

**SUPPLEMENT, DATED NOVEMBER 28, 2023,  
TO PRELIMINARY OFFICIAL STATEMENT, DATED NOVEMBER 21, 2023**

**OF**

**THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
(CUMBERLAND COUNTY, NEW JERSEY)**

**\$6,300,000\***

**COUNTY GUARANTEED REVENUE BONDS  
(STATE POLICE BARRACKS PROJECT), SERIES 2023  
(CALLABLE) (NON-BANK QUALIFIED)**

This Supplement (this "Supplement") amends and supplements certain information set forth in the Preliminary Official Statement, dated November 21, 2023 (the "Original Preliminary Official Statement"), relating to the above-captioned bonds (the "Series 2023 Bonds") of The Cumberland County Improvement Authority (the "Authority"). The Original Preliminary Official Statement, as amended and supplemented by this Supplement, is referred to herein as the "Preliminary Official Statement".

Specifically, this Supplement is being provided to provide updated and clarifying information related to certain additional tax-exempt lease purchase obligations to be issued by the Authority on or about December 19, 2023 not previously described in the Original Preliminary Official Statement.

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*The information under the heading "MARKET PROTECTION" on page 14 of the Original Preliminary Official Statement is hereby amended and restated to provide as follows:*

**"MARKET PROTECTION**

The Authority currently expects to issue \$1,275,000 of its tax-exempt, lease purchase obligations on or about December 19, 2023 ("2023 Lease") for the purposes of financing the costs of certain equipment to be utilized at the Authority's landfill facility. Rental payments due under the 2023 Lease will not be secured by the Revenues or any other Pledged Property pledged under the Indenture as security for payment of the Series 2023 Bonds, but are secured, on an annual appropriation basis, by revenues derived solely from the operation of the Authority's landfill facility and not otherwise pledged by the Authority to other debt obligations or other purposes.

Other than the above-described 2023 Lease, neither the Authority nor the County plan to issue and additional bonds, notes or other debt obligations in the next 90 days following the issuance of the Series 2023 Bonds."

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Except as amended by this Supplement, the Preliminary Official Statement shall remain in full force and effect as to the matters set forth therein. The information in this Supplement is subject in all respects to more complete information in the Preliminary Official Statement, to the extent that such information is not otherwise amended or supplemented hereby.

This Supplement is submitted in connection with the issuance of the Series 2023 Bonds and may not be reproduced or used, as a whole or in part, for any other purposes. Any statements made or

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\* Preliminary, subject to change.

incorporated in this Supplement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact. This Supplement is not to be construed as a contract or agreement between the Authority and the purchasers or owners of any of the Series 2023 Bonds.

**THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY**

NEW ISSUE – BOOK-ENTRY ONLY

Rating: Moody's: "Aa3"  
(See RATING herein)

*In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Authority (as hereinafter defined), assuming continuing compliance by the Authority (as hereinafter defined), with certain tax covenants described herein, under existing law, interest on the Series 2023 Bonds (as hereinafter defined) is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and will not constitute a tax preference item for purposes of the alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations. In addition, interest on the Series 2023 Bonds and any gain from the sale thereof are not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed. See "TAX MATTERS" herein.*

\$6,300,000\*

**THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
(CUMBERLAND COUNTY, NEW JERSEY)  
COUNTY GUARANTEED REVENUE BONDS  
(STATE POLICE BARRACKS PROJECT), SERIES 2023  
(CALLABLE) (NON-BANK QUALIFIED)**

Dated: Date of Delivery

Due: November 1, as shown on inside front cover

The \$6,300,000\* aggregate principal amount of County Guaranteed Revenue Bonds (State Police Barracks Project), Series 2023 (the "Series 2023 Bonds") are being issued by The Cumberland County Improvement Authority (the "Authority"), a political subdivision and public body corporate and politic of the State of New Jersey (the "State"), pursuant to: (i) the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State, and the acts amendatory thereof and supplemental thereto (the "Act"); (ii) a bond resolution of the Authority duly adopted on September 27, 2023 (the "Bond Resolution"); and (iii) an Indenture of Trust, dated as of November 1, 2023 (the "Indenture"), between the Authority and U.S. Bank Trust Company, National Association, Edison, New Jersey, as trustee (the "Trustee").

The Series 2023 Bonds will be issued in fully registered form and, when issued, will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and a clearinghouse for securities transactions. Individual purchases of the Series 2023 Bonds will be made in book-entry only form (without certificates) in denominations of \$5,000 or any integral multiple thereof. The principal of the Series 2023 Bonds is payable on the respective maturity dates, in the years and in the amounts set forth on the inside front cover page hereof. Interest on the Series 2023 Bonds is payable semi-annually on May 1 and November 1 of each year (each, an "Interest Payment Date"), commencing May 1, 2024, until maturity or earlier redemption thereof at the rates set forth on the inside front cover page hereof. The principal or Redemption Price (as hereinafter defined) of the Series 2023 Bonds will be payable upon presentation and surrender thereof at the principal corporate trust office of the Trustee.

So long as Cede & Co. is the registered owner of the Series 2023 Bonds, payments of principal or Redemption Price of and interest on the Series 2023 Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants (as hereinafter defined) which will, in turn, remit such payments to the Beneficial Owners (as hereinafter defined) of the Series 2023 Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2023 Bonds purchased. For so long as any purchaser is a Beneficial Owner of a Series 2023 Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such Series 2023 Bond. Interest on any Series 2023 Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the person in whose name the Series 2023 Bond is registered at the close of business on the 15th day of the calendar month immediately preceding an Interest Payment Date (whether or not a business day).

The Series 2023 Bonds are being issued by the Authority to provide funds which will be used to finance: (i) the costs of the planning, design and construction of a new approximately 13,307 square foot, state-of-the-art State Police Barracks facility to serve the New Jersey State Police ("New Facility") to be located at Mauricetown Bypass Road in the Township of Commercial (Block 183, Lot 14), including the completion of such other improvements and work and acquisition of equipment and materials as may be necessary or appropriate in connection with the construction of the New Facility (the "Construction Project"); (ii) capitalized interest on the Series 2023 Bonds; and (iii) the costs of issuance with respect to the financing (items (i), (ii) and (iii) are collectively referred to herein as the "2023 Project"). Additional information regarding the Construction Project and the 2023 Project appear herein under the headings "THE CONSTRUCTION PROJECT" and "THE 2023 PROJECT".

The Series 2023 Bonds are special and limited obligations of the Authority payable solely from the Pledged Property (as defined in the Indenture), which includes, *inter alia*: (i) Revenues (as defined in the Indenture) and other available revenues of the Authority not previously pledged as security for any existing series of bonds or which are hereafter pledged to a future series of bonds, and which available revenues are deposited by the Authority with the Trustee; provided, however, that the Authority has no legal obligation to deposit such available revenues with the Trustee; (ii) the Funds and Accounts established under the Indenture (other than the Rebate Fund), including Investment Securities held in any such Funds or Accounts (as such terms are defined in the Indenture); and (iii) all other moneys, securities or funds pledged for the payment of the principal or redemption price of and interest on the Series 2023 Bonds in accordance with the terms and provisions of the Indenture.

The Series 2023 Bonds are further secured by the provisions of a Guaranty Ordinance, duly and finally adopted by the Board of Commissioners of the County, pursuant to which the County has unconditionally guaranteed the payment, when due, of the principal of and interest on the Series 2023 Bonds to the extent not otherwise paid ("County Guaranty"). Pursuant to the County Guaranty, the County will be unconditionally and irrevocably obligated to levy *ad valorem* taxes upon all taxable property within jurisdiction of the County for the payment of the principal of and interest on the Series 2023, when due, without limitation as to rate or amount, when required under the provisions of applicable law and the County Guaranty. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS-Debt Service Fund – Insufficiency of Revenues; Application of County Guaranty; and – County Guaranty" herein.

The Series 2023 Bonds are subject to optional and [mandatory sinking fund] redemption prior to maturity as described herein. See "DESCRIPTION OF THE SERIES 2023 BONDS" herein.

**THE SERIES 2023 BONDS ARE NOT AND SHALL NOT BE IN ANY WAY A DEBT OR LIABILITY OF THE STATE OR ANY SUBDIVISION THEREOF (OTHER THAN THE AUTHORITY RELATING SOLELY TO THE EXTENT OF THE PLEDGED PROPERTY AND THE COUNTY UNDER AND AS LIMITED BY THE COUNTY GUARANTY), AND DO NOT AND SHALL NOT CREATE OR CONSTITUTE ANY INDEBTEDNESS, LIABILITY OR OBLIGATION OF SAID STATE, OR OF ANY SUBDIVISION THEREOF (OTHER THAN THE AUTHORITY RELATING SOLELY TO THE PLEDGED PROPERTY, AND THE COUNTY UNDER AND AS LIMITED BY THE COUNTY GUARANTY), EITHER LEGAL, MORAL OR OTHERWISE. THE PRINCIPAL OR REDEMPTION PRICE OF AND INTEREST ON THE SERIES 2023 BONDS IS PAYABLE BY THE AUTHORITY FROM THE PLEDGED PROPERTY. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COUNTY, AS APPLICABLE, UNDER AND LIMITED BY THE COUNTY GUARANTY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2023 BONDS. THE AUTHORITY HAS NO TAXING POWER.**

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to their making an informed investment decision.

*The Series 2023 Bonds are offered when, as and if issued by the Authority and received by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice, and to the approval of certain legal matters by Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Authority, and certain other conditions. Certain matters will be passed upon for the Authority by its general counsel, Archer & Greiner, P.C., Voorhees, New Jersey; for the County, by its counsel John G. Carr, Esquire, and by McManimon, Scotland & Bauman, bond counsel to the County; and for the Underwriter by Fleishman Daniels Law Offices, LLC, Linwood, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey, has acted as Municipal Advisor to the Authority in connection with the issuance of the Series 2023 Bonds. It is expected that the Series 2023 Bonds will be available for delivery on or about December \_\_, 2023.*

**RAYMOND JAMES®**

Dated: November \_\_, 2023

\*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to change, amendment and completion without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the applicable securities laws of such jurisdiction.

**\$6,300,000\***  
**THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY**  
**(CUMBERLAND COUNTY, NEW JERSEY)**  
**COUNTY GUARANTEED REVENUE BONDS**  
**(STATE POLICE BARRACKS PROJECT), SERIES 2023**  
**(CALLABLE) (NON-BANK QUALIFIED)**

**MATURITIES, PRINCIPAL AMOUNTS\*, INTEREST RATES, YIELDS AND CUSIPS\*\***

<u>Maturity</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2025	\$100,000			
2026	105,000			
2027	110,000			
2028	115,000			
2029	125,000			
2030	130,000			
2031	135,000			
2032	145,000			
2033	150,000			
2034	155,000			
2035	165,000			
2036	175,000			
2037	180,000			
2038	190,000			
2039	200,000			
2040	210,000			
2041	220,000			
2042	230,000			
2043	245,000			
2044	255,000			

\$1,480,000\* \_\_\_\_\_ % Term Bond due November 1, 2049\*, Yield \_\_\_\_\_ % CUSIP Number \_\_\_\_\_  
 \$1,480,000\* \_\_\_\_\_ % Term Bond due November 1, 2053\*, Yield \_\_\_\_\_ % CUSIP Number \_\_\_\_\_

\* Preliminary, subject to change

\*\*\*CUSIP" is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. The CUSIP numbers listed above for the Series 2023 Bonds are being provided solely for the convenience of Bondholders only at the time of issuance of the Series 2023 Bonds. The Authority and the Trustee do not make any representations with respect to such CUSIP numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specified maturity of the Series 2023 Bonds is subject to being changed after the issuance of the Series 2023 Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2023 Bonds..

**THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY**  
**745 Lebanon Road**  
**Millville, New Jersey 08332**

**AUTHORITY MEMBERS**

<b><u>Name</u></b>	<b><u>Position</u></b>
Robert P. Nedohon, Jr. ....	Chairman
Albert B. Kelly .....	Vice Chairman
Shelly Schneider .....	Secretary
Dale K. Jones .....	Treasurer
Jason P. Scythes .....	Assistant Treasurer

**PRESIDENT/CEO**

Gerard Velazquez, III

**GENERAL COUNSEL**

Archer & Greiner, P.C.  
Voorhees, New Jersey

**AUDITOR**

Romano, Hearing, Testa & Knorr  
Vineland, New Jersey

**BOND COUNSEL**

Parker McCay P.A.  
Mount Laurel, New Jersey

**MUNICIPAL ADVISOR**

Phoenix Advisors, LLC  
Bordentown, New Jersey

**TRUSTEE, REGISTRAR AND PAYING AGENT**

U.S. Bank Trust Company, National Association  
Edison, New Jersey

**COUNTY OF CUMBERLAND, NEW JERSEY**  
**790 E. Commerce Street**  
**Bridgeton, New Jersey 08302**

**BOARD OF COUNTY COMMISSIONERS**

Douglas Albrecht .....	Commissioner
Donna Pearson .....	Commissioner
Carol Musso .....	Commissioner
Joseph Sileo .....	Commissioner
Antonio Romero .....	Commissioner
Victoria Groetsch-Lods .....	Commissioner
John Capizola, Jr. ....	Commissioner

**COUNTY OFFICIALS**

Harold U. Johnson  
County Administrator

Jeffrey T. Ridgway, Jr.  
County Chief Financial Officer/Treasurer

John G. Carr, Esq.  
County Counsel

**COUNTY AUDITOR**

Bowman & Company LLP  
Voorhees, New Jersey

**COUNTY BOND COUNSEL**

McManimon, Scotland & Baumann, LLC,  
Roseland, New Jersey

**MUNICIPAL ADVISOR**

Phoenix Advisors, LLC  
Bordentown, New Jersey

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The information which is set forth herein has been provided by the Cumberland County Improvement Authority (the "Authority"), the County of Cumberland, New Jersey (the "County"), the Depository Trust Company, New York, New York ("DTC"), and by other sources which are believed to be reliable by the Authority, but the information provided by such sources is not guaranteed as to accuracy or completeness by the Authority. Certain general and financial information concerning the County is contained in APPENDICES "A" and "B" to this Official Statement. Such information has been furnished by the County. The Authority has not confirmed the accuracy or completeness of information relating to the County and the Authority disclaims any responsibility for the accuracy or completeness thereof.

Raymond James & Associates, Inc., as underwriter (the "Underwriter"), has provided the following sentence for inclusion in the Official Statement: The Underwriter has reviewed the Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Where the Constitution or statutes of the State of New Jersey are referred to, reference should be made to such Constitution or statutes for a complete statement of the matters referred to.

This Official Statement is submitted in connection with the sale of the Series 2023 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

No dealer, broker, salesman or any other person has been authorized by the Authority or the County to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Series 2023 Bonds, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2023 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the County since the date hereof.

**The Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, and upon issuance, the Series 2023 Bonds will not be registered under the Securities Act of 1933, as amended, in reliance upon exemptions in such laws. The Series 2023 Bonds will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, other than the Authority (subject to the limitations set forth above), will have passed upon the accuracy or adequacy of this Official Statement.**

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

This Official Statement is not to be construed as a contract or agreement between the Authority, the County, the Underwriter and the purchasers or the holders of any of the Series 2023 Bonds.

**IN CONNECTION WITH THE OFFERING OF THE SERIES 2023 BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2023 BONDS AT LEVELS ABOVE THOSE**

**WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY UPON THEIR OWN EXAMINATION OF THE AUTHORITY, THE COUNTY, AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2023 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.**

## OFFICIAL STATEMENT

Relating to

**\$6,300,000\***

**THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
(CUMBERLAND COUNTY, NEW JERSEY)  
COUNTY GUARANTEED REVENUE BONDS  
(STATE POLICE BARRACKS PROJECT), SERIES 2023  
(CALLABLE) (NON-BANK QUALIFIED)**

### INTRODUCTION

This Official Statement, which includes the cover page hereof and the Appendices attached hereto, is furnished by The Cumberland County Improvement Authority (the "Authority"), a public body corporate and politic and a political subdivision of the State of New Jersey (the "State"), to provide certain information relating to: (i) the Authority; (ii) the project described herein under the heading "The 2023 Project"; (iii) the County of Cumberland, New Jersey (the "County"); and (iv) the \$6,300,000\* aggregate principal amount of County Guaranteed Revenue Bonds (State Police Barracks Project), Series 2023 (the "Series 2023 Bonds") to be issued by the Authority.

Capitalized words and terms which are used herein which are not ordinarily capitalized and which are not otherwise defined herein shall have the meanings which are assigned to such words and terms in the Indenture (as hereinafter defined).

U.S. Bank Trust Company, National Association, Edison, New Jersey has been appointed by the Authority to serve as trustee, paying agent and registrar (the "Trustee", the "Paying Agent" and the "Registrar") for the Series 2023 Bonds pursuant to the Indenture of Trust, dated as of December 1, 2023 (the "Indenture"), between the Authority and the Trustee.

The Series 2023 Bonds shall be special and limited obligations of the Authority payable solely from and secured by its interest in the Pledged Property (as hereinafter defined), which includes, *inter alia*: (i) Revenues (as hereinafter defined) which includes, among other things, available revenues of the Authority not previously pledged as security for any existing series of bonds or which are hereafter pledged to a future series of bonds, and which available revenues are deposited by the Authority with the Trustee, provided, however, that the Authority has no legal obligation to deposit such available revenues with the Trustee; (ii) the Funds and Accounts established under the Indenture (other than the Rebate Fund), including Investment Securities held in any such Funds or Accounts; and (iii) all other moneys, securities or funds pledged for the payment of the principal or redemption price of and interest on the Series 2023 Bonds in accordance with the terms and provisions of the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS" herein.

The Bonds are also secured by the provisions of a Guaranty Ordinance, duly and finally adopted by the Board of Commissioners of the County ("Board") on May 24, 2022 and published in accordance with applicable law (the "Guaranty Ordinance"), pursuant to which the County has unconditionally guaranteed the payment, when due, of the principal and redemption price of and interest on the Series 2023 Bonds ("County Guaranty"). Pursuant to the County Guaranty, and in accordance with a County Guaranty Agreement, by and between the Authority and the County, dated as of December \_\_, 2023 ("Guaranty Agreement"), the County will be unconditionally and irrevocably obligated to levy *ad valorem* taxes upon

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\* Preliminary, subject to change.

all taxable real property within the jurisdiction of the County for the payment of the principal of and interest on the Series 2023 Bonds, when due, without limitation as to rate or amount, when required under the provisions of applicable law, the County Guaranty and the Guaranty Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Debt Service Fund – *Insufficiency of Revenues; Application of County Guaranty*; and – County Guaranty" herein.

THE BONDS ARE NOT AND SHALL NOT BE IN ANY WAY A DEBT OR LIABILITY OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AUTHORITY, TO THE EXTENT PAYABLE SOLELY OUT OF THE PLEDGED PROPERTY AND ANY OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED UNDER THE INDENTURE AND, AS APPLICABLE, THE COUNTY UNDER AND AS LIMITED BY THE COUNTY GUARANTY AND THE GUARANTY AGREEMENT) AND DO NOT AND SHALL NOT CREATE OR CONSTITUTE ANY INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE STATE OR ANY SUCH SUBDIVISION (EXCEPT THE AUTHORITY, TO THE EXTENT PAYABLE OUT OF THE PLEDGED PROPERTY AND FROM ANY OTHER AMOUNTS OTHERWISE AVAILABLE UNDER THE INDENTURE, AND, AS APPLICABLE, THE COUNTY UNDER AND AS LIMITED BY THE COUNTY GUARANTY AND THE GUARANTY AGREEMENT), EITHER LEGAL, MORAL OR OTHERWISE. THE SERIES 2023 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE PLEDGED PROPERTY AND FROM ANY OTHER AMOUNTS OTHERWISE AVAILABLE UNDER THE INDENTURE FOR THE PAYMENT OF THE SERIES 2023 BONDS. THE SERIES 2023 BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

Copies of the Indenture and the County Guaranty are on file at the offices of the Authority located in Millville, New Jersey and at the principal corporate trust office of the Trustee in Edison, New Jersey, and reference is made to such documents for the provisions relating to, among other things, the terms of and the security for the Series 2023 Bonds, the custody and application of the proceeds of the Series 2023 Bonds, the rights and remedies of the holders of the Series 2023 Bonds, and the rights, duties and obligations of the Authority, the County, and the Trustee.

There follows in this Official Statement brief descriptions of the Series 2023 Bonds, the Indenture, the County Guaranty, the Lease Agreement and the Authority. Certain information concerning the County is attached to this Official Statement as APPENDIX "A". The audited financial statements of the County for the years ended December 31, 2022, 2021, 2020, 2019 and 2018, are attached to this Official Statement as APPENDIX "B". The Authority has not confirmed the accuracy or completeness of the information relating to the County and the Authority disclaims any responsibility for the accuracy or completeness thereof.

The summaries of and references to all documents, statutes, reports and other instruments which are referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to such document, statute, report or instrument.

#### **AUTHORIZATION FOR THE SERIES 2023 BONDS**

The Series 2023 Bonds are issued pursuant to: (i) the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State (*N.J.S.A. 40:37A-44 et seq.*), and the acts amendatory thereof and supplemental thereto (the "Act"); (ii) a bond resolution of the Authority duly adopted on September 27, 2023 (the "Bond Resolution"); and (iii) the Indenture.

The financing plan of the Authority regarding the 2023 Project and the Series 2023 Bonds was

reviewed by the Local Finance Board of the Division of Local Government Services within the State Department of Community Affairs (the "Local Finance Board") at a meeting held on May 11, 2022, with a supplemental application heard and approved by the Local Finance Board on July 12, 2023. On said dates, the Local Finance Board passed Resolutions approving the financing plan of the Authority described herein and approving the adoption, by the County, of the Guaranty Ordinance and the provision by the County of the County Guaranty.

In connection with the issuance of the Series 2023 Bonds and the guaranty by the County of the payment of the principal thereof and interest thereon, the Board of County Commissioners of the County duly adopted, in the manner provided for adoption of a bond ordinance as provided in the Local Bond Law, constituting Chapter 169 of the Pamphlet Laws of 1960 of the State, as amended (the "Local Bond Law"), a guaranty ordinance on May 24, 2022, which authorized the execution and delivery by the County of the Guaranty Agreement". See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS – County Guaranty" herein.

## **PLAN OF FINANCE**

The Series 2023 Bonds are being issued by the Authority to provide funds which will be used to finance: (i) the costs to develop and construct a new approximately 13,307 square foot, state-of-the-art State Police Barracks facility to serve the New Jersey State Police (the "New Facility") located on certain real property located at Mauricetown Bypass Road in the Township of Commercial, New Jersey ("Project Site") presently owned by the Township of Commercial ("Township"); (ii) the completion of such other improvements and work and acquisition of equipment and materials as may be necessary or appropriate in connection with the construction of the New Facility (items (i) and (ii) are collectively referred to as the "Construction Project"); (iii) capitalized interest on the Series 2023 Bonds through and including November 1, 2024\*; and (iv) the costs of issuance with respect to the issuance and sale of the Series 2023 Bonds (items (i) through (iv) are collectively referred to herein as the "2023 Project"). Additional information regarding the Construction Project appears below under the heading "THE CONSTRUCTION PROJECT".

Certain revenues of the Authority, including general revenues of the Authority not previously pledged as security for any existing series of bonds or which are hereinafter pledged to a future series of bonds, and which available revenues are deposited by the Authority with the Trustee (which may include, among other things, all or a portion of the lease payments received by the Authority from the lease of the New Facility to the NJDPM as described below under the heading "THE CONSTRUCTION PROJECT"), will be pledged by the Authority to secure the Series 2023 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS" herein.

## **THE CONSTRUCTION PROJECT**

The New Facility will be developed and constructed by the Authority on the Project Site. Pursuant to a Project Development Agreement between the NJDPM, acting as representative of the New Jersey State Police, and the Authority, the Authority will act as general contractor for the development and construction of the Construction Project, which Project Development Agreement provides, among other things, the specific design and operational requirements of the State Police for the New Facility.

Upon completion of the New Facility, the Authority will lease the same to the State of New Jersey, Division of Property Management on behalf of the New Jersey State Police ("NJDPM") in accordance with a lease between the Authority and the NJDPM. Upon the expiration or earlier prepayment of the lease with the NJDPM, the Authority expects to transfer ownership of the New Facility to the NJDPM.

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\* Preliminary, subject to change.

## DESCRIPTION OF THE SERIES 2023 BONDS

### General

The Series 2023 Bonds are issuable as fully registered bonds. The Series 2023 Bonds will mature on the dates and bear interest at the rates set forth on the inside front cover page of this Official Statement and will be issued in book-entry only form. Individual purchases of the Series 2023 Bonds will be made in book-entry only form (without certificates) in denominations of \$5,000 or any integral multiple thereof. So long as The Depository Trust Company, New York, New York ("DTC") or its nominee, Cede & Co., is the registered owner of the Series 2023 Bonds, payments of the principal or Redemption Price of, and interest on, the Series 2023 Bonds will be made directly to Cede & Co., as nominee for DTC. Disbursement of such payments to the participants of DTC (the "DTC Participants") is the responsibility of DTC and disbursement of such payments to the Beneficial Owners of the Series 2023 Bonds is the responsibility of the DTC Participants and not the Authority or the Trustee. See "DESCRIPTION OF THE SERIES 2023 BONDS - Book-Entry Only System" below. In the event that the Series 2023 Bonds are no longer subject to the DTC Book-Entry Only System, the principal or Redemption Price of the Series 2023 Bonds will be payable upon surrender of the respective Series 2023 Bonds at the principal corporate trust office of the Trustee or at any other place that may be provided for such payment by the appointment of any other Trustee under the Indenture.

Interest on the Series 2023 Bonds, calculated on the basis of a 360-day year of twelve 30 day months, is payable on May 1 and November 1 (each, an "Interest Payment Date") of each year, commencing on May 1, 2024, by check or draft of the Trustee, or, in the case of owners of \$1,000,000 or more in principal amount of Series 2023 Bonds which have submitted to the Trustee a written request therefor, by wire transfer of immediately available funds. Principal or Redemption Price of the Series 2023 Bonds will be paid, when due, upon presentation and surrender of the Series 2023 Bonds at the principal corporate trust office of the Trustee. Interest on any Series 2023 Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the person in whose name the Series 2023 Bond is registered at the close of business on the 15th day of the calendar month immediately preceding an Interest Payment Date (whether or not a business day) (the "Record Date"). Principal or Redemption Price of the Series 2023 Bonds will be paid, when due, upon presentation and surrender of the Series 2023 Bonds at the principal corporate trust office of the Trustee.

### Optional Redemption

The Series 2023 Bonds maturing prior to November 1, 20\_\_ are not subject to redemption prior to their stated maturity dates. The Series 2023 Bonds maturing on and after November 1, 20\_\_ are subject to redemption prior to maturity at the option of the Authority, on or after November 1, 20\_\_, as a whole or in part on any date in such order of maturities as the Authority may direct and within a maturity by lot (or other customary method of selection determined by the Trustee) at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Series 2023 Bonds to be redeemed, together with interest accrued to the redemption date, upon notice as set forth in the Indenture and described below.

### Mandatory Sinking Fund Redemption

(i) The Series 2023 Bonds maturing on November 1, 20\_\_ are subject to scheduled mandatory sinking fund redemption by the Authority on November 1 of the years and in the amounts set forth below at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof together with interest accrued to the redemption date(s):

*Series 2023 Bonds Maturing November 1, 20\_\_*

<u>Year</u> <u>(November 1)</u>	<u>Principal Amount</u>
20__	\$
20__*	

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\*Final Maturity

(ii) The Series 2023 Bonds maturing on November 1, 20\_\_ are subject to mandatory sinking fund redemption by the Authority on November 1 of the years and in the amounts set forth below at a Redemption Price equal to 100% of the principal amount thereof, together with interest accrued to the redemption date(s):

*Series 2023 Bonds Maturing November 1, 20\_\_*

<u>Year</u> <u>(November 1)</u>	<u>Principal Amount</u>
20__	\$
20__*	

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\*Final Maturity

**Notice of Redemption**

The Trustee shall give notice, in the name of the Authority, of the redemption of Series 2023 Bonds called for redemption, which notice shall specify the maturities of the Series 2023 Bonds to be redeemed, the Redemption Price, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Series 2023 Bonds are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2023 Bonds so to be redeemed and, in the case of Series 2023 Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Series 2023 Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Series 2023 Bonds to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be mailed by the Trustee, via first class mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, to registered owners of any Series 2023 Bonds or portions of Series 2023 Bonds which are to be redeemed, at their last addresses appearing upon the registry books. Failure to give notice by mail or any defect in the notice to the registered owner of any Series 2023 Bonds which are to be redeemed shall not affect the validity of the proceedings for the redemption of any other Series 2023 Bonds. Any notice which is mailed in the manner described above shall be conclusively presumed to have been duly given, whether or not the Holder receives the notice. So long as the Series 2023 Bonds are registered in the name of Cede, as nominee of DTC, all notices with respect to the Series 2023 Bonds shall be given to DTC.

**Book-Entry Only System<sup>1</sup>**

The description which follows of the procedures and record keeping with respect to beneficial

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<sup>1</sup> Source: *The Depository Trust Company*

ownership interests in the Series 2023 Bonds, payment of principal and interest, and other payments on the Series 2023 Bonds to DTC Participants or Beneficial Owners (as such terms are defined or used herein), confirmation and transfer of beneficial ownership interests in the Series 2023 Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Authority. Accordingly, the Authority does not make any representations as to the completeness or accuracy of such information.

DTC will act as securities depository for the Series 2023 Bonds. The Series 2023 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of each series of the Series 2023 Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2023 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2023 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2023 Bonds, except in the event that use of the book-entry system for the Series 2023 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2023 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2023 Bonds; DTC's



records reflect only the identity of the Direct Participants to whose accounts such Series 2023 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2023 Bonds within a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority or its designated Paying Agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Series 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or its designated Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Paying Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or its designated Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2023 Bonds at any time by giving reasonable notice to the Authority or its designated Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2023 Bond certificates will be printed and delivered to DTC.

**The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but none of the Authority, the County, the Trustee or the Underwriter takes responsibility for the accuracy thereof.**

**THE AUTHORITY, THE COUNTY, THE TRUSTEE AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO ITS DIRECT OR INDIRECT PARTICIPANTS OR THAT DIRECT OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO BENEFICIAL OWNERS OF THE SERIES 2023 BONDS (1) PAYMENTS**

**OF THE PRINCIPAL OF REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2023 BONDS, (2) CONFIRMATION OF OWNERSHIP INTERESTS IN THE SERIES 2023 BONDS, OR (3) REDEMPTION OR OTHER NOTICES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SEC, AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH ITS PARTICIPANTS ARE ON FILE WITH DTC.**

**NONE OF THE AUTHORITY, THE COUNTY, THE TRUSTEE OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OF THE SERIES 2023 BONDS WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER WITH RESPECT TO THE PRINCIPAL OF OR REDEMPTION PRICE OR INTEREST ON ANY SERIES 2023 BONDS; (3) THE DELIVERY BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND RESOLUTION TO BE GIVEN TO THE HOLDERS OF THE SERIES 2023 BONDS; (4) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2023 BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT.**

**SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2023 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2023 BONDS (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2023 BONDS.**

#### **Discontinuance of Book-Entry Only System**

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Series 2023 Bonds, the following provisions would apply: (i) the Series 2023 Bonds may be exchanged for an equal aggregate principal amount of bonds in other authorized denominations, of the same maturity, upon surrender thereof at the designated corporate trust office of the Paying Agent; (ii) the transfer of any Series 2023 Bonds may be registered on the books maintained by the Paying Agent for such purpose only upon the surrender thereof to the Paying Agent together with the duly executed assignment in form satisfactory to the Authority and the Paying Agent; and (iii) for every exchange or registration of transfer of Series 2023 Bonds, the Paying Agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Series 2023 Bonds. Interest on the Series 2023 Bonds will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Date, whether or not a business day.

## SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS

### General

The Series 2023 Bonds shall be special and limited obligations of the Authority payable solely from and secured by its interest in the Pledged Property (as described below). The Series 2023 Bonds shall not constitute a legal or equitable pledge or lien or encumbrance upon any of the assets or property of the Authority or upon any of its income, receipts, or revenues, except as provided in the Indenture. The full faith and credit of the Authority are not pledged, either expressly or by implication, to the payment of the Series 2023 Bonds. The Authority has no taxing power. The Authority has no claim on revenues or receipts of the State or any agency or political subdivision thereof (except the County to the extent of the County's obligations under the County Guaranty).

"Revenues" are defined in the Indenture to mean: (i) available revenues of the Authority, not previously pledged as security for any existing series of bonds or which are hereafter pledged to any future series of bonds, and which available revenues are deposited by the Authority with the Trustee; (ii) any moneys or securities held pursuant to the Indenture and paid or required to be paid into the Debt Service Fund; (iii) any payments made by the County to the Authority pursuant to the County Guaranty; (iv) interest received on any moneys or Investment Securities held under the Indenture (other than in the Rebate Fund) and required to be paid into the Revenue Fund pursuant to the Indenture; and (v) any other amounts received from any other source by the Authority and not pledged by the Authority as security for the payment of a particular Series of Bonds pursuant to a Supplemental Indenture.

"Pledged Property" is defined in the Indenture to mean: (i) the Revenues; (ii) the Funds and Accounts established under the Indenture (other than the Rebate Fund), including Investment Securities held in any such Funds or Accounts; and (iii) all other moneys, securities or funds pledged for the payment of the principal or Redemption Price of and interest on the Series 2023 Bonds in accordance with the terms and provisions of the Indenture.

See "THE AUTHORITY – Certain Financial Information and Outstanding Indebtedness" and APPENDIX "C" – "REPORT OF AUDIT OF THE FINANCIAL STATEMENTS OF THE AUTHORITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021" herein for more information related to the finances of the Authority.

THE SERIES 2023 BONDS ARE NOT AND SHALL NOT BE IN ANY WAY A DEBT OR LIABILITY OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE AUTHORITY, TO THE EXTENT PAYABLE SOLELY OUT OF THE PLEDGED PROPERTY AND OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED UNDER THE INDENTURE AND, AS APPLICABLE, THE COUNTY UNDER AND AS LIMITED BY THE COUNTY GUARANTY AND THE GUARANTY AGREEMENT) AND DO NOT AND SHALL NOT CREATE OR CONSTITUTE ANY INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE STATE OR ANY SUCH SUBDIVISION (EXCEPT THE AUTHORITY TO THE EXTENT PAYABLE SOLELY OUT OF THE PLEDGED PROPERTY AND OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED UNDER THE INDENTURE AND, AS APPLICABLE, THE COUNTY UNDER AND LIMITED BY THE COUNTY GUARANTY AND THE GUARANTY AGREEMENT), EITHER LEGAL, MORAL OR OTHERWISE. THE SERIES 2023 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE PLEDGED PROPERTY OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED UNDER THE INDENTURE AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THE INDENTURE FOR THE PAYMENT OF THE SERIES 2023 BONDS. THE SERIES 2023 BONDS DO NOT NOW

AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

Under the Indenture, Refunding Bonds on parity with the Series 2023 Bonds may be issued for the refunding of any Bonds outstanding under the Indenture. See APPENDIX "D" for the requirements that must be met prior to the issuance of Refunding Bonds.

In the event the Authority does not provide sufficient funds to the Trustee to meet its debt service obligations, the County shall be obligated to levy *ad valorem* taxes on all taxable property within the jurisdiction of the County without limitation as to rate or amount pursuant to the County Guaranty. See "SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS – Debt Service Fund – *Insufficiency of Revenues; Application of County Guaranty*; and - County Guaranty" herein.

No recourse shall be had for the payment of the principal of or interest on the Series 2023 Bonds or for any claim based thereon or on the Indenture against any member or officer of the Authority or any person executing the Series 2023 Bonds. No member, officer or employee of the Authority or any person executing the Series 2023 Bonds shall be liable personally on the Series 2023 Bonds by reason of the issuance thereof.

The security interest granted and the pledge and assignment made in the Indenture and the covenants and agreements therein set forth to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the holders of any and all of the Series 2023 Bonds and any Additional Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Series 2023 Bonds or Additional Bonds over any other thereof, all except as expressly provided in or permitted by the Indenture.

### **Indenture to Constitute Contract**

In consideration of the purchase and acceptance of the Series 2023 Bonds by those who shall hold the same from time to time, the provisions of the Indenture shall be deemed to be and shall constitute a contract among the Authority and the Holders from time to time of the Series 2023 Bonds, and the security interest granted and the pledge and assignment made in the Indenture and the covenants and agreements therein set forth to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the Holders of any and all of the Series 2023 Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Series 2023 Bonds over any other thereof, all except as expressly provided in or permitted by the Indenture.

### **Acquisition Fund**

Amounts deposited in the Acquisition Fund established under the Indenture are to be held by the Trustee in trust and applied to pay the Costs of the Construction Project pursuant to requisitions prepared and filed with the Trustee in accordance with the provisions of the Indenture. Pending such application, amounts in the Acquisition Fund are pledged to secure the payment of the principal of and interest on the Series 2023 Bonds.

### **Debt Service Fund**

#### *Capitalized Interest*

The amount deposited in the Debt Service Fund pursuant to Section 203(6)(b) of the Indenture

representing capitalized interest on the Series 2023 Bonds shall be set aside in a separate subaccount within the Debt Service Fund created therein and referred to as the "Capitalized Interest Sub-Account" and applied in accordance with subsection (2) of Section 508 of the Indenture to the payment of interest due on the Series 2023 Bonds on each Interest Payment Date of the Series 2023 Bonds through and including November 1, 2024\*.

### *Principal and Interest*

Revenues deposited in the Revenue Fund on shall be transferred to and deposited in the Debt Service Fund not later than 3:00 p.m. on the thirtieth (30<sup>th</sup>) Business Day immediately preceding either a Principal Installment Date or Interest Payment Date, as applicable, by the Trustee. Not later than 3:00 p.m. on the twentieth (20<sup>th</sup>) Business Day immediately preceding either a Principal Installment Date or Interest Payment Date, as applicable, the Trustee shall determine whether the amounts on deposit in the Debt Service Fund, after all Revenues deposited in the Revenue Fund and transferred to and deposited in the Debt Service Fund in accordance with the provisions hereof, are sufficient to meet the Debt Service Requirements on all Outstanding Bonds for the next succeeding Interest Payment Date and Principal Installment Date, as applicable.

### *Insufficiency of Revenues; Application of County Guaranty*

Subject to, and after the application of the provisions of Section 509 of the Indenture with respect to amounts deposited in the Debt Retirement Fund under the Indenture, if any, in the event such amounts in the Debt Service Fund are insufficient to meet such Debt Service Requirement on the Series 2023 Bonds, the Trustee shall give written notice thereof, by electronic mail with confirmation of receipt or by any other secure method which enables the Trustee subsequently to verify the transmission of such notice in accordance with Section 1114 of the Indenture, to the Authority and the Authorized County Representative of such deficiency no later than 4:00 p.m. on the fifteenth (15<sup>th</sup>) Business Day immediately preceding either a Principal Installment Date or Interest Payment Date, as applicable, which notice shall state the amount of such deficiency as at the close of business on such date and that such deficiency must be cured no later than the next ensuing Interest Payment Date and Principal Installment Date, as applicable.

The notice to the Authorized County Representative and the Authority shall also include the amount of the Interest Payment and Principal Installment, as applicable, due and payable and the amount required to be paid by the Authority or the County (pursuant to the County Guaranty) to cure such deficiency and to enable the Trustee to make a Debt Service payment on the Outstanding Bonds on the next ensuing Interest Payment Date or Principal Installment Date, as applicable. The receipt of any such notice by the Authority and the County shall be acknowledged by an Authorized Authority Representative and an Authorized County Representative to the Trustee within one (1) Business Day after receipt thereof. If the nonpayment of the Authority is not cured by the applicable Interest Payment Date or Principal Installment Date, as applicable, the County, pursuant to the terms of the County Guaranty, shall pay to the Trustee, not later than such Interest Payment Date and Principal Installment Date, as applicable, any and all amounts required to pay Debt Service on the Series 2023 Bonds. See "**County Guaranty**" below for a more complete description of the County Guaranty.

### **County Guaranty**

On May 24, 2022, the Board duly and finally adopted the Guaranty Ordinance pursuant to Section 37 of the Act (*N.J.S.A. 40:37A-80*), which unconditionally and irrevocably guarantees the punctual payment of principal of and interest when due on the Series 2023 Bonds. Pursuant to the County Guaranty, the full

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\* Preliminary, subject to change.

faith and credit of the County has been pledged for the payment of the County's obligations under the Guaranty Ordinance and the County has the power and the obligation to cause the levy of *ad valorem* taxes upon all taxable real property located within the jurisdiction of the County without limitation as to rate or amount for the payment of its obligations thereunder. The County Guaranty and the Guaranty Agreement were authorized by the Guaranty Ordinance.

Under the Guaranty Agreement, if, on a date twenty (20) Business Days prior to the next Interest Payment Date for the Series 2023 Bonds, the available funds on deposit in the Debt Service Fund and the Debt Retirement Fund are insufficient to provide for the payment of the principal of and/or interest due on the Series 2023 Bonds on such next succeeding Interest Payment Date, the Trustee shall notify the County and the Authority, within five (5) Business Days thereof, of the amount which is necessary to provide for the full payment of the principal of and interest on the Series 2023 Bonds, on such next Interest Payment Date. The County shall acknowledge receipt of such notice in writing within two (2) Business Days. The Trustee shall demand, in the notice, that the County pay the deficiency no later than two (2) days prior to such Interest Payment Date. Within said fifteen (15) Business Day period, the County shall make payment to the Trustee of the amount of such deficiency in the Debt Retirement Fund which will be transferred by the Trustee to the Debt Service Fund for payment on the Interest Payment Date.

In the event the County is required to make any payment or incurs any expense pursuant to the provisions of the County Guaranty or the Guaranty Agreement, the Authority shall repay or cause to be repaid to the County, in accordance with the Bond Resolution, all direct and indirect costs and expenses of the County incurred with respect to the County Guaranty including amounts paid by the County pursuant to the County Guaranty, together with interest on such amounts at an interest rate equal to the County's cost of obtaining funds required to make such payments (including, but not limited to, lost earnings on the investment of available funds used to make such payment or the net interest cost of such Series 2023 Bonds, whichever is higher, as shall be determined by the County), reasonable attorneys' fees and other costs arising out of the required payment or expenses for the collection, enforcement and repayment pursuant to the County Guaranty, together with interest accrued on such sum until the time of repayment to the County.

The foregoing are brief statements of the operation of the Indenture, the County Guaranty and Guaranty Agreement. Reference should be made to "APPENDIX D – INDENTURE" and "APPENDIX E – GUARANTY ORDINANCE AND THE GUARANTY AGREEMENT" for a more complete description of the provisions thereof.

### **IMPACT OF COVID-19**

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus ("Coronavirus" or "COVID-19"). A national emergency was declared by the President of the United States ("President") (which has since been terminated), to provide federal intervention for the mitigation of the Coronavirus as a public health emergency and to unlock federal funds and assistance to help states and local governments manage the pandemic. On March 9, 2020, the Governor of the State of New Jersey ("Governor") issued Executive Order 103, pursuant to which the Governor declared a State of Emergency and a Public Health Emergency, thereby allowing State agencies and departments to utilize State resources to assist affected communities in response to the COVID-19 outbreak.

The federal Public Health Emergency was terminated on May 11, 2023, but the State of Emergency for the State remains in effect as of the date hereof. Other Executive Orders (some of which have since been modified or rescinded) limited various activities and undertook measures in an attempt to slow the spread of COVID-19 throughout the State. These measures, which impacted the behavior of businesses and individuals, have had, any may continue to have, impacts on regional, state, and local economies. *See*

<https://covid19.nj.gov> for further detail regarding the impact of COVID-19 on the State and the Governor's various executive orders.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 12, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

The Plan includes various forms of financial relief including up to \$1,400 increase in direct stimulus payments and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the County.

The County received \$14,521,933.50 in May of 2021 and \$14,521,933.50 in June of 2022. The deadline to spend the funds is December 31, 2024. Generally, according to the Plan, the allowable use of the funds distributed under the Plan include the following categories: (a) to respond to the public health emergency with respect to COVID-19 or its negative economic impacts; (b) to respond to workers performing essential work during the COVID-19 public health emergency; (c) for the provision of government services to the extent permitted by the Plan; and (d) to make necessary investments in water, sewer or broadband infrastructure.

As the County's financial information appearing in APPENDIX "B" indicates, the COVID-19 pandemic has not had a material impact on the County's finances through the end of fiscal year 2022. In addition, through the fiscal year ended 2022, the COVID-19 pandemic has not had a material adverse impact on the finances of the Authority

While the effects of COVID-19 have abated significantly in the State, the Authority and the County cannot predict, and do not predict, whether or if COVID-19, or any similar viral disease (including any variants or sub-variants thereof), may reemerge in the future and, if such reemergence occurs, what the effects thereof may have upon global, State-wide and local economies and operations, including that of the Authority and the County.

## **CLIMATE**

The State is naturally susceptible to the effects of extreme weather events and natural disasters including floods and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the Authority and the County as well as resulting in economic impacts such as loss of revenues, interruption of services, and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the Authority or the County.

## **CYBER SECURITY**

The Authority and the County each rely on a complex technology environment to conduct their respective various operations. As a result, the Authority and the County face certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on their computing and digital networks and systems. To mitigate the risks of business operations impact and/or

damage from cybersecurity incidents or cyber-attacks, the Authority and the County have each invested in multiple forms of cybersecurity and operational safeguards.

**MARKET PROTECTION**

Neither the Authority nor the County plan to issue any additional bonds or notes in the next ninety (90) days following the issuance of the Series 2023 Bonds.

**ESTIMATED SOURCES AND USES OF FUNDS**

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2023 Bonds:

**Sources of Funds:**

Principal Amount of Series 2023 Bonds .....	\$ _____
[Net] Original Issue [Premium/Discount] .....	_____
<b>TOTAL SOURCES OF FUNDS .....</b>	<b>\$ _____</b>

**Uses of Funds:**

Deposit to Acquisition Fund .....	\$ _____
Deposit to Capitalized Interest Sub-Account Account of the Debt Service Fund .....	\$ _____
Costs of Issuance* .....	\$ _____
<b>TOTAL USES OF FUNDS .....</b>	<b>\$ _____</b>

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\* Consists of Underwriter's discount along with legal, municipal advisory, printing, rating agency, accounting, Trustee and Authority fees and other fees and expenses allocable to the Series 2023 Bonds.

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**DEBT SERVICE REQUIREMENTS OF THE SERIES 2023 BONDS**

<u>Year Ending (December 31)</u>	<u>Principal</u> *	<u>Interest</u>	<u>Total Debt Service</u> **
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
Total:			

---

\* Preliminary, subject to change

\*\* Includes the Series 2023 Bonds only; the Authority and the County have other outstanding indebtedness. With respect to the Authority, see "THE AUTHORITY – Outstanding Authority Bonds" herein. With respect to the County, see APPENDICES "A" and "B".

**THE AUTHORITY**

**Creation and Powers**

The Authority is a public body corporate and politic of the State and was created by a resolution of the Board of County Commissioners of the County of Cumberland, New Jersey (the "County") adopted on December 30, 1980, pursuant to the Act.

The Authority has broad powers under the Act including, among others, the following: to sue and be sued; to enter into leases and contracts; to acquire property by any lawful means, including the exercise of the power of eminent domain; to hold, operate and administer its property; to issue its negotiable bonds

and to secure their payment and the rights of holders thereof under a bond resolution; to enter into contracts; to charge and collect charges for use of its facilities and to revise such charges which the Act requires to be charged such that the revenues of the Authority will at all times be adequate to pay all administrative expenses, to pay punctually the principal of and interest on any bonds and to maintain reserves and sinking funds therefor, as may be required by the terms of any contracts with Bondholders; and to make and enforce rules and regulations for the management of its business and affairs.

The Authority was established as an instrumentality of the State for, among other purposes, the purpose of providing for the construction of public buildings, transportation facilities, the acquisition of equipment and the acquisition of property owned by the federal government. Subsequent amendments to the Act permit the Authority to provide for the construction of convention halls, solid waste disposal facilities, recreational/entertainment centers, low and moderate income housing, to plan, initiate and carry out redevelopment projects and to provide financing on behalf of certain non-profit entities. The Authority currently is the implementing agency for the County's Solid Waste Management Plan and develops and administers solid waste and recycling facilities and programs in the County, including a 107-acre landfill and a pretreatment facility.

The Authority's mailing address is 745 Lebanon Road, Millville, New Jersey 08332.

**Management**

The governing body of the Authority consists of five members appointed by the Board of County Commissioners of the County. The Authority's staff is supervised by the Authority's President/Chief Executive Officer. Gerard Velazquez, III has served as President/Chief Executive Officer of the Authority since April 1, 2013. The present members of the governing body of the Authority, their offices and the expiration dates of their terms as members are as follows:

<u>Name</u>	<u>Office</u>	<u>Expiration of Term</u>
Robert P. Nedohon, Jr.	Chairman	February 2024
Albert B. Kelly	Vice Chairman	February 2025
Shelly Schneider	Secretary	February 2026
Dale K. Jones	Treasurer	February 2027
Jason P. Scythes	Assistant Treasurer	February 2028

**General Financial Information and Outstanding Indebtedness**

*General Financial Information*

General financial information concerning the Authority can be found in APPENDIX "C" – "REPORT OF AUDIT OF THE FINANCIAL STATEMENTS OF THE AUTHORITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021".

*Bonds Not Secured by Revenues or other Pledged Property Under Indenture*

In August 2006, the Authority issued its Solid Waste System Revenue Bonds (Series 2006), in the aggregate principal amount of \$24,485,000 (the "Series 2006 Bonds"), to finance improvements to the Authority's solid waste complex and disposal system, along with other improvements. A portion of the Series 2006 Bonds were advance refunded by the Authority's \$14,595,000 County Guaranteed Solid Waste System Revenue Refunding Bonds, Series 2015A (the "Series 2015A Bonds"). No Series 2006 Bonds remain outstanding as of the date hereof. The Series 2015A Bonds are not secured by the Revenues or any other Pledged Property pledged under the Indenture as security for the payment of the Series 2023 Bonds,

but are secured by those certain revenues and other security specifically pledged pursuant to the bond resolution and/or indenture under which such Series 2015A Bonds were issued. The payment of the principal of and the interest on the Series 2015A Bonds are guaranteed by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2015A Bonds. As of December 31, 2022, \$7,260,000 principal amount of Series 2015A Bonds remained outstanding.

In May 2014, the Authority issued its County-Guaranteed Revenue Bonds (Facilities Acquisition Project), Series 2014, in the aggregate principal amount of \$17,955,000 (the "Series 2014 Lease Revenue Bonds"), to finance the construction of an employment and training facility and the acquisition of an office building. The Series 2014 Lease Revenue Bonds are not secured by the Revenues or any other Pledged Property pledged under the Indenture as security for the payment of the Series 2023 Bonds, but are secured by those certain revenues and other security specifically pledged pursuant to the bond resolution and/or indenture under which such Series 2014 Lease Revenue Bonds were issued. The payment of the principal of and the interest on the Series 2014 Lease Revenue Bonds are guaranteed by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2014 Lease Revenue Bonds. As of December 31, 2022, \$14,165,000 principal amount of Series 2014 Lease Revenue Bonds remained outstanding.

In October 2014, the Authority issued its County General Obligation Revenue Bonds (Technical High School Project), Series 2014, in the aggregate principal amount of \$63,890,000 (the "Series 2014 Technical School Bonds"), to finance the construction of a new County technical school. The Series 2014 Technical School Bonds are not secured by the Revenues, or any other the Pledged Property pledged under the Indenture as security for the payment of the Series 2023 Bonds, but are secured by those certain revenues and other security specifically pledged pursuant to the bond resolution and/or indenture under which such Series 2014 Technical School Bonds were issued. The payment of the principal of and the interest on the Series 2014 Technical School Bonds is secured by loan repayments to be made by the County to the Authority pursuant to a loan agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2014 Technical School Bonds, which loan agreement is secured by an unconditional general obligation bond of the County issued by the County to the Authority.

In August 2015, the Authority issued its Revenue Bonds (State Office Buildings Project), Series 2015, in the aggregate principal amount of \$3,975,000 (the "Series 2015 State Office Building Bonds"), to finance the renovation of a portion of an existing facility in the County to be utilized through a lease by certain state agencies. The Series 2015 State Office Building Bonds are not secured by the Revenues or any other Pledged Property pledged under the Indenture as security for the payment of the Series 2023 Bonds, but are secured by those certain revenues and other security specifically pledged pursuant to the bond resolution and/or indenture under which such Series 2015 State Office Building Bonds were issued. As of December 31, 2022, \$2,675,000 principal amount of Series 2015 State Office Building Bonds remained outstanding.

In May 2017, the Authority issued indebtedness in connection with a financing involving the New Jersey Environmental Infrastructure Trust (now known as the New Jersey Infrastructure Bank) to finance a solid waste project (the "Series 2017A NJEIT Bonds" and the "Series 2017B NJEIT Bonds"). Neither the Series 2017A NJEIT Bonds nor the Series 2017B NJEIT Bonds are secured by the Revenues or any other Pledged Property pledged under the Indenture as security for the Series 2023 Bonds, but are secured by those certain revenues and other security specifically pledged pursuant to the bond resolution and/or indenture under which such Series 2017A NEIT Bonds and the Series 2017B NJEIT Bonds were issued. The Authority's Series 2017A NJEIT Bonds and Series 2017B NJEIT Bonds were initially issued in the aggregate principal amount of \$10,185,515. As of December 31, 2022, \$2,020,000 principal amount of the

Series 2017A NJEIT Bonds remained outstanding. As of December 31, 2022, \$5,444,705 principal amount of the Series 2017B NJEIT Bonds remained outstanding.

In October 2017, the Authority issued its Revenue Bonds (Office Building Acquisition Project), Series 2017 (Federally Taxable) in the principal amount of \$12,000,000 (the "Series 2017 Office Building Bonds") to finance the acquisition of an existing industrial/office complex in the City of Vineland ("City"). The payment of the principal of and the interest on the Series 2017 Office Building Bonds is derived from lease payments made to the Authority by the tenants that rent space in the industrial/office complex. The Series 2017 Office Building Bonds are not secured by the Revenues or any other Pledged Property pledged under the Indenture as security for the Series 2023 Bonds, but are secured by those certain revenues and other security specifically pledged pursuant to the bond resolution and/or indenture under which such Series 2017 Office Building Bonds were issued. As of December 31, 2022, \$4,496,000 principal amount of Series 2017 Office Building Bonds remained outstanding.

In December 2017, the Authority issued its City General Obligation Lease Revenue Bonds (Vineland Public Safety Building Project), Series 2017, in the initial aggregate principal amount of \$21,935,000 (the "Series 2017 Vineland Public Safety Facility Bonds"), to finance the acquisition of property and the development and construction of a public safety facility in the City. The payment of the principal of and the interest on the Series 2017 Vineland Public Safety Facility Bonds is derived from lease payments made by the City to the Authority. The Series 2017 Vineland Public Safety Facility Bonds are not secured by the Revenues or any other Pledged Property pledged under the Indenture as security for the Series 2023 Bonds, but are secured by those certain revenues and other security specifically pledged pursuant to the bond resolution and/or indenture under which such Series 2017 Vineland Public Safety Facility Bonds were issued. As of December 31, 2022, \$20,685,000 principal amount of Series 2017 Vineland Public Safety Facility Bonds remained outstanding.

In December 2017, the Authority secured a term loan with TD Bank, N.A., in the amount of \$7,357,350, secured by property located at East Broad to Willow Streets, City of Bridgeton, County of Cumberland, New Jersey to be used to fund a loan from the Authority to an investment fund in connection with a New Market Tax Credit transaction and to pay costs and expenses incident to closing the loan. The loan is not secured by the Revenues or any other Pledged Property pledged under the Indenture as security for the Series 2023 Bonds, but are secured by the real property referred to in the immediately preceding sentence. As of December 31, 2022, \$20,685,000 principal amount of the loan remained outstanding.

On September 13, 2018, the Authority issued its Revenue Bonds (Facilities Renovation Project), Series 2018, in the principal amount of \$3,200,000 (the "Series 2018 Facilities Renovation Project Bonds") to finance various renovations and improvements to the existing industrial/office complex in the City for use by the City. The payment of the principal of and the interest on the Series 2018 Facilities Renovation Project is secured by lease payments to be made to the Authority by the City. The Series 2018 Facilities Renovation Project Bonds are not secured by the Revenues or any other Pledged Property pledged under the Indenture as security for the payment of the Series 2023 Bonds, but are secured by those certain revenues and other security specifically pledged pursuant to the bond resolution and/or indenture under which such Series 2018 Facilities Renovation Project Bonds were issued. As of December 31, 2022, \$2,549,000 principal amount of Series 2018 Facilities Renovation Project Bonds remained outstanding.

On December 13, 2018, the Authority issued its County Guaranteed Lease Revenue Bonds (County Correctional Facility Project), Series 2018, in the aggregate principal amount of \$64,990,000 (the "Series 2018 Correctional Facility Project Bonds"), to finance the acquisition of property and construction of a holding center and criminal courtroom facility for use by the County. The Series 2018 Correctional Facility Project Bonds are not secured by the Revenues or any other Pledged Property pledged under the Indenture as security for the payment of the Series 2023 Bonds, but are secured by those certain revenues and other

security specifically pledged pursuant to the bond resolution and/or indenture under which such Series 2018 Correctional Facility Project Bonds were issued. The payment of the principal of and the interest on the Series 2018 Correctional Facility Project Bonds are secured by: (i) lease payments to be made to the Authority by the County of Cumberland; and (ii) a guaranty by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2018 Correctional Facility Project Bonds. As of December 31, 2022, \$63,070,000 principal amount of Series 2018 Correctional Facility Project Bonds remained outstanding.

In January 2019, the Authority issued its County General Obligation Revenue Bonds (Technical High School Project), Series 2019, in the aggregate principal amount of \$21,035,000 (the "Series 2019 Technical School Bonds"), to finance the construction of improvements and renovations to the County technical school. The Series 2019 Technical School Bonds are not secured by the Revenues or any other Pledged Property pledged under the Indenture as security for the payment of the Series 2023 Bonds, but are secured by those certain revenues and other security specifically pledged pursuant to the bond resolution and/or indenture under which such Series 2019 Technical School Bonds were issued. The payment of the principal of and the interest on the Series 2019 Technical School Bonds is secured by loan repayments to be made by the County to the Authority pursuant to a loan agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2019 Technical School Bonds, which loan agreement is secured by an unconditional general obligation bond of the County issued by the County to the Authority. As of December 31, 2022, \$19,310,000 principal amount of Series 2019 Technical School Bonds remained outstanding.

In April 2020, the Authority issued its Lease Revenue Bonds (Vineland Board of Education Project), Series 2020, in the principal amount of \$3,165,000 (the "Series 2020 Vineland BOE Bonds"), to finance the expansion of the Vineland School District's bus depot. The payment of the principal of and the interest on the Series 2020 Vineland BOE Bonds is derived from lease payments made by the Vineland School District to the Authority. The Series 2020 Vineland BOE Bonds are not secured by the Revenues or any other Pledged Property pledged under the Indenture as security for the payment of the Series 2023 Bonds, but are secured by those certain revenues and other security specifically pledged pursuant to the bond resolution and/or indenture under which such Series 2020 Vineland BOE Bonds were issued. As of December 31, 2022, \$1,925,000 principal amount of Series 2020 Vineland BOE Bonds remained outstanding.

In July 2020, the Authority issued its General Obligation Revenue Refunding Bonds (Technical High School Project), Series 2020, in the principal amount of \$31,335,000, for the purpose of advance refunding a portion of the outstanding principal amount of the Authority's County General Obligation Revenue Bonds (Technical High School Project), Series 2014 and paying the cost of issuance and delivery of the Series 2020 Bonds. The Series 2020 Technical School Project Bonds are secured in the same manner as the Series 2014 Technical School Bonds and are not secured by the Revenues or any of the other Pledged Property securing the payment of the Series 2023 Bonds. As of December 31, 2022, \$30,110,000 principal amount of Series 2020 Technical High School Project Bonds remained outstanding.

In December 2021, the Authority issued its City General Obligation Lease Revenue Bonds (Bridgeton Fire Station Project), Series 2021 ("Series 2021 Bridgeton Fire Station Project Bonds"), in the principal amount of \$7,495,000, for the purpose to finance the costs of the planning, design and construction of a new fire station facility for the City of Bridgeton. The Series 2021 Bridgeton Fire Station Project Bonds are not secured by the Revenues or any other Pledged Property pledged under the Indenture as security for the payment of the Series 2023 Bonds, but are secured by those certain revenues and other security specifically pledged pursuant to the bond resolution and/or indenture under which such Series 2015A were issued. The payment of the principal of and the interest on the Series 2021 Bridgeton Fire Station Project Bonds are secured by lease payments to be made to the Authority by the City of Bridgeton,

which lease payments are a general obligation of the City of Bridgeton. As of December 31, 2022, \$7,495,000 principal amount of Series 2021 Bridgeton Fire Station Project Bonds remained outstanding.

In February 2022, the Authority issued its County Guaranteed Lease Revenue Bonds (Technical School Facility Acquisition Project), Series 2022, in the principal amount of \$1,990,000, for the purpose of acquiring a facility located at 2745 South Delsea Drive, in the City, for use by the Cumberland County Board of Vocational Education and the County of Cumberland, New Jersey, for non-educational administrative purposes (the "Series 2022 Technical School Facility Acquisition Bonds"). The Series 2022 Technical School Facility Acquisition Bonds are special and limited obligations of the Authority payable solely from: (i) all Lease Payments made by the Technical School to the Authority pursuant to a lease agreement between the County and the Authority Agreement; (ii) amounts payable under a county guaranty of the County; and (iii) any other amounts received from any other source by the Authority as security for the payment of the Series 2022 Technical School Facility Acquisition Bonds. The Series 2022 Technical School Facility Acquisition Bonds are not secured by the Revenues of any other Pledged Property pledged as security for the payment of the Series 2023 Bonds. As of December 31, 2022, \$1,920,000 principal amount of Series 2022 Technical School Facility Acquisition Bonds remained outstanding.

*Other Bonds Secured by General Revenues of the Authority*

In April 2019, the Authority issued its County Guaranteed Revenue Bonds (Authority Administration Building Project), Series 2019, in the aggregate principal amount of \$4,970,000 (the "Series 2019 Administration Building Bonds"), to finance the acquisition of real property and construction of a new Authority administration building thereon. The Series 2019 Administration Building Bonds are secured by the pledged property set forth in the trust indenture under which such Series 2019 Administration Building Bonds were issued ("2019 Indenture"). Pursuant to the 2019 Indenture, the "Pledged Property" thereunder includes, among other things, (i) available revenues of the Authority, not previously pledged as security for any existing series of bonds or which are hereafter pledged to any future series of bonds, and which available revenues are deposited by the Authority with the trustee of such Series 2019 Administration Building Bonds and (ii) any payments made by the County to the Authority pursuant to a guaranty provided by the County. As such, the Series 2019 Administration Building Bonds are payable from the same source of revenues of the Series 2023 Bonds. As of December 31, 2022, \$4,710,000 principal amount of Series 2019 Administration Building Bonds remained outstanding.

SEE TABLE ON NEXT PAGE SHOWING SUMMARY OF DEBT SERVICE COVERAGE OF THE AUTHORITY ON ALL OUTSTANDING BONDS SECURED BY GENERAL REVENUES (INCLUDING THE SERIES 2023 BONDS), INCLUDING THE COVERAGE RATIO OF GENERAL REVENUES TO DEBT SERVICE, INCLUDING THE SERIES 2023 BONDS, FOR EACH OF THE YEARS ENDING DECEMBER 31, 2023 TO DECEMBER 31, 2033.

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**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY**  
**DEBT SERVICE COVERAGE**  
**FORECASTS FOR EACH OF THE YEARS ENDING DECEMBER 31, 2023 TO DECEMBER 31, 2033<sup>(1)</sup>**  
**OTHER OPERATIONS**

	Forecasted										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>TOTAL REVENUE<sup>(2)</sup>:</b>	\$15,707,657	\$16,517,117	\$17,231,626	\$16,462,635	\$16,592,150	\$16,728,833	\$16,933,698	\$17,091,545	\$17,405,972	\$17,576,268	\$17,719,445
<b>TOTAL EXPENSES<sup>(3)</sup>:</b>	<u>5,519,769</u>	<u>5,505,406</u>	<u>5,615,514</u>	<u>5,727,824</u>	<u>5,842,381</u>	<u>5,959,229</u>	<u>6,078,413</u>	<u>6,199,981</u>	<u>6,323,981</u>	<u>6,450,461</u>	<u>6,579,470</u>
<b>AVAILABLE FOR DEBT SERVICE:</b>	<b><u>\$10,187,888</u></b>	<b><u>\$11,011,711</u></b>	<b><u>\$11,616,112</u></b>	<b><u>\$10,734,811</u></b>	<b><u>\$10,749,769</u></b>	<b><u>\$10,769,605</u></b>	<b><u>\$10,855,285</u></b>	<b><u>\$10,891,563</u></b>	<b><u>\$11,081,991</u></b>	<b><u>\$11,125,807</u></b>	<b><u>\$11,139,975</u></b>
<b>DEBT SERVICE<sup>(4)</sup>:</b>											
Principal-Existing	4,555,219	4,639,830	5,740,678	4,366,126	4,540,203	4,463,609	3,910,794	4,070,711	3,838,900	4,013,372	4,184,143
Interest-Existing	5,412,113	5,246,757	5,095,664	4,918,481	4,743,527	4,577,248	4,501,443	4,325,169	4,147,933	3,970,912	3,784,136
Principal-Series 2023*	0	0	100,000	105,000	110,000	115,000	125,000	130,000	135,000	145,000	150,000
Interest-Series 2023*	0	0	315,000	310,000	304,750	299,250	293,500	287,250	280,750	274,000	266,750
<b>Total Debt Service:</b>	<b><u>\$9,967,332</u></b>	<b><u>\$9,886,587</u></b>	<b><u>\$11,251,342</u></b>	<b><u>\$9,699,607</u></b>	<b><u>\$9,698,480</u></b>	<b><u>\$9,455,107</u></b>	<b><u>\$8,830,737</u></b>	<b><u>\$8,813,130</u></b>	<b><u>\$8,402,582</u></b>	<b><u>\$8,403,285</u></b>	<b><u>\$8,385,029</u></b>
<b>DEBT SERVICE COVERAGE:</b>	<b>\$220,556</b>	<b>\$1,125,124</b>	<b>\$364,770</b>	<b>\$1,035,203</b>	<b>\$1,051,289</b>	<b>\$1,314,498</b>	<b>\$2,024,547</b>	<b>\$2,078,433</b>	<b>\$2,679,409</b>	<b>\$2,722,523</b>	<b>\$2,754,946</b>
<b>DEBT SERVICE COVERAGE RATIO:</b>	<b><u>1.02x</u></b>	<b><u>1.11x</u></b>	<b><u>1.03x</u></b>	<b><u>1.11x</u></b>	<b><u>1.11x</u></b>	<b><u>1.14x</u></b>	<b><u>1.23x</u></b>	<b><u>1.24x</u></b>	<b><u>1.32x</u></b>	<b><u>1.32x</u></b>	<b><u>1.33x</u></b>

\* Preliminary, subject to change. 2024 interest reflects interest capitalized with proceeds of the Series 2023 Bonds.

<sup>(1)</sup> Forecasted based on information provided by the Authority.

<sup>(2)</sup> Includes operating revenue and non-operating revenue. Certain rental agreements are assumed to be renewed. In general, revenues forecasted to grow at an annual rate of 2%.

<sup>(3)</sup> Excludes depreciation and interest expense. In general, expenses forecasted to grow at an annual rate of 2%.

<sup>(4)</sup> Includes existing debt for "Other Operations" of the Authority (excludes Solid Waste debt) and projected Series 2023 debt service for the State Police Barracks Project.

### *Additional Indebtedness*

In addition to the indebtedness of the Authority described above, the Authority has other indebtedness, including certain capital leases, none of which is secured by the Revenues or any other Pledged Property pledged under the Indenture as security for the payment of the Series 2023 Bonds. See APPENDIX "C" – REPORT OF AUDIT OF THE FINANCIAL STATEMENTS OF THE AUTHORITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021".

## LITIGATION

### Authority

In the opinion of Archer & Greiner, P.C., Voorhees, New Jersey, General Counsel to the Authority, there is no litigation pending or, to the best of their knowledge, threatened to restrain or enjoin the issuance or sale of the Series 2023 Bonds or in any way contesting the validity or affecting the authority for the issuance of the Series 2023 Bonds, the adoption of the Bond Resolution or the authorization, execution and delivery by the Authority of the Indenture, the Lease Agreement or any other financing document to which the Authority is a party, or the existence or powers of the Authority.

### County

There is no litigation pending or, to the knowledge of the County, threatened, contesting the

transaction, the County's ability to enter into the Guaranty Agreement or the Continuing Disclosure Agreement or the ability of the County to perform its obligations under the Guaranty Agreement or the Continuing Disclosure Agreement, nor is there any litigation pending or, to the knowledge of the County, threatened, which, if adversely determined, would materially adversely affect the financial condition or operation of the County, the transactions contemplated by this Official Statement or the validity of the Guaranty Agreement or the Continuing Disclosure Agreement.

## **TAX MATTERS**

**ALL POTENTIAL PURCHASERS OF THE SERIES 2023 BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE TAX IMPLICATIONS OF THEIR INVESTMENT.**

### **Federal**

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Authority ("Bond Counsel"), assuming continuing compliance by the Authority with its tax covenants in the Indenture and the Certificate of Non-Arbitrage and Other Tax Matters delivered in connection with the Series 2023 Bonds ("Tax Certificate") (and as generally described below), under existing law, interest on the Series 2023 Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Series 2023 Bonds will not constitute a specific preference item to be included in calculating alternative minimum taxable income under the Code for purposes of the alternative minimum tax. For purposes of the 15% federal minimum tax that is imposed on "applicable corporations" (as defined in the 2022 Inflation Reduction Act, H.R. 5376 ("2022 Act")) for taxable years beginning after December 31, 2022, interest on the Series 2023 Bonds will be taken into account in determining "adjusted financial statement income" (as defined in the 2022 Act).

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Series 2023 Bonds received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Series 2023 Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering its opinion, Bond Counsel has assumed continuing compliance by the Authority with the covenants contained in the Indenture and in the Tax Certificate that it will comply with the applicable requirements of the Code, including requirements relating to, inter alia, the use and investment of proceeds of the Series 2023 Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Authority to comply with its covenants could result in the interest on the Series 2023 Bonds being subject to federal income tax retroactive to the date of issue. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the Series 2023 Bonds that may affect the tax-exempt status of the interest on the Series 2023 Bonds.

Ownership of the Series 2023 Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, controlled foreign corporations, property and casualty insurance companies,



individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Series 2023 Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Series 2023 Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by the household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Series 2023 Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Series 2023 Bonds are **not** "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Owners of the Series 2023 Bonds should consult their own tax advisors as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

## **New Jersey**

Bond Counsel is also of the opinion that interest on the Series 2023 Bonds and any gain from the sale thereof are not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed.

## **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the United States Congress and in New Jersey that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value or marketability of the Series 2023 Bonds. It cannot be predicted whether or in what form any such proposals might be enacted or whether, if enacted, it would apply to obligations issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value or marketability of the Series 2023 Bonds.

PROSPECTIVE PURCHASERS OF THE SERIES 2023 BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING ANY FEDERAL AND STATE INCOME TAX LEGISLATION, WHETHER CURRENTLY PENDING OR PROPOSED, REGULATORY INITIATIVES OR LITIGATION. THE OPINIONS EXPRESSED BY BOND COUNSEL ARE BASED UPON EXISTING LEGISLATION AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY AUTHORITIES AS OF THE DATE OF ISSUANCE AND DELIVERY OF THE SERIES 2023 BONDS AND BOND COUNSEL HAS EXPRESSED NO OPINION AS OF ANY DATE SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES OR LITIGATION.

## **PLEDGE OF THE STATE NOT TO LIMIT POWERS OF AUTHORITY OR RIGHTS OF BONDHOLDERS**

The Act sets forth the pledge and agreement that the State will not limit or alter the rights vested by the Act in the authorities organized thereunder to fix, establish, charge and collect service charges and to fulfill the terms of any agreements made with holders of obligations of authorities or in any way impair the rights and remedies of such holders, until such obligations, together with interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of such holders, are fully met and discharged.

### **NEGOTIABILITY OF THE SERIES 2023 BONDS**

Section 24 of the Act, *N.J.S.A. 40:37A-67*, provides that any bond or obligation issued pursuant to the Act shall be fully negotiable within the meaning and for all purposes of the negotiable instruments law of the State and each holder or owner of such bond or other obligation, or of any coupon appurtenant thereto, by accepting such bond or coupon shall be conclusively deemed to have agreed that such bond, obligation or coupon is and shall be fully negotiable within the meaning and for all purposes of said negotiable instruments law.

### **SERIES 2023 BONDS NOT A DEBT OF THE STATE**

The Series 2023 Bonds shall not in any way be a debt or liability of the State or any political subdivision thereof or create or constitute any indebtedness, liability or obligation of the State or any political subdivision thereof other than the obligation of: (i) the Authority, which has no taxing power, which obligation is limited to the Pledged Property; and (ii) the County, which has pledged, pursuant to the County Guaranty, its full faith and credit and will be obligated to levy *ad valorem* taxes on all taxable property within the jurisdiction of the County in an amount sufficient to provide for payment under the County Guaranty as is needed to pay, when due, the principal of and interest on the Series 2023 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS" herein.

### **CONTINUING DISCLOSURE**

Consistent with the requirements of Rule 15c2-12 ("Rule") of the Securities Exchange Act of 1934, as amended and supplemented, on the date of delivery of the Series 2023 Bonds, the Authority and the County will enter into a continuing disclosure agreement ("Continuing Disclosure Agreement") with the Trustee, acting in its capacity as dissemination agent, for the benefit of the holders of the Series 2023 Bonds pursuant to which the Authority and the County will agree to comply on a continual basis with the disclosure requirements of the Rule. The County and the Authority will covenant, in the Continuing Disclosure Agreement, to provide notice of the occurrence of certain enumerated events. The specific nature of the notices of enumerated events is set forth in the Continuing Disclosure Agreement, a form of which is included in its entirety as "APPENDIX G – FORM OF CONTINUING DISCLOSURE AGREEMENT" hereto.

#### **County**

The County has previously entered into written undertakings to provide ongoing disclosure pursuant to the requirements of the Rule. Within the five years immediately preceding the date of this Official Statement, the County previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements, with respect to all or some of the affected issues its adopted budget for fiscal year ending December 31, 2018. The County has subsequently filed its adopted budget for fiscal year ending December 31, 2018. Additionally, in certain instances, the County may not have associated all

filings with all outstanding issues for which such filings may have been required. The County has also failed to timely file a notice regarding its failure to file certain financial information, but the County has subsequently filed such notice. The County appointed Phoenix Advisors, LLC in October of 2014 to serve as continuing disclosure agent.

### **Authority**

Within the five years immediately preceding the date of this Official Statement, the Authority previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) notices of the incurrence of a financial obligation during fiscal years ending December 31, 2019 and 2020 (Equipment Lease Purchases in the amount of \$200,000 and \$1,650,000, respectively) and (ii) adopted budget for the "Facilities" (as defined in the Official Statement for the Series 2014 Lease Revenue Bonds) for the fiscal years ending December 31, 2019 to 2023. Additionally, the Authority previously failed to file late filing notices in connection with (i) its untimely filings of notices of the incurrence of a financial obligation and (ii) Facilities adopted budget, all as described above. Further, in certain instances the Authority may not have associated all filings with all outstanding issues for which such filings may have been required. Such notices of events and late filings have since been filed. The Authority appointed Phoenix Advisors, LLC in December of 2017 to serve as continuing disclosure agent.

### **MUNICIPAL BANKRUPTCY**

The undertakings of the Authority and the County should be considered with reference to Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code"), 11 U.S.C. Sections 901 to 946. Under Chapter 9 of the Bankruptcy Code, a municipality, which is a political subdivision or public agency or instrumentality of a state, that is insolvent or unable to meet its debts may file a petition in a United States Bankruptcy Court (the "Bankruptcy Court") to adjust the debt of the municipality. Chapter 9 of the Bankruptcy Code does not permit the municipality to liquidate its assets and distribute the proceeds of its assets to its creditors. Chapter 9 of the Bankruptcy Code permits a financially distressed municipality to seek protection from its creditors by staying the commencement or continuation of certain actions against the municipality while it formulates and negotiates a plan of adjustment of its debts which can be binding on a dissenting minority of creditors if it is acceptable to the majority of creditors. Should the Authority or the County file a petition in the Bankruptcy Court under Chapter 9 of the Bankruptcy Code prior to the payment in full of the principal of and interest on the Series 2023 Bonds, the holders of the Series 2023 Bonds would be considered creditors and would be bound by the municipality's plan of adjustment of its debt.

Reference should also be made to *N.J.S.A. 52:27-40 et seq.* which provides that any "political subdivision" of the State as defined therein, which includes the Authority and the County, has the power to file a petition with the Bankruptcy Court under Chapter 9 of the Bankruptcy Code provided the "political subdivision" has obtained approval of the Local Finance Board. Section 903 of the Bankruptcy Code, 11 U.S.C. Section 903, specifically provides that Chapter 9 of the Bankruptcy Code does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in such state in the exercise of the political or governmental powers of such municipality; provided, however, that a state law prescribing a method of composition of indebtedness of the municipality may not bind any creditor that does not consent to such composition and that a judgment entered under such state law may not bind a creditor that does not consent to such composition.

**THE ABOVE REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE AUTHORITY OR THE COUNTY EXPECTS TO RESORT TO THE PROVISIONS OF SUCH BANKRUPTCY CODE OR THAT, IF THEY DID,**

**SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCES OF PAYMENT OF AND SECURITY FOR THE SERIES 2023 BONDS.**

**APPROVAL OF LEGAL PROCEEDINGS**

The issuance, sale and delivery by the Authority of the Series 2023 Bonds to the Underwriter is subject to the approval of certain legal matters by Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Authority. The opinion of Bond Counsel is expected to be delivered in substantially the form included as APPENDIX "F" to this Official Statement. Certain legal matters will be passed on for the Authority by its counsel, Archer & Greiner, P.C., Voorhees, New Jersey; for the County, by its counsel John G. Carr, Esquire and by McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, Bond Counsel to the County; and for the Underwriter by its counsel, Fleishman Daniels Law Offices, LLC, Linwood, New Jersey.

The various legal opinions and/or certifications to be delivered concurrently with the delivery of the Series 2023 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion and/or certification, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction, nor does the rendering of an opinion and/or certification guarantee the outcome of any legal dispute that may arise out of the transaction.

**LEGALITY FOR INVESTMENT**

The Act provides that: (i) the State and all public officers, municipalities, counties, political subdivisions and public bodies and agencies thereof; (ii) all banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, investment companies and other persons carrying on a banking business; (iii) all insurance companies, insurance associations, and other persons carrying on an insurance business; and (iv) all executors, administrators, guardians, trustees and other fiduciaries in the State may legally invest any sinking funds, moneys or other funds belonging to them or within their control in the obligations of authorities organized thereunder, including the Series 2023 Bonds, and that such obligations are authorized security for any and all public deposits.

**RATING**

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "Aa3" to the Series 2023 Bonds.

Generally, rating agencies base their ratings on information and materials so furnished and on investigations, studies and assumptions by the rating agencies. The rating assigned to the Series 2023 Bonds reflects only the view of Moody's at the time such rating was issued, and an explanation of the significance of such rating may be obtained only from Moody's. Such rating is not a recommendation to buy, sell or hold the Series 2023 Bonds and may be subject to revision or withdrawal at any time. There is no assurance that such ratings will continue for any given period of time or that it will not be lowered or withdrawn entirely by Moody's if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2023 Bonds.

None of the Authority, the County or the Underwriter has undertaken any responsibility to maintain any particular rating on the Series 2023 Bonds.

## **INDEPENDENT AUDITORS**

The financial statements of the County for the fiscal years ended December 31, 2022, 2021, 2020, 2019 and 2018, have been audited by Bowman & Company LLP, Voorhees, New Jersey (the "County Auditor"). The financial statements of the County for such periods, together with the County Auditor's report thereon, are included in APPENDIX "B" to this Official Statement.

The Report of Audit of the Financial Statements of the Authority for the years ended December 31, 2022 and 2021 is included in APPENDIX "C" to this Official Statement. The financial statements of the Authority have been audited by Romano, Hearing, Testa & Knorr, Vineland, New Jersey, independent certified public accountants, as stated in the report appearing in APPENDIX "C" to this Official Statement.

## **UNDERWRITING**

Raymond James & Associates, Inc. (the "Underwriter"), has agreed, pursuant to a Bond Purchase Contract with the Authority dated the date of this Official Statement (the "Bond Purchase Contract"), subject to certain conditions, to purchase the Series 2023 Bonds from the Authority. The purchase price for the Series 2023 Bonds shall be \$\_\_\_\_\_ (representing the principal amount of the Series 2023 Bonds, [plus/less] [net] original issue [premium/discount] in the amount of \$\_\_\_\_\_, less an Underwriter's discount in the amount of \$\_\_\_\_\_). The Underwriter is obligated to purchase all of the Series 2023 Bonds if any Series 2023 Bonds are purchased. The obligation of the Underwriter to accept delivery of the Series 2023 Bonds is subject to various conditions contained in the Bond Purchase Contract.

The initial public offering yields for the Series 2023 Bonds may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Series 2023 Bonds to certain dealers (including dealers depositing bonds into investment trusts) and certain dealer banks acting as agents at yields higher than the public offering yields stated on the inside front cover page hereof for the Series 2023 Bonds.

## **MUNICIPAL ADVISOR**

Phoenix Advisors, LLC, Bordentown, New Jersey has served as municipal advisor to the Authority with respect to this transaction (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the Appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **CERTAIN RELATIONSHIPS**

Parker McCay P.A., Bond Counsel to the Authority, from time to time provides legal services to the Underwriter in matters unrelated to the Series 2023 Bonds.

## **APPENDICES**

APPENDIX "A" to this Official Statement consists of certain general and financial information with respect to the County which has been provided by the County from public documents of the County and from other official documents or publications which are referred to therein. Neither the Authority nor the Underwriter have confirmed the accuracy or completeness of said information, and the Authority and the Underwriter disclaim any responsibility for the accuracy or completeness thereof.

APPENDIX "B" to this Official Statement consists of the audited financial statements of the County for the years ended December 31, 2022, 2021, 2020, 2019 and 2018, together with the County Auditor's reports thereon. Neither the Authority nor the Underwriter have confirmed the accuracy or completeness of said information, and the Authority and the Underwriter disclaim any responsibility for the accuracy or completeness thereof.

APPENDIX "C" to this Official Statement consists of the Report of Audit of the Financial Statements of the Authority for the years ended December 31, 2022 and 2021, together with the Authority Auditor's reports thereon. Neither the County nor the Underwriter have confirmed the accuracy or completeness of said information, and the County and the Underwriter disclaim any responsibility for the accuracy or completeness thereof.

APPENDIX "D" to this Official Statement consists of the proposed form of the Indenture.

APPENDIX "E" to this Official Statement consists of the County Guaranty Ordinance and proposed form of Guaranty Agreement.

APPENDIX "F" to this Official Statement consists of the proposed form of opinion of Bond Counsel to the Authority.

APPENDIX "G" to this Official Statement consists of the form of the Continuing Disclosure Agreement.

#### **MISCELLANEOUS**

The execution and delivery of this Official Statement has been duly authorized by the Authority. Concurrently with the delivery of the Series 2023 Bonds, the Authority will furnish a certificate to the effect that nothing has come to the Authority's attention that would lead the Authority to believe that the Official Statement, in final form, contains any untrue statement of a material fact or omits to state any information necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. Certain information contained in the Official Statement has been obtained from sources other than the Authority. All quotations from and summaries and explanations of provisions of laws, statutes, resolutions and agreements herein do not purport to be complete and reference should be made to said laws, statutes, resolutions and agreements for a full and complete statement of their provisions.

This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the Series 2023 Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the County since the date hereof.

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The execution and the delivery of this Official Statement has been duly authorized by the Authority and approved by the County.

**THE CUMBERLAND COUNTY IMPROVEMENT  
AUTHORITY**

By: \_\_\_\_\_  
GERARD VELAZQUEZ, III  
PRESIDENT/CHIEF EXECUTIVE OFFICER

Dated: \_\_\_\_\_, 2023

**APPENDIX A**

**CERTAIN INFORMATION CONCERNING CUMBERLAND COUNTY**



## GENERAL INFORMATION ON THE COUNTY

Cumberland County (the "County") is located in the southwestern corner of the State of New Jersey, equidistant from New York City and Baltimore-Washington (120 miles) and 35 miles from the Philadelphia-Camden area and Atlantic City. Its 489.3 square miles are bordered by Salem, Gloucester, Atlantic and Cape May Counties. The County is within 300 miles of 1/3 of the nation's population.

The County, for census taking and reporting purposes, is classified as a Metropolitan Statistical Area (MSA) It is one of three MSA's comprising the Philadelphia-Camden-Vineland, PA-NJ-DE-MD Combined Statistical Area (CSA). Cumberland County had a 2020 population of approximately 154,152 persons (US Census 2020) and exerts a major influence on the County's economic and social systems. The County has 14 incorporated areas. These municipalities consist of three cities, one borough and ten townships. For statistical purposes, all are considered a part of the MSA. The NJ Department of Labor estimates that the population in Cumberland County declined very slightly to 151,356 in 2022.

Rowan College of South Jersey-Cumberland Campus, the Cumberland County Technical Education Center, the County Department of Workforce Development, and the Cumberland County Economic Development Board provide programs offered by state and federal agencies to sustain a constant supply of skilled industrial, commercial, and service workers. Most programs are of little or no cost to employers. The County's commercial and industrial job opportunities are centered in the cities of Bridgeton, Millville and Vineland. The remainder of the County supports jobs in the sectors of agriculture, construction, health sciences, advanced manufacturing, transportation/warehousing, hospitality, and retail enterprises.

### Population

Bridgeton, Millville and Vineland are the urban core of the County. Vineland is the largest city in the state in land area (69.5 square miles) with a 2020 population of 60,780. Neighboring Millville (43.0 square miles) has a population of 27,492. Bridgeton, the County seat, has a population of 27,270. Upper Deerfield is the largest Township with a population of 7,645; Maurice River is the second largest of the Townships with a population of 6,209; and Fairfield is the third largest Township with a population of 5,545.

Demographic information in this Appendix is from both the U.S. Census Decennial counts through 2020 and American Community Survey 2015-2022. Labor information is taken from NJ Department of Labor, and ESRI, one of the nation's largest demographic and economic forecasting clearing houses, and JobsEQ data analytics.

2020 Decennial Census .....	154,152
2010 Decennial Census .....	156,898
2000 Decennial Census .....	146,438
1990 Decennial Census .....	138,053
1980 Decennial Census .....	132,866
1970 Decennial Census.....	121,374
1960 Decennial Census.....	106,850

**Labor Force <sup>(1)</sup>**

The most recent estimates from the NJ Department of Labor indicate that the unemployment rate of the County reflects a strong recovery from the global pandemic is well underway. The average unemployment rate of 5.1% is the lowest rate in the last ten years (2012’s average being 13.2%), and well below the ten-year average of 8.8%. Just over 72% of employment is within the private sector.

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Labor Force	69,300	68,900	68,600	67,900	67,100
Employment	65,800	63,400	61,500	64,300	62,900
Unemployment	3,500	5,500	7,100	3,600	4,200
Unemployment Rate	5.1%	8.0%	10.4%	5.3%	6.3%

<sup>1</sup> Source: State of New Jersey Department of Labor, May 2023 (Annual Averages)

**COUNTY AGE CHARACTERISTICS – 2020**

The median age of the population in 2021 was 37.7 years which is lower than the state average of 40.3 and the national average of 38.1. The prime age labor force segment of the population (ages 25-54) has been increasing over the last decade. The percentage of the population aged 65 or greater is 15.9%.

AGE/YEARS	PERCENTAGE OF POPULATION 2010	PERCENT OF POPULATION 2020
Under 15	19.9	21.2
15-24	13.7	12.9
25-34	14.4	15.1
35-44	14.2	16.1
45-54	14.2	13.2
55-64	11.1	8.7
65+	12.5	13.0
TOTAL POP	100.0	100

Source: U.S. Census

**Transportation**

The County is located less than one hour's drive from Philadelphia, Wilmington and Atlantic City, and is situated in the Delaware Valley and the Northeast corridor.

Eighty-four miles of state highways, including Routes #47, #49, #77 and #55 (a four-lane freeway) bisect the County, east-west and north-south. These routes make connections with U.S. Highway #40 as well as the New Jersey Turnpike, Interstate #295 and Interstate #42 (the Atlantic City Expressway). The County-maintained roads, totaling 556 miles, provide much of the highway transportation.

The connection of Route #55 from Port Elizabeth in the southern part of the County to the Route #42 Freeway stretch in southern Gloucester County is the main artery into and out of the County. This uninterrupted road link to the Philadelphia metropolitan area has added a valuable dimension to the County's transportation network. The County's historic geographic isolation from urban population centers of the East Coast has ended, enabling the County's businesses to gain speedy access to those markets.

NJ Transit runs four fixed bus routes through several municipalities in the County:

- **Route # 313** Cape May to Philadelphia runs through Maurice River Township, Millville and Vineland.
- **Route # 408** Millville to Philadelphia runs through Millville and Vineland.
- **Route # 410** Bridgeton to Philadelphia runs through Bridgeton and Upper Deerfield.
- **Route # 553** Upper Deerfield to Atlantic City runs through Upper Deerfield, Bridgeton, Fairfield, Millville and Vineland.

The County operates the Cumberland Area Transit Service (CATS), a demand-response service for the elderly and disabled, veterans and, with limitations, for the general public in small buses.

Five commercially licensed airfields are located in the County, including Millville Executive Airport, the second largest in the state with its two 6,000 linear foot runways and visual aids capable of handling large jets. The Millville Executive Airport is managed by the Delaware River and Bay Authority under a long-term lease with the City of Millville.

Rail service is handled by Conrail and OmniTrax, the recent purchaser of the Winchester & Western—shortlines in the County. These lines, provide freight transportation to most of the County's municipalities. The Winchester and Western Railroad, a short-line carrier, grew steadily in the number of annual carloads since taking over much of Conrail's local freight service in 1987, and OmniTrax has pursued an aggressive growth strategy of both rail and adjoining developable land.

As required by the Federal government, transportation planning and decision-making for urbanized areas is carried out through Metropolitan Planning Organizations (MPO). On July 1, 1993, the South Jersey Transportation Planning Organization (SJTPO) was designated the MPO for the southern New Jersey counties of Atlantic, Cape May, Cumberland and Salem. The SJTPO was formed to allow a stronger regional approach to solving transportation problems and brings new opportunities to southern New Jersey. MPOs coordinate the planning activities of participating agencies in the region. The MPOs have become partners with state government in deciding how available federal transportation dollars are spent and bring transportation decisions closer to those served. The County prepares yearly revisions to the Transportation Improvement Program for the next five-year period.

## **Industries/Economic Development**

The growth of industrial activity in the County in the twenty-first Century has been marked by an increase in the number of advanced manufacturing establishments and workers, total wages paid to employees of manufacturers and a many fold increase in the "value added" to manufactured products. The fact that average family income in the County is well below state average is attributable to the seasonality of much of the area's industrial employment.

It should be noted that the County's reliance on manufacturing jobs (12.65% of all jobs) was responsible for less disruption than in surrounding counties during the COVID-19 pandemic. The

County’s food manufacturing, glass and other advanced manufacturing plants were deemed essential operations, avoiding shutdowns and productivity declines. In addition, many plants were able to shift to in-demand, pandemic products such as sanitizer and plexiglass, for distribution to health care and educational facilities. Small businesses have been able to utilize state and federal pandemic relief programs to sustain their businesses and strengthen them for long term success.

**Industry Breakdown**

The largest employment sector in the County is health care and social assistance (10,900 workers or 16.62%), followed by manufacturing (8,300 or 12.65%) and then retail trade (7,500 or 11.43%). Health care is projected to continue to increase in employment opportunities as the population ages and new medical facilities in the area are established. The location of Rowan College of SJ-Cumberland campus within 30 miles of Rowan University Medical School and Rowan University has created an eds/meds corridor expected to increase occupations in the health care field. The highest average wages are found in the Utilities sector (\$105,623) and in the health care sector (\$95,600). Overall, the data analytics firm Jobs EQ projects that employment is projected to stay steady, with possibly a small 300 job loss. Healthcare is projected to have the largest gains in the coming year.

The average worker in the County earned annual wages of \$53,971 as of the third quarter of 2022. This information is compiled from the Quarterly Census of Employment and Wages as reported by the Bureau of Labor Statistics. Average annual wages per worked increased 4.7% in the region over the preceding four quarters.

Gross Domestic Product (GDP) is the total value of goods and services provided by a region. In 2021, the GDP in the County had an expansion of 7.7%. This timeframe incorporates the economic recovery underway since the reduction of active Covid cases. As of 2021, the GDP in the County was \$6,172,473,000. Manufacturing by far contributed the largest portion of GDP in 2021 (\$1.1 billion), followed by Health Care (\$885.2 million), retail trade (\$594.3 million), and wholesale trade (\$543.3 million). These figures were available from the JobsEQ database ([www.jobseq.eqsuite.com](http://www.jobseq.eqsuite.com)).

**Industrial Employment**

<b>Industry</b>	<b>Employment</b>	<b>Current Annual Average Wages</b>
Health Care/Social Ass’t	11,087	\$58,179
Manufacturing	8,585	62,742
Retail Trade	7,809	35,157
Educational Services	5,114	60,981
Public Administration	3,430	78,798
Wholesale Trade	3,804	67,262
Construction	3,118	74,252

Source: JobsEQ, derived from Quarterly Census of Employment and Wages, 3<sup>rd</sup> Q2022

In 2004, Inspira Health Network's regional hospital opened in a central location near Rowan College of South Jersey in Vineland. This hospital has expanded health services as well as the economic profile of the County. The hospital currently employs nearly 3,600 persons in a diverse range of professions. Its workforce has expanded significantly since its inception and is the County's largest employer. Adjacent to the hospital is a private rehabilitation clinic and other medical offices, making the interchange at Route 55/Sherman Avenue one of the employment and medical hubs of the eastern part of the County. The hospital system has recently added several urgent care centers in the County and hosts a residency program, training young physicians across the medical field.

Agriculture continues to be an important part of the County's economy, representing 5% of all jobs. The latest (2017) US Census of Agriculture ranked the County as New Jersey's highest grossing county with a market value of agricultural products sold totaling over \$212.6 million. This is \$92 million higher than the next closest county. There are 560 farms in the County, totaling 66,256 acres, and accounting for nearly 20% of the entire state agricultural market value. The County is the largest producer of greenhouse, nursery, sod and horticulture products in the state, producing nearly \$100 million worth (wholesale) of plants annually. The County also has higher sales of vegetables than any other county in the state. In total, agriculture employs better than 5,000 people in the County and contributes roughly \$2 billion to the County economy in sales, payroll and expenditures.

The fertile land and active rural work force has led to the establishment of major food processing, freezing, storage and distribution plants bearing the names of Seabrook Brothers & Sons, F & S Produce, Omni and Bridor Bakeries, Lassonte Pappas, Cumberland Dairy (now Dairy Farmers of America) and Dannone North America. Cumberland Dairy, for instance, employs 100 people making the milkshake blends used by hundreds of fast food establishments within a 150-mile radius. Dannone North America operates a processing plant in Bridgeton that produces the product known as "Silk" milk. Vineland is the home of the largest farmers' cooperative produce auction east of the Mississippi. The Swedish oat milk company, Oatly, recently opened an eastern North America headquarters in Cumberland County in Millville, NJ two years after opening and is completing a \$45 million expansion.

The Rutgers Agricultural Research and Extension Center in Upper Deerfield generates and dispenses research applicable to the production of high-quality vegetable crops, ornamentals, field crops, and tree and small fruits, with special emphasis on crop protection and integrated pest management. The center stimulates the production of crops with maximum benefit to the New Jersey economy and minimum risk to the environment.

Another Rutgers facility in the County is The Rutgers Food Innovation Center (FIC), a unique food business incubation and economic development accelerator program. FIC is a distinctive food industry resource focused on developing, commercializing, marketing and selling food and beverage products. The Rutgers Training Center has assisted over 200 businesses since opening.

As a companion project to the FIC, a new, 30,000 sf. food specialization center was recently constructed by the Cumberland County Improvement Authority ("The Authority"). The center provides a location for food business startups as well as established food companies opening new production lines or needing a temporary location. Three food-based tenants currently operate within the facility, with expansions planned in 2023.

The glass industry is still present in the County. Durand/Arc International, the largest family-owned glass manufacturer in France, constructed their first American Manufacturing facility in the City of Millville in 1982. Durand specializes in fine quality crystal tableware and gift items. Durand currently employs 750 people and is one of the County’s top five private employers.

Other glass manufacturing plants, many making scientific glass, continue to report generally satisfactory conditions. They are divided between bottle manufacturing and specialty glassware production, especially laboratory and medical paraphernalia. Comar Glass completed the construction of a 169,000 sf facility in Vineland for scientific glass which employs an additional 100 people. Northeast Precast continues to expand its 250-acre, heavy industrial site, making precast concrete products for the construction industry and employing over 400 people. This company is expected to continue to expand as its construction products diversity to satisfy demand. Numerous cold storage facilities are being constructed to meet the demand of storing food-based products made within the County’s plants. In the last three years, 2020-2022, over 3.6 million square feet of private development projects were approved by the Cumberland County Planning Board, representing total private investment of over \$1 billion. The county’s tax base increased by over 8% (\$700 million in the last year as a result of this level of private investment. Additionally, 2.4 million square feet is currently proposed for construction.

The County has many advantages for distribution centers. With 70 million people living within an overnight truck drive, a vast consumer and industrial market can be reached easily. Extensive cold storage (frozen) facilities are located in the Seabrook and Vineland areas. Cold Storage continues to expand in multiple locations in the Vineland Industrial Parks, as well as the western side of the county.

**Ten Largest Non-Governmental Employers**

The 10 largest non-governmental employers in the County, as of September 2023, employed approximately 10,000 people.

<u>Employer</u>	<u>Employees</u>	<u>Nature of Business</u>	<u>Location</u>
Inspira Health Network	3,723	Health Care	Various
F & S Produce	1,272	Food Processing	Vineland
Durand Glass/ARC International	895	Glass Manufacturing	Millville
Wal-Mart	850	Retail Sales	Various
Wawa	780	Food & Beverage Provider	Various
ShopRite	755	Retail Grocer	Various
Sheppard Bus Service	550	Transportation	Fairfield Twp.
AJM Packaging	489	Paper Manufacturing	Vineland
Northeast Precast	439	Construction Manufacturing	Millville
Americold	375	Cold Storage	Vineland

Source: Cumberland County government, September 2023

**Industrial Parks**

The County’s three largest cities each have designated industrial parks with both development and redevelopment options. Having sold all available city-owned industrial property, Vineland has one tenant in a new industrial park in the western side of the city, Northeast Precast. This company, which makes prefabricated concrete panels, is expanding exponentially and will eventually occupy most of the 250-acre property. The city is pursuing opportunities to acquire additional industrially zoned property.

Millville's airport is a substantial and expanding industrial complex open to industries associated with the aviation field. Two paved 6,000 ft runways are operational at Millville Airport and can handle large jets, making it one of the largest aviation centers in New Jersey. Since 1999, the airport has been operated by the Delaware River and Bay Authority, under a 30-year lease with the City of Millville, with two options for renewal. Jet East, an international jet maintenance company owned by Gamma Aviation of the UK, now occupies hangar space at the airport. Net Jets is its single, largest customer. A \$5 million expansion into a new hangar, and an aviation school is being considered as the company ramps up to create 200 skilled jobs for airplane technicians, avionics, and management. The United States Department of Commerce has designated Millville's Municipal Airport as a Foreign Trade Zone (FTZ). Companies operating in the zone can receive, store or assemble foreign goods without being subject to full United States Customs duties or federal excise taxes, which helps these companies to compete against foreign manufacturers.

The New Jersey Motorsports Park (NJMP) in Millville was established in 2008. On over 700 acres adjacent to the airport, NJMP offers an incredible amount of diverse and dynamic motorsports attractions. Phase I included two road courses (Thunderbolt and Lightning), an exclusive motorsports country club known as the Drivers Club, VIP Suites, a first-class karting facility, concessions and Shade Tree Garages. Phase II includes unique trackside Villa homes, a commercial corner (retail, restaurants and commercial services), driving/training school, two restaurant pads, Trackside Raceplex and Research Development Campus (approximately 400,000 square feet) and much more.

The County was one of the first four sites throughout the State that created a one-stop career center. The career center houses the County's social services and job training offices, the State employment and unemployment offices, and a childcare services office of Tri-County Community Action Agency. Workforce New Jersey, a one-stop career center system, provides New Jersey employers, workers, students and job seekers with simple, direct and comprehensive access to all employment, training, education and human services programs, as well as a variety of information to the business community.

To attract and support twenty-first Century industries, in 2016, the Cumberland County Technical Education Center opened the doors on its new \$70,000,000 full-time four-year high school adjacent to the Rowan College of South Jersey - Cumberland Campus. This project brought 107 new full-time professional jobs to the County and is estimated to have had a \$295,000,000 direct and indirect impact on the County economy. CCTEC graduated its first full-time, four-year class of 240 students in 2020. Classes of approximately 300 students are anticipated for future.

In late 2021 the construction of a new 50,000 sf wing was completed to accommodate a new medical academic pathway. Known as the Health, Science and Medical Academy, this state-of-the-art addition will lead to additional linkages with Rowan University Medical School and Engineering School and prepare students for further education and stem careers in the health care field.

In late 2022, the County awarded contracts for the construction of a 15,000 square foot facility on the Rowan College of South Jersey – Cumberland Campus. The building is designated to be occupied by Rowan University (for which a lease agreement has already been executed), where the University will partner with the College in its mental health and behavioral sciences curriculum – creating greater opportunities for students, increasing the County health care workforce, and providing much needed clinical services to residents in need.

## **Economic Development**

The Cumberland County Improvement Authority (“The Authority”) is the County’s designated economic development entity. The Authority provides technical and financial assistance to the County’s municipalities as needed to develop projects and properties generating new tax ratables and jobs. The Authority has been active as a redevelopment entity, as well, assisting with several downtown redevelopment projects, including the construction of a new police headquarters in Vineland, and assembling land for the construction of two 30,000 sf health care facilities in downtown Bridgeton and Millville. Their construction management services have been sought by the counties of Cape May and Salem for large scale redevelopment projects.

The Authority is also the one-stop agency for the five Opportunity Zones that are designated in the County. There are two zones each in Vineland and Bridgeton and one zone in Millville. All of the Opportunity Zones include downtown redevelopment sites with the proper zoning for commercial or industrial development. Opportunity Zones are one way of attracting private capital as equity into projects, with the investors gaining significant tax advantages for a ten-year period.

The Authority has leveraged and bundled state and federal dollars, to develop a wide range of projects throughout the County. Since 2015, the Authority has been a catalyst in the funding and development of 54 projects, representing a total investment of \$448.7 million. These projects have created over 6,000 full and part time jobs and have had an overall economic impact of \$907 million in the region. By providing shared services to county communities, the Authority saves the county and local taxpayers \$4.3 million annually.

During the Covid-19 pandemic, the Authority has served as the one stop source for up-to-date information, technical and financial assistance. During the first 12 months, a core of 40+ professionals and leaders from across the County held a conference call with federal and state officials bi-weekly for direct information and guidance on all existing and potential programs for business assistance. Since that time, the Authority has worked directly with businesses to determine the best financial recovery strategies to utilize and has distributed over \$782,000 in small business grants to 82 small businesses as part of the County’s Covid relief financial assistance program.

Finally, the Authority has been instrumental in encouraging and executing shared services agreements across the County's departments and partners. These agreements create a tangible savings for County taxpayers and promote efficient operations. Some of the ways the Authority participates in generating County savings are: economic development administration and marketing, fleet maintenance, contributions to the County and Deerfield Township as the host community for the landfill, and the County health department, and in shared equipment, services and personnel. In 2022, the actual, realized County savings from shared services agreements was \$4.3 million.

## **Economic Development Designations**

A Bridgeton Urban Enterprise Zone (UEZ) was initiated in 1985. The joint Millville/Vineland UEZ was designated in April 1986. Urban Enterprise Zones are designed to promote private capital investment and attract new business in selected areas of New Jersey through the use of tax incentives, thereby creating new employment opportunities. Both the Bridgeton and Millville Urban Enterprise Zones were extended by an act of the New Jersey Legislature in late 2001. This extension has provided millions of dollars in additional revenue to these cities to help with industrial development, infrastructure investments, and community revitalization.

The Cumberland Empowerment Zone Corporation (CEZ) was established in 1999 following Round II Empowerment Zone designation by the U.S. Department of Housing & Urban



Development. The CEZ is unique in that it is the only county-based Empowerment Zone in the nation. It was spawned through a cooperative effort of four municipalities (Bridgeton, Millville, Vineland and Commercial Township), the County, and the State of New Jersey.

The goal of the Empowerment Zone program is to expand economic opportunity in targeted communities and neighborhoods in the County. A number of important local projects and initiatives have been funded by the CEZ. These include expansion of industrial parks, neighborhood redevelopment projects, transportation and infrastructure investment, small business training and support, business loan and incentive programs and many other community development projects.

The CEZ has been recognized as one of the top performing empowerment zones in the nation. During the last 10 years, the CEZ has funded over 130 job-creating projects throughout the County. The CEZ has leveraged \$25.6 million in federal dollars with \$223.8 million in public and private funding to fund and support the creation of over 1,400 present and anticipated job opportunities for residents of the most distressed communities in the County. The CEZ has been a demonstrated catalyst for change, committed to improving the quality of life for County residents.

The Strategic Plan for Economic Development 2020-2030 was adopted in February 2021. The Plan emphasizes the potential of innovation and creative thinking to change the narrative of the County and promote a new way of thinking about economic development. Harnessing technology will lead the County into the next wave of development known as the knowledge economy. Through this plan, Cumberland County identifies ways it can transition its economy to a 21<sup>st</sup> century paradigm and a competitive advantage. The plan has five principles: 1) Provide a competitive economic infrastructure; 2) develop a stronger economy through innovation; 3) be the best version of ourselves promoting our assets and amenities; 4) create and support an innovative culture and 5) lead with strong governance and management.

Cumberland County offers a substantial incentive package, accessible and affordable sites, and the region’s most available and hardworking labor force. A Federal Empowerment Zone designation, two Urban Enterprise Zones, five Opportunity Zones, flexible financing, and low business costs make the County competitive with all areas of the country. In addition, there is some of the finest executive housing at very reasonable costs. Lastly, a quality educational system, which produces highly trained and capable students, employees and citizens, makes the County a great place to do business. An outstanding partnership between the Cumberland County Technical Education School, Rowan College of South Jersey, and the Cumberland-Salem-Cape May Workforce Investment Board affords the County one of the top workforce training programs in the State.

**Cumberland County Improvement Authority**

The Authority is a public body corporate and politic of the State and was created by a resolution of the Board of County Commissioners of the County of Cumberland, New Jersey (the “County”) adopted on December 30, 1980, pursuant to the Act.

The Authority has broad powers under the Act including, among others, the following: to sue and be sued; to enter into leases and contracts; to acquire property by any lawful means, including the exercise of the power of eminent domain; to hold, operate and administer its property; to issue its negotiable bonds and to secure their payment and the rights of holders thereof under a bond resolution; to enter into contracts; to charge and collect charges for use of its facilities and to revise such charges which the Act requires to be charged such that the revenues of the Authority will at all times be adequate to pay all administrative expenses, to pay punctually the principal of and interest on any bonds and to maintain reserves and sinking funds therefor, as may be required by the terms of any contracts with Bondholders; and to make and enforce rules and regulations for the management of its business and affairs.

The Authority was established as an instrumentality of the State for, among other purposes, the purpose of providing for the construction of public buildings, transportation facilities, the acquisition of equipment and the acquisition of property owned by the federal government. Subsequent amendments to the Act permit the Authority to provide for the construction of convention halls, solid waste disposal facilities, recreational/entertainment centers, low- and moderate-income housing, to plan, initiate and carry out redevelopment projects and to provide financing on behalf of certain non-profit entities. The Authority currently is the implementing agency for the County's Solid Waste Management Plan and develops and administers solid waste and recycling facilities and programs in the County, including a 75-acre landfill and a pretreatment facility.

Since its inception, the Authority's primary responsibility has been to maintain the financial stability and operating efficiencies of the solid waste facility in a deregulated atmosphere while continuing to offer and expand the environmentally beneficial programs to its constituency. The Authority's Solid Waste Complex is the home of the Sanitary Landfill and related solid waste and recycling initiatives. In recent years the Authority has completed capital infrastructure projects including a landfill expansion projected to accommodate the County until 2041, expansion and upgrade projects for the leachate purification system and continual expansion of methane gas capture capabilities. The benefit of these projects is to decrease processing costs, provide a long-term accommodation of solid waste and reduce the use of fossil fuels and greenhouse emissions. The Authority offers truck wash services and a compressed natural gas fueling station to serve its customers and the community.

### **Economic Impact and Redevelopment Initiatives of the Improvement Authority**

Since 2014, the Authority has become the County's designated economic and redevelopment entity and has undertaken a significant portfolio for County, State, Local, and not-for-profit entities with services consisting of the acquisition, construction, leasing, and facility management. Other activities include advocating for local businesses and assisting in relocating new business and industry to Cumberland County. Services also include a "Conduit Bond Financing Program", a government equipment lease program, alternative energy projects, and real estate transactions on behalf of the County. Beyond the county's boundaries, the Authority has also partnered with the Atlantic County Utilities Authority to provide more affordable waste disposal services in Vineland, Millville, and Bridgeton.

At the request of Cape May County, the Authority renovated an old shopping project called County Commons and is currently overseeing the rehabilitation of the Franklin Street school as a library. The Authority is the construction manager for numerous Salem County projects, including the Salem County Courthouse. Other major projects include the Bridgeton Fire Station; Vineland Police Station; Health Sciences addition to the Technical High School; Vineland Board of Education Bus Depot; Energy HUB/Micro-Grid; ; County Board of Social Services and Office of Employment and Training; Center for Workforce and Economic Development; Arts and Innovation Center and Phase I Technical Education Center.

The Authority remains committed to continue its work to enhance education, promote new workforce development initiatives, foster shared services with municipal government, invest in new projects that broaden the structure of the economy, and develop partnerships with business and industry to leverage investment and increase employment.

## **Outstanding Improvement Authority Bonds**

In August 2006, the Authority issued its Solid Waste System Revenue Bonds (Series 2006), in the initial aggregate principal amount of \$24,485,000 (the "Series 2006 Bonds"), to finance improvements to the Authority's solid waste complex and disposal system, along with other improvements. A portion of the Series 2006 Bonds were advance refunded by the Authority's \$14,595,000 County Guaranteed Solid Waste System Revenue Refunding Bonds, Series 2015A (the "Series 2015A Bonds"). No Series 2006 Bonds remain outstanding. The payment of the principal of and the interest on the Series 2015A Bonds is guaranteed by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2015A Bonds. As of December 31, 2022 \$7,260,000 principal amount of Series 2015A Bonds remained outstanding.

In May 2014, the Authority issued its County-Guaranteed Revenue Bonds (Facilities Acquisition Project), Series 2014, in the initial aggregate principal amount of \$17,955,000 (the "Series 2014 Lease Revenue Bonds"), to finance the construction of an employment and training facility and the acquisition of an office building. The Series 2022 County-Guaranteed Lease Revenue Refunding Bonds will effectuate the advance refunding of a portion of the 2014 Lease Revenue Bonds. The payment of the principal of and the interest on the Series 2014 Lease Revenue Bonds is guaranteed by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2014 Lease Revenue Bonds. As of December 31, 2022, \$14,165,000 principal amount of Series 2014 Lease Revenue Bonds remained outstanding.

In October 2014, the Authority issued its County General Obligation Revenue Bonds (Technical High School Project), Series 2014, in the aggregate principal amount of \$63,890,000 (the "Series 2014 Technical School Bonds"), to finance the construction of a new County technical school. The Series 2014 Technical School Bonds are not secured by the Indenture or the Pledged Property. The payment of the principal of and the interest on the Series 2014 Technical School Bonds is secured by loan repayments to be made by the County to the Authority pursuant to a loan agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2014 Technical School Bonds, which loan agreement is secured by an unconditional general obligation bond of the County issued by the County to the Authority. As of December 31, 2022, \$25,220,000 principal amount of Series 2014 Technical School Bonds remained outstanding.

In August 2015, the Authority issued its Revenue Bonds (State Office Buildings Project), Series 2015, in the initial aggregate principal amount of \$3,975,000 (the "Series 2015 State Office Building Bonds"), to finance the renovation of a portion of an existing facility in the County to be utilized through a lease by certain state agencies. As of December 31, 2022, \$2,675,000 principal amount of Series 2015 State Office Building Bonds remained outstanding.

In May 2017, the Authority issued indebtedness in connection with a financing involving the New Jersey Environmental Infrastructure Trust to finance a solid waste project (the "Series 2017A NJEIT Bonds" and the "Series 2017B NJEIT Bonds"). The Authority's Series 2017A NJEIT Bonds and Series 2017B NJEIT Bonds were initially issued in the aggregate principal amount of \$10,185,515. As of December 31, 2022, \$7,464,706 principal amount of the Series 2017A/B NJEIT Bonds remained outstanding.

In October 2017, the Authority issued its Revenue Bonds (Office Building Acquisition Project), Series 2017 (Federally Taxable) in the principal amount of \$12,000,000 (the "Series 2017 Office Building Bonds") to finance the acquisition of an existing industrial/office complex in the City of Vineland. The payment of the principal of and the interest on the Series 2017 Office Building Bonds is derived from lease payments made to the Authority by the tenants that rent space in the

industrial/office complex. As of December 31, 2022, \$4,496,000 principal amount of Series 2017 Office Building Bonds remained outstanding.

In December 2017, the Authority issued its City General Obligation Lease Revenue Bonds (Vineland Public Safety Building Project), Series 2017, in the initial aggregate principal amount of \$21,935,000 (the "Series 2017 Vineland Public Safety Facility Bonds"), to finance the acquisition of property and the development and construction of a public safety facility in the City of Vineland. The payment of the principal of and the interest on the Series 2017 Vineland Public Safety Facility Bonds is derived from lease payments made by the City to the Authority. As of December 31, 2022, \$20,685,000 principal amount of Series 2017 Vineland Public Safety Facility Bonds remained outstanding.

On September 13, 2018, the Authority issued its Revenue Bonds (Facilities Renovation Project), Series 2018, in the principal amount of \$3,200,000 (the "Series 2018 Facilities Renovation Project Bonds") to finance various renovations and improvements to the existing industrial/office complex in the City of Vineland for use by the City of Vineland. The payment of the principal of and the interest on the Series 2018 Facilities Renovation Project is secured by lease payments to be made to the Authority by the City of Vineland. As of December 31, 2022, \$2,549,000 principal amount of Series 2018 Facilities Renovation Project Bonds remained outstanding.

On December 13, 2018, the Authority issued its County Guaranteed Lease Revenue Bonds (County Correctional Facility Project), Series 2018, in the aggregate principal amount of \$64,990,000 (the "Series 2018 Correctional Facility Project Bonds"), to finance the acquisition of property and construction of a holding center and criminal courtroom facility for use by the County. The Series 2018 Correctional Facility Project Bonds are not secured by the Indenture or the Pledged Property. The payment of the principal of and the interest on the Series 2018 Correctional Facility Project Bonds are secured by: (i) lease payments to be made to the Authority by the County of Cumberland; and (ii) a guaranty by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2018 Correctional Facility Project Bonds. As of December 31, 2022, \$63,070,000 principal amount of Series 2018 Correctional Facility Project Bonds remained outstanding.

In January 2019, the Authority issued its County General Obligation Revenue Bonds (Technical High School Project), Series 2019, in the aggregate principal amount of \$21,035,000 (the "Series 2019 Technical School Bonds"), to finance the construction of improvements and renovations to the County technical school. The Series 2019 Technical School Bonds are not secured by the Indenture or the Pledged Property. The payment of the principal of and the interest on the Series 2019 Technical School Bonds is secured by loan repayments to be made by the County to the Authority pursuant to a loan agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2019 Technical School Bonds, which loan agreement is secured by an unconditional general obligation bond of the County issued by the County to the Authority. As of December 31, 2022, \$19,310,000 principal amount of Series 2019 Technical School Bonds remained outstanding.

In March, 2019, the Authority issued its County Guaranteed Revenue Bonds (Authority Administration Building Project), Series 2019, in the aggregate principal amount of \$4,970,000 (the "Series 2019 Administration Building Bonds"), to finance the acquisition of real property and construction of a new Authority administration building thereon. The Series 2019 Administration Building Bonds are not secured by the Indenture or the Pledged Property. The payment of the principal of and the interest on the Series 2019 Administration Building Bonds is secured by loan repayments to be made by the County to the Authority pursuant to a loan agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2019

Administration Building Bonds, which loan agreement is secured by an unconditional general obligation bond of the County issued by the County to the Authority. As of December 31, 2022, \$4,710,000 principal amount of Series 2019 Administration Building Bonds remained outstanding.

In April 2020, the Authority issued its Lease Revenue Bonds (Vineland Board of Education Project), Series 2020, in the principal amount of \$3,165,000 (the "Series 2020 Vineland BOE Bonds"), to finance the expansion of the Vineland City School District's bus depot. The payment of the principal of and the interest on the Series 2020 Vineland BOE Bonds is derived from lease payments made by the Vineland City School District to the Authority. As of December 31, 2022, \$1,925,000 principal amount of Series 2020 Vineland Board of Education Project Bonds remained outstanding.

In July 2020, the Authority issued its General Obligation Revenue Refunding Bonds (Technical High School Project), Series 2020, in the principal amount of \$31,335,000, for the purpose of advance refunding a portion of the outstanding principal amount of the Authority's County General Obligation Revenue Bonds (Technical High School Project), Series 2014 and paying the cost of issuance and delivery of the Series 2020 Bonds. As of December 31, 2022, \$30,110,000 principal amount of Series 2020 Technical High School Project Bonds remained outstanding.

In December 2021, the Authority issued its General Obligation Lease Revenue Bonds (Bridgeton Fire Station Project), Series 2021, in the principal amount of \$7,495,000, to provide funds which will be used to finance a 30,000 square foot fire station for use by the City fire department and emergency medical services ("Facility") to be located at 168 East Commerce Street in the City. As of December 31, 2022, the entire principal amount of Series 2021 Bridgeton Fire State Project remained outstanding.

In February 2022, the Authority issued its County Guaranteed Lease Revenue Bonds (Technical School Facility Acquisition Project), Series 2022, in the principal amount of \$1,990,000 (the "Series 2022 Technical School Facility Acquisition Project Bonds"), to provide funds which will be used to finance the acquisition of a building for use by the Cumberland County Board of Vocational Education (CCBVE). The payment of principal and interest is derived from lease payments made by CCBVE to the Authority. As of December 31, 2022, \$1,920,000 principal amount of the Series 2022 Technical School Facility Acquisition Project Bonds remained outstanding.

In addition to the indebtedness described above, the Authority has other indebtedness, including certain capital leases.

### **Solid Waste Flow Enforcement**

Prior to the United States Supreme Court's denial of a petition for certiorari on November 10, 1997 in *Atlantic Coast Demolition & Recycling, Inc. v. Board of Chosen Freeholders of Atlantic County, et al.* 112 F.3d 652 (3d Cir.), cert. denied, 118 S. Ct. 412-413, 139L. Ed. 2d 316 (1997) ("Atlantic Coast"), all solid waste generated in New Jersey was directed to be delivered to designated facilities. The power to direct waste and enforce direction stemmed from three regulatory mechanisms: solid waste management plans, DEP regulations (N.J.A.C. 7:26-6.5) codifying waste flow directives included in each solid waste management plan, and through the issuance of solid waste disposal franchises. In *Atlantic Coast*, the United States Court of Appeals for the Third Circuit affirmed a United States District Court's finding that the State's system of regulatory flow control was unconstitutional to the extent that facilities designated in district solid waste management plans to receive waste were not selected in a manner permitting competition from out-of-state facilities.

As a result, no district may implement a solid waste management plan that discriminates against out of state competition. The County’s response to the demise of flow control regulations was to propose in December 1997, Amendment 14 of the Plan which provides that the Authority will seek to operate its landfill in a competitive marketplace by voluntarily contracting with municipalities, collectors and generators to secure solid waste and generate necessary revenues to pay debt service and operating expenses. Amendment 14 was approved by the DEP Commissioner and became effective on April 24, 1998. Amendment 26, formally approved on March 6, 2019, further enhances the Authority’s flow control requirement by prohibiting the delivery of non-recyclable material to out-of-state waste facilities.

### **Solid Waste Operations**

Solid waste in Cumberland County is managed by The Cumberland County Improvement Authority (“The Authority”). They operate a state of the art, innovative facility on Jesse’s Bridge Road in Deerfield Township. The solid waste complex includes the landfill, a micro electric grid, truck wash, compressed natural gas facility, and a fleet management operation. The landfill is one of the most modern and technologically advanced facilities in the State of NJ, recycling leachate and generating electricity onto its own micro grid from captured methane gas. Continue upgrades have led to increased operating efficiencies. These upgrades include: landfill infrastructure (side slope restoration and rain cover replacement); leachate collection and control system; soil erosion and sediment control, and equipment replacement.

The entire landfill operation is part of an energy micro-grid, which generates enough electricity to maintain operations of all equipment, buildings, and processes on the solid waste complex. Methane gas is captured to power three generators producing the electricity through infrastructure owned by The Authority. A closed-loop system has been created through an evaporation system that turns all potential energy sources into a power source. A compressed natural gas (CNG) station is housed at the solid waste complex providing the fuel for all vehicles and equipment, including trash trucks.

The total tipping fee for bulk waste, construction and demolition debris and asbestos is \$90.60 per ton. The Authority’s revenues, including reserve and surplus balances, are sufficient to fund operating and debt service payments for the foreseeable future.

### **Farmland & Open Space Preservation**

To provide stable funding for the Farmland Preservation Program, the Board of County Commissioners authorized the Farmland and Open Space Preservation Trust Fund referendum on the November 1994 ballot. As of December 2021, the County has preserved 23,016 acres of farmland.

The Cumberland County Agriculture Development Board (CCADB) continues to work on issues related to the economic viability of agriculture. The CCADB developed the Agricultural Enterprise District concept, modeled on the successful Urban Enterprise Zone Program, to enhance the economic climate for farmers and related agricultural industries. Innovative techniques to preserve farmland and the farming industry, such as the transfer of development rights, installment purchases and development of a twenty-year easement option, are aggressively pursued. In addition, the County secured its first Green Acres Grant from the New Jersey Department of Environmental Protection ("NJDEP") in 2013 and a second Green Acres Grant in 2015 to assist municipalities acquire and preserve recreational open space. These grants are secured through a revolving Planning Incentive Grant Agreement between the County of Cumberland and New Jersey's Department of Environmental Protection. Currently the County is completing a strategic master plan for the County Park in Millville, NJ.

## **Housing**

The County offers the advantages of life in or near the three urban centers without the drawbacks of impacted metropolitan areas. The City of Vineland has experienced the most consistent construction of housing inventory. There is a total of 57,119 housing units across Cumberland County. Home ownership stands at 65.4% of year-round, occupied units, with a vacancy rate of 7.8%. Median value of owner-occupied units was \$196,400,500 in 2021 (American Communities Survey). Moderate priced housing of many types is available. The 2021 average sales price of homes in the County was \$214,483 according to Zillow (a major real estate and home sales network.) Zillow indicates that home values have increased 9.9% during the one-year period of Spring 2021 to Spring 2022.

Public ordinances play a major role in improving and maintaining good housing conditions. Federal tax incentives and depreciation allowances applicable to commercial structures in National Historic Districts of Bridgeton, Millville, and Greenwich have been used to bring existing structures up to acceptable standards. Several communities are using Abandoned Properties Ordinances to quickly demolish or rehabilitate code deficient homes.

## **Household Income**

The 2021 median household income in the County is \$58,389, below the state average of \$89,703. Per capital income for the County is \$29,227 compared to \$47,338 for the State as a whole. The poverty rate for the County has decreased to 13.3% according to the 2021 American Communities Survey by the US Census.

## **Pinelands**

The legislative mandate to protect the Pinelands is set forth in the National Parks and Recreation Act of 1978, signed by President Carter on November 10, 1978. The Act established the Pinelands National Reserve, encompassing parts of seven southern New Jersey counties and all or parts of 56 municipalities. This includes parts of two County municipalities, Maurice River Township and Vineland City, totaling 55,700 acres. It also authorizes the establishment of a planning agency responsible for preparing a Comprehensive Management Plan for the reserve.

To comply with the federal statute, Governor Brendan T. Byrne issued Executive Order 71 on February 8, 1979, providing for the establishment of the Pinelands Planning Commission and making development in the Pinelands area subject to Commission approval during the planning period. In June, 1979, the New Jersey Legislature passed the Pineland Protection Act, thereby endorsing the planning restrictions on development. An amendment to this statute divided the Pinelands area into two planning segments, the Preservation and Protection Areas. New Jersey Pinelands Comprehensive Management Plan takes its directions from the acts which recognize the unique natural, physical, and cultural qualities of the Pinelands and the pressure for residential, commercial and industrial development.

Following its work program and legislative mandates, the Commission adopted a plan for the Pinelands, including 45,400 acres in the Protection Area in the County. There is no County acreage in the Preservation Areas.

### **Shopping Facilities**

Shopping facilities in the County are varied and well located. In addition to the stores of the central business districts of the three cities and surrounding neighborhoods, a number of national and regional retail chains have located in the County, which has enhanced the retail service marketplace.

There are several major retail centers, including the "Cumberland Mall," at the intersection of S. Delsea Drive (Rt. 47) and Route 55 in Vineland contains one million square feet of retail space with several anchor stores, including a newly renovate Home Goods Store, Petco, and Dick's Sporting Goods. A 3,596-seat movie complex and several chain restaurants are located on the property as well.

Also in Vineland near the Rt 55 interchange with Landis Ave (Rt 56) are a super Walmart, ShopRite, Lidl. A newly constructed Planet Fitness is open. This corridor is rapidly becoming one of the city's busiest commercial strips.

Another retail center is on the Vineland-Millville border at the intersection of S. Delsea Drive and Route 55 (Millville) is the Cumberland Crossing shopping center. The Cumberland Crossings Mall provides 300,000 square feet of commercial shopping space and features a variety of specialty stores, as well as the major retail chain Wal-Mart. Union Lake Crossing opened in 2006 with Target, Kohl's, Shop Rite, Staples, PETSMART, Lowe's and many other smaller stores.

Downtown Millville has developed as an arts district, and Rowan College of South Jersey, the former Cumberland County College, built and operates the Arts & Innovation Center: approximately 21,000 square feet of downtown educational, retail and innovative space. Complete Care has recently completed construction and reconstruction of a patient care center anchoring the northern end of the district. This was a \$5.6 million dollar investment in the downtown. In addition, the Holly City Development Corporation has been aggressively pursuing funding to redevelop housing in the City Center and provide entrepreneurial and workforce assistance through its recently opened Creative Enterprise Center.

On the west side of the County a retail location has developed in Carll's Corner, Upper Deerfield Township north of Bridgeton at the junction of State Highways 77 and 56. Located here are a Wal-Mart, Super Wawa, Tractor Supply, and Aldi Grocery. This area of the county is a designated Redevelopment Area with full public utilities and has been experiencing commercial and industrial development pressures.



## **Recreation and Tourism**

The County provides a wealth of recreational opportunities for residents and visitors alike. Each of the cities offers urban playfields, parks and swimming areas with lifeguards. Bridgeton's park includes the Cohanzick Zoo, one of only two municipal zoos in New Jersey. Millville boasts two-mile long Union Lake and water related recreation. The County fairgrounds feature a great variety of outdoor events. The State government, the largest landowner in the County, provides fish and game and state forest holdings earmarked for non-intensive natural use through its expansive Wildlife Management Areas and Stow Creek State Park.

Facing directly on Delaware Bay, this "Other Jersey Shore" offers many water related activities, including fishing, hunting, and boating. Fortescue, Newport, and Greenwich offer complete boating facilities and marinas, fine fishing on the Bay, bird-watching sites or just dining.

Greenwich is a town rich in history. In fact many of its buildings have been standing since the Revolutionary War. The entire historic town is on the National Register. Bridgeton's 2,200 homes from the Colonial, Federalist and Victorian periods also are on the National Register. The unique town features brick walkways, scenic Riverfront Promenade and Fountain Plaza.

The NJDEP issued an environmental permit to Public Service Electric and Gas ("PSE&G") in July, 1994. The permit requires the restoration and preservation of up to 14,500 acres of degraded wetlands and adjacent upland buffer areas along the Delaware Estuary. Included is a tract of approximately 4,500 acres of sensitive wetlands and uplands located in Greenwich Township in the County, which is commonly referred to as the Bayside Tract. PSE&G is developing the Estuary Enhancement Program in cooperation with scientists, environmentalists, public officials, and concerned citizens to ensure the successful implementation of these and other permit requirements.

Mauricetown is an 18th Century Sailing Village nestled along picturesque Maurice River which was also designated as historic district on the National Register of Historic Places in 2018. Port Norris, also in Commercial Township, was known historically as the Oyster Capital of the World. It is home to the A.J. Meerwald, New Jersey's official tall ship, and the Bay Shore Center at Bivalve – one of the County's premier ecotourism attractions.

Glass making history and the tranquil lifestyles of 1888 South Jersey captured in wooded surroundings are found in Millville. WheatonArts & Cultural Center features the elegant Museum of American Glass, a working 1888 Glass Factory with demonstrations, crafts, charming shops, special events and the Down Jersey Folk Life Center. Also worthy of note is Millville's Maurice River waterfront revitalization. Among the projects completed is the Maurice River Waterfront Plaza, a carefully landscaped park that affords adequate seating for visitors to sit and enjoy the scenic river.

The County is within a short distance (40 miles) of some of the finest seashore bathing beaches in the East. Atlantic City's famous boardwalk and casino development adds to nearby attractions.

In December 1993, a bill was signed into law designating the Maurice River and its tributaries – the Manumuskin River and the Menantico and Muskee creeks - as protected under the Wild and Scenic River Act. Under the law more than 35 miles of the four waterways are protected from adverse dam development, contamination/pollution threats and federal condemnation of land. The Maurice River management plan was written by local municipalities, with the guidance of the Cumberland County Department of Planning and Development.

In 2013 a site signage and podcast interpretation program was launched for fifteen of the most historic sites in the County. This project, offset by grant funds provided by the New Jersey State Council for the Humanities, includes site signage containing quick response codes which direct visitors to a dedicated website, [www.cumberlandnjart.org/cumberland-historic-sites/](http://www.cumberlandnjart.org/cumberland-historic-sites/).

A comprehensive Ecotourism Plan was prepared and adopted by the County Planning Board for the County. Ecotourism allows visitors the opportunity to enjoy the natural resources and the environment of the area. It includes only those activities with a direct link to the natural environment. It is noted that the County already has many tourist attractions. Ecotourism would provide both economic development opportunities and preserve the County's natural heritage.

## **Planning**

The State Planning Commission released its Draft State Strategic Plan in November, 2011. With the assistance of the NJ Department of State, Office of the Lt. Governor, the Commission provided a vision for New Jersey through the next 20 years. The plan attempts to determine the best way New Jersey can accommodate new residents and additional jobs expected by 2020 in a manner that the state's taxpayers will be able to afford. The Plan offers a cooperative process in which each level of government can plan together, and through which the public sector can work with the private sector. This planning process is one of the most comprehensive State policy incentives undertaken within recent memory.

The County government, its 14 municipalities, various interest groups and the general citizenry have worked together to reach a consensus on how to manage our growth in ways it can afford. The process, called "cross acceptance", was completed and submitted to the Commission.

Municipalities continue the process of plan endorsement, working directly with the New Jersey Department of State, Office of Planning Advocacy.

## **Health Care**

Inspira Health Network provides virtually all major inpatient services in the County. It also provides many outpatient services, including same day surgery, x-rays, lab and therapy. The Frank and Edith Scarpa Regional Cancer Pavilion provides access to the latest technologies and treatments at a regional facility. CompleteCare also provides healthcare services across the County as the largest Federally Qualified Health Center in South Jersey. This organization provides low-income and otherwise health disparate people with high-quality, affordable and accessible health services. CompleteCare also offers patients Medicaid and Health Insurance Marketplace enrollment assistance.

The Cumberland County Department of Health and the Department of Health of the City of Vineland provide a variety of health care services. The Health Department has coordinated the County's response to the Covid-19 pandemic and managed the distribution of vaccines.

There are four certified Home Health Agencies authorized to operate in the County. Alcohol and drug counseling are available. Psychological and psychiatric evaluations are provided by the Cumberland County Guidance Center and private care providers. Prenatal care is provided through two low cost clinics and private physicians. Overall, there are a number of public and private organizations providing a range of services from skilled nursing for senior citizens to intermediate care facilities for medical day care clients and others with disabilities or challenged capacities.

## Industrial Pollution Control Financing Authority of Cumberland County

Pursuant to the New Jersey Industrial Pollution Control Financing Law (L.1973, c.376), the County, by resolution of the Board of County Commissioners, adopted on July 12, 1974, has created the Industrial Pollution Control Financing Authority of the County. The Pollution Control Financing Authority has not undertaken any projects or financing permissible under said law.

### Compensated Absences

Under the existing policies of the County, employees upon retirement will receive one-half of the accumulated unused sick leave to a maximum of \$9,000. Several unions have negotiated payouts higher than that of the general County policy. All employees receive one-half of the accumulated unused sick leave. The maximum payout for the various unions is as follows.

United Auto Workers Union (UAW) Local #2327	
General Labor =	\$9,000
Workforce Development =	\$10,000
Social Services =	\$17,000
Social Services Supervisors =	\$20,000
Council 18 – Social Services =	\$18,000
Communication Workers of America (CWA) Local #1036	
General Labor supervisory employees =	\$9,000
Prosecutor’s Assistants (attorneys) =	\$9,000
Association of Superior Assistant Prosecutors (ASAP) =	\$9,000
United Public Service Employees Union (UPSEU)	
Prosecutor’s administrative staff =	\$9,000
Fraternal Order of the Police (FOP), Local #194	
Corrections – Superior Officers Association =	\$12,000
Police Benevolent Association (PBA)	
Local #231 County Correction Officers =	\$9,000
Local #299 Sheriff Officers	
Line-Officers =	\$9,000
Superior Officer's Association =	\$12,000
Local #396 Prosecutor Investigators	
Line-Officers =	\$15,000
Superior Officer's Association =	\$17,500

Unused accumulated vacation can carry forward only one year subsequent to the year it is earned and is paid at straight time.

The County does not record accrued expenses related to compensated absences. However, it is estimated that at December 31, 2022, accrued benefits for compensated absences are valued at \$3,193,925. The charges for accumulated sick leave will be included in the year the employee retires. The charges for accrued vacation benefits will be included in the year the employee retires or terminates employment with the County. The County has established a Reserve for Accumulated Sick Leave in the Trust Fund to set aside funds for future payments of compensated absences. At December 31, 2022 the balance of the fund was \$1,263,589.

## Pension Plans

Those County employees who are eligible for pension coverage are enrolled in one of two pension systems established by acts of the State Legislature. Benefits, contribution, means of the funding and the manner of administration are determined by the state. For additional information regarding pension plans, see Appendix B - "2022 Audited Financial Statements of the County of Cumberland".

<b>County Employees</b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
County Tax Levy	543	569	647	646	622
Board of Health Tax Levy	40	40	40	40	40
County Library	17	12	12	12	12
Workforce Development Grants	45	45	45	45	45
Aging Grants	40	40	40	40	40
Social Services Grants	200	198	198	230	230
Other Grants	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>
<b>TOTAL</b>	<b><u>915</u></b>	<b><u>934</u></b>	<b><u>1,012</u></b>	<b><u>1,043</u></b>	<b><u>1,019</u></b>

## Labor Contracts

The County has labor contracts with the following labor unions. There are currently four expired contracts.

### United Auto Workers Union (UAW) Local #2327

General Labor, representing 296 employees, expires December 31, 2025

Workforce Development, representing 35 employees, expires December 31, 2026

Social Services Staff, representing 176 employees, expires December 31, 2027

Supervisors, representing 17 supervisory employees, expires December 31, 2026

### Council 18

Social Services, representing 4 supervisory employees expires December 31, 2027

### Communication Workers of America (CWