and Members of
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 statement audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, and the financial reporting provisions and the audit requirements as prescribed by the Bureau of Solid Waste Planning and Licensing, Division of Sustainable Waste Management, Department of Environmental Protection, and the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements, prepared on a regulatory basis of accounting prescribed by the Bureau of Solid Waste Planning and Licensing, Division of Sustainable Waste Management, Department of Environmental Protection Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the Salem County Improvement Authority – Sanitary Landfill Closure Escrow Fund (Closure Fund), in the County of Salem, State of New Jersey, a component unit of the County of Salem, as of and for the fiscal year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Salem County Improvement Authority – Sanitary Landfill Closure Escrow Fund (Closure Fund), in the County of Salem, State of New Jersey, a component unit of the County of Salem, basic financial statements, and have issued our report thereon dated October 21, 2024. That report indicated that the Salem County Improvement Authority – Sanitary Landfill Closure Escrow Fund (Closure Fund), in the County of Salem, State of New Jersey, a component unit of the County of Salem, financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Bureau of Solid Waste Planning and Licensing, Division of Sustainable Waste Management, Department of Environmental Protection, and the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Salem County Improvement Authority – Sanitary Landfill Closure Escrow Fund (Closure Fund), in the County of Salem, State of New Jersey, a component unit of the County of Salem, 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 Salem County Improvement Authority – Sanitary Landfill Closure Escrow Fund (Closure Fund), in the County of Salem, State of New Jersey, a component unit of the County of Salem, internal control. Accordingly, we do not express an opinion on the effectiveness of the Salem County Improvement Authority – Sanitary Landfill Closure Escrow Fund (Closure Fund), in the County of Salem, State of New Jersey, a component unit of the County of Salem, 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Salem County Improvement Authority – Sanitary Landfill Closure Escrow Fund (Closure Fund), in the County of Salem, State of New Jersey, a component unit of the County of Salem, 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 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 financial reporting provisions of the Bureau of Solid Waste Planning and Licensing, Division of Sustainable Waste Management, Department of Environmental Protection, and audit requirements as prescribed by the 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,* financial reporting provisions and audit requirements as prescribed by the Bureau of Solid Waste Planning and Licensing, Division of Sustainable Waste Management, Department of Environmental Protection, and the 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

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
October 21, 2024

SALEM COUNTY IMPROVEMENT AUTHORITY
SOLID WASTE FACILITY
SANITARY LANDFILL CLOSURE ESCROW FUND
Statements of Assets and Fund Balance - Regulatory Basis
As of September 30, 2024 and 2023

	2024	2023
ASSETS		
Cash and Cash Equivalents	$ 1,742,321.16	$ 471,818.12
Investments-Marketable Securities	4,292,917.37	5,198,738.25
Escrow Accounts Receivable	7,600.01	8,877.41
Total Assets	$ 6,042,838.54	$ 5,679,433.78
FUND BALANCE		
Fund Balance	$ 6,042,838.54	$ 5,679,433.78

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

SALEM COUNTY IMPROVEMENT AUTHORITY
SOLID WASTE FACILITY
SANITARY LANDFILL CLOSURE ESCROW FUND
Statements of Revenue, Expenses, and Changes in Fund Balance - Regulatory Basis
For the Fiscal Years Ended September 30, 2024 and 2023

	September 30, 2024				
Month/Year	Tons Accepted	Date of Deposit	Deposit Due Escrow	Investment Income / (Loss)	Total
October 2023	8,021.14	11/07/23	$ 8,021.14	$ 30,414.89	$ 38,436.03
November 2023	7,663.47	12/08/23	7,663.47	13,369.37	21,032.84
December 2023	7,921.99	01/05/24	7,921.99	24,387.22	32,309.21
January 2024	7,443.78	02/09/24	7,443.78	23,737.54	31,181.32
February 2024	7,840.41	03/07/24	7,840.41	18,424.26	26,264.67
March 2024	7,190.96	04/04/24	7,190.96	18,322.92	25,513.88
April 2024	16,367.54	05/08/24	16,367.54	34,804.65	51,172.19
May 2024	8,568.63	06/07/24	8,568.63	1,936.99	10,505.62
June 2024	7,547.64	07/11/24	7,547.64	19,366.42	26,914.06
July 2024	8,096.74	08/13/24	8,096.74	40,454.29	48,551.03
August 2024	9,410.61	09/17/24	9,410.61	12,874.36	22,284.97
September 2024	7,600.01	10/14/24	7,600.01	32,450.67	40,050.68
Total Revenue	103,672.92		$ 103,672.92	$ 270,543.58	374,216.50
Add:					
Realized Loss on Investments					(2,040.62)
					372,175.88
Less:					
Expenses - Escrow Agent Fees					(8,771.12)
Change in Fund Balance					363,404.76
Fund Balance Beginning of Fiscal Year					5,679,433.78
Fund Balance End of Fiscal Year					$ 6,042,838.54

(Continued)

SALEM COUNTY IMPROVEMENT AUTHORITY
SOLID WASTE FACILITY
SANITARY LANDFILL CLOSURE ESCROW FUND
Statements of Revenue, Expenses, and Changes in Fund Balance - Regulatory Basis
For the Fiscal Years Ended September 30, 2024 and 2023

	September 30, 2023				
Month/Year	Tons Accepted	Date of Deposit	Deposit Due Escrow	Investment Income	Total
October 2022	7,587.56	11/03/22	$ 7,587.56	$ 4,285.05	$ 11,872.61
November 2022	7,629.33	12/09/22	7,629.33	11,110.59	18,739.92
December 2022	6,870.02	01/09/23	6,870.02	8,425.58	15,295.60
January 2023	6,877.56	02/07/23	6,877.56	8,008.87	14,886.43
February 2023	6,307.55	03/08/23	6,307.55	16,534.34	22,841.89
March 2023	7,259.88	04/17/23	7,259.88	11,601.93	18,861.81
April 2023	6,917.62	05/09/23	6,917.62	10,870.12	17,787.74
May 2023	8,208.87	06/06/23	8,208.87	23,002.32	31,211.19
June 2023	7,816.41	07/12/23	7,816.41	7,987.19	15,803.60
July 2023	6,830.46	08/07/23	6,830.46	10,724.12	17,554.58
August 2023	8,009.61	09/08/23	8,009.61	28,708.10	36,717.71
September 2023	8,877.41	10/11/23	8,877.41	(3,287.90)	5,589.51
Total Revenue	89,192.28		$ 89,192.28	$ 137,970.31	227,162.59
Add:					
Realized Loss on Investments					(5,796.53)
					221,366.06
Less:					
Expenses - Escrow Agent Fees					(8,270.51)
Change in Fund Balance					213,095.55
Fund Balance Beginning of Fiscal Year					5,466,338.23
Fund Balance End of Fiscal Year					$ 5,679,433.78

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

SALEM COUNTY IMPROVEMENT AUTHORITY
SOLID WASTE FACILITY
SANITARY LANDFILL CLOSURE ESCROW FUND
Notes to Financial Statements
For the Fiscal Years Ended September 30, 2024 and 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose

The Sanitary Landfill Facility Closure and Contingency Fund Act was enacted in 1981 to provide funding, during the life of a landfill, for costs associated with the closure of sanitary landfills. The Act requires the owner or operator of every sanitary landfill to establish an escrow account for closure and deposit, on a monthly basis, an amount equal to $1.00 per ton of solid waste accepted for disposal. No withdrawals may be made from the fund without written approval from the State Department of Environmental Protection.

Reporting Entity

The Salem County Improvement Authority (the “Authority”), a component unit of the County of Salem, is a public body corporate and politic of the State of New Jersey and was originally created by a resolution of the Board of 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 consists of five members, appointed by the Salem County Board of Commissioners. One member is appointed each year for a five-year term.

The Salem County Utilities Authority, which was approved by a resolution adopted in 1980 by the Board of Commissioners of Salem County, was created for the purpose of acquiring, constructing, maintaining and operating facilities for the treatment, recycling and disposal of solid waste in an environmentally sound manner throughout the County in conformance with the provisions of the New Jersey Solid Waste Management Act, constituting Chapter 326 of the Pamphlet Laws of 1983, of the State of New Jersey (the "Waste Act").

The Salem County Board of Commissioners approved a plan on August 20, 2008, to dissolve the Salem County Utilities Authority and transfer its landfill operations to the Salem County Improvement Authority. Both the Improvement Authority and Utilities Authority Boards concurred as to dissolving the Utilities Authority and transferred its operations to the Improvement Authority. The State of New Jersey, Department of Environmental Protection, Division of Sustainable Waste Management, Bureau of Solid Waste Planning and Licensing, approved such transfer on March 4, 2009. The transfer of operations inclusive of assets and liabilities were transferred on April 1, 2009, to the Salem County Improvement Authority.

The Standard Escrow Agreement for the Closure Escrow Account as required by P.L. 1981, C. 306 was adopted by the Salem County Utilities Authority on June 28, 1988. Such agreement approved by the Bureau of Special Funds Administration of the New Jersey Department of Environmental Protection on July 26, 1988 was transferred on April 1, 2009 to the Salem County Improvement Authority who also established a separate fund to account for the Closure Escrow Fund, as required by law.

The facility number assigned to the Improvement Authority is 1701-B.

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 Closure Fund has no component units and is a component unit of the County of Salem.

Basis of Presentation

The Authority's policy is to prepare the financial statements of the Solid Waste Facility Sanitary Landfill Escrow Closure Fund in accordance with the financial reporting provisions of the Bureau of Solid Waste Planning and Licensing, Division of Sustainable Waste Management, Department of Environmental Protection, and the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not intended to be a complete presentation of the Salem County Improvement Authority's assets, liabilities, net position, revenues and expenses. These financial statements have been prepared on a regulatory basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the financial statements do not represent financial position and results of operations in conformity with generally accepted accounting principles. Under this basis, revenues are recognized when collected rather than earned, and expenditures are recognized when paid rather than when incurred. Consequently, accrued interest paid on the purchase of investments is recorded as a net reduction of interest revenues and not recorded as accrued interest receivable. Any premium or discount paid on the purchase of investments is included in the investment basis and not amortized over the life of the investment. Unrealized gains and losses on investments have not been recorded in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31.

Basis of Accounting

Revenues and expenditures are recorded on the cash basis, except as noted above. Approval is required by the Commissioner of the Department of Environmental Protection prior to the expenditure of any moneys from the Closure Fund.

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

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. 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 cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

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. 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 GUDPA. 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.

The standards established by the Governmental Accounting Standards Board (GASB-31) became effective for periods beginning after June 15, 1997. GASB-31 provides requirements for reporting changes in investments and requires that they be recorded at fair value. Unrealized gains and losses are to be included in the statement of revenues, expenditures, and changes in fund balance. The Salem County Improvement Authority has not adopted GASB-31 for the Closure Fund. Had GASB-31 been adopted, it would have resulted in recognition of an increase in reported assets of $49,522.68 on September 30, 2024, and a decrease in reported assets of $9,376.45 on September 30, 2023.

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

Financial Institution

Public Law 1981, C. 306 requires that the owner or operator of each sanitary landfill shall deposit, on or before the 20th of each month, in an interest-bearing account with an accredited financial institution in the State of New Jersey, an amount equal to $.30 per cubic yard of solid wastes and $.004 per gallon of liquid wastes accepted for disposal during the preceding month.

Public Law 1987, C. 347 changed the reporting requirements from cubic yards of solid waste accepted to tons, with $1.00 deposited in the escrow fund per ton of waste accepted. However, facilities without scales should use the conversion factor of 3.33 cubic yards to the ton to report waste received. The owner or operator is also required, on a monthly basis, to file Form SFA-001 with the Department of Environmental Protection, which reflects current and year-to-date information concerning number of tons of material received and rate charged and credited to the Escrow Closure Fund. The designated depository is Fulton Financial Advisors.

Cost of Closure

The fund balance on the statement of assets and fund balance – regulatory basis does not necessarily represent the estimated cost of closure at the date. The required balance of the fund merely represents the amount to be escrowed in accordance with the statute.

Note 2: 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.

As of September 30, 2024 and 2023, the Closure Fund has governmental money market balances of $1,742,321.16 and $471,818.12, respectively. These funds are classified as cash and cash equivalents for financial statement purposes and are not insured by the Federal Deposit Insurance Corporation and as a result, all of its money market funds were Uninsured and Uncollateralized and exposed to custodial credit risk.

Note 3: 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 bonds or other obligations of school districts 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 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.

Note 3: INVESTMENTS (CONT'D)

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 Closure Fund investments or collateral securities that are in the possession of an outside party if the counterparty to the transactions fails. 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 investments for the Closure Fund are in Government Securities totaling $4,292,917.37 as of September 30, 2024 and $5,198,738.25 as of September 30, 2023, and are held in the name of the Authority.

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 Closure Fund may invest in any one issuer. More than 5.0% of the Authority's investments are held with Federal Home Loan Bank (13.74%) and the Federal Farm Credit Bank (5.81%).

As of September 30, 2024 and 2023, the Authority's Closure Fund had the following investments and maturities:

Investment	Credit Rating	Maturities	Fair Value Hierarchy Level*	September 30, 2024 Cost	September 30, 2024 Fair Value	September 30, 2023 Cost	September 30, 2023 Fair Value
United States Treasury Bills	AAA	10/26/2023	Level 1			$ 293,230.14	$ 298,944.00
United States Treasury Bills	AAA	11/9/2023	Level 1			292,644.16	298,326.00
United States Treasury Notes	AAA	11/15/2023	Level 1			80,542.58	79,738.40
United States Treasury Bills	AAA	12/14/2023	Level 1			246,712.50	247,315.00
United States Treasury Bills	AAA	1/16/2024	Level 1			245,628.40	246,080.00
United States Treasury Notes	AAA	2/15/2024	Level 1			25,326.17	24,750.50
United States Treasury Bills	AAA	3/14/2024	Level 1			243,388.47	243,960.00
United States Treasury Bills	AAA	4/18/2024	Level 1			286,956.67	291,291.00
United States Treasury Notes	AAA	5/15/2024	Level 1			100,067.19	98,210.00
United States Treasury Notes	AAA	7/31/2024	Level 1			244,960.94	244,922.50
United States Treasury Notes	AAA	8/15/2024	Level 1			61,289.06	58,416.00
United States Treasury Notes	AAA	10/31/2024	Level 1	$ 247,460.94	$ 249,882.50	247,460.94	247,232.50
United States Treasury Notes	AAA	11/15/2024	Level 1	20,096.88	19,936.20	20,096.88	19,324.80
United States Treasury Notes	AAA	12/31/2024	Level 1	246,835.94	249,730.00	246,835.94	246,655.00
United States Treasury Notes	AAA	1/31/2025	Level 1	246,406.25	249,587.50	246,406.25	246,162.50
United States Treasury Notes	AAA	2/15/2025	Level 1	102,899.02	104,028.75	102,899.02	100,451.40
United States Treasury Notes	AAA	3/15/2025	Level 1	242,060.55	247,157.50		
United States Treasury Notes	AAA	4/30/2025	Level 1	245,156.25	249,385.00	245,156.25	244,937.50
United States Treasury Notes	AAA	5/15/2025	Level 1	94,657.81	93,767.85	94,657.81	90,498.90
United States Treasury Notes	AAA	6/30/2025	Level 1	248,203.13	250,892.50	248,203.13	247,882.50
United States Treasury Notes	AAA	7/31/2025	Level 1	248,828.13	251,357.50	248,828.13	248,355.00
United States Treasury Notes	AAA	8/15/2025	Level 1	171,575.59	171,960.25	171,575.59	165,382.00
United States Treasury Notes	AAA	9/15/2025	Level 1	243,144.53	248,885.00	243,144.53	242,715.00
United States Treasury Notes	AAA	10/15/2025	Level 1	246,679.69	250,757.50	246,679.69	246,125.00
United States Treasury Notes	AAA	11/15/2025	Level 1	10,393.36	9,823.10	10,393.36	9,450.00
United States Treasury Notes	AAA	12/15/2025	Level 1	245,449.22	250,435.00	245,449.22	244,835.00
United States Treasury Notes	AAA	1/31/2026	Level 1	295,968.75	301,647.00		
United States Treasury Notes	AAA	2/28/2026	Level 1	297,890.63	303,375.00		
Total United States Treasuries Investments				$ 3,453,706.67	$ 3,502,608.15	$ 4,738,533.02	$ 4,731,960.50

(Continued)

Note 3: INVESTMENTS (CONT'D)

Concentration of Credit Risk (Cont'd)

As of September 30, 2024 and 2023, the Authority's Closure Fund had the following investments and maturities (continued):

Investment	Credit Rating	Maturities	Fair Value Hierarchy Level*	September 30, 2024 Cost	September 30, 2024 Fair Value	September 30, 2023 Cost	September 30, 2023 Fair Value
Federal National Mortgage	AAA	2/5/2024	Level 1			$ 294,799.62	$ 296,871.00
Federal Home Loan Bank	AAA	6/14/2024	Level 1			39,815.60	39,236.40
Federal Home Loan Bank	AAA	9/13/2024	Level 1			85,746.81	82,931.10
Federal Farm Credit Bank	AAA	2/21/2025	Level 1	$ 249,367.50	$ 250,085.00		
Federal Home Loan Bank	AAA	3/14/2025	Level 1	39,843.20	39,618.40	39,843.20	38,362.80
Federal Home Loan Bank	AAA	8/7/2025	Level 1	250,000.00	249,642.50		
Federal Home Loan Bank	AAA	5/7/2026	Level 1	300,000.00	300,486.00		
Total Other Investments				$ 839,210.70	$ 839,831.90	$ 460,205.23	$ 457,401.30
Total Investments				$ 4,292,917.37	$ 4,342,440.05	$ 5,198,738.25	$ 5,189,361.80

* 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.

Note 4: ESCROW ACCOUNTS RECEIVABLE

The net accounts receivable of $7,600.01 as of September 30, 2024, was deposited on October 14th of 2024. Such receivable represents 7,600.01 tons of waste material accepted in September 2024.

The net accounts receivable of $8,877.41 as of September 30, 2023, was deposited on October 11th of 2023. Such receivable represents 8,877.41 tons of waste material accepted in September 2023.

SALEM COUNTY IMPROVEMENT AUTHORITY
SOLID WASTE FACILITY
SANITARY LANDFILL CLOSURE ESCROW FUND
Statement of Cash Receipts and Disbursements
For the Fiscal Year Ended September 30, 2024

Balance September 30, 2023		$ 5,670,556.37
Receipts:		
Authority Closure Fees	$ 104,950.32	
Realized Loss on Redemption of U.S. Government Securities	(2,040.62)	
Investment Income	270,543.58	
		373,453.28
		6,044,009.65
Disbursements:		
Escrow Agent Fees		8,771.12
Balance September 30, 2024		$ 6,035,238.53

SALEM COUNTY IMPROVEMENT AUTHORITY
SOLID WASTE FACILITY
SANITARY LANDFILL CLOSURE ESCROW FUND
Statement of Escrow Accounts Receivable
For the Fiscal Year Ended September 30, 2024

Balance September 30, 2023	$	8,877.41
Increased by:		
Escrow Closure Fees		103,672.92
		112,550.33
Decreased by:		
Receipts and Other Credits		104,950.32
Balance September 30, 2024	$	7,600.01
Analysis		
Due From Salem County Improvement Authority	$	7,600.01

SALEM COUNTY IMPROVEMENT AUTHORITY
SOLID WASTE FACILITY
SANITARY LANDFILL CLOSURE ESCROW FUND
Statement of Fund Balance
For the Fiscal Year Ended September 30, 2024

Balance September 30, 2023		$ 5,679,433.78
Increased by:		
Escrow Closure Fee - Current Year	$ 103,672.92	
Realized Loss on Redemption of U.S. Government Securities	(2,040.62)	
Investment Income	270,543.58	
		372,175.88
		6,051,609.66
Decreased by:		
Escrow Agent Fees		8,771.12
Balance September 30, 2024		$ 6,042,838.54

SALEM COUNTY IMPROVEMENT AUTHORITY
SOLID WASTE FACILITY
SANITARY LANDFILL CLOSURE ESCROW FUND
For the Fiscal Year Ended September 30, 2024

Schedule of Findings and Recommendations

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 Solid Waste Planning and Licensing, Division of Sustainable Waste Management, Department of Environmental Protection, and the Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires.

None

SALEM COUNTY IMPROVEMENT AUTHORITY
SOLID WASTE FACILITY
SANITARY LANDFILL CLOSURE ESCROW FUND
For the Fiscal Year Ended September 30, 2024

Summary Schedule of Prior Year Audit Findings and Recommendations as Prepared by Management

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 Solid Waste Planning and Licensing, Division of Sustainable Waste Management, Department of Environmental Protection, and the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

N/A – No Prior Year Findings

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APPRECIATION

I express my appreciation for the assistance and courtesies rendered by the Authority officials during the course of the audit.

Respectfully submitted,

Bowman + Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants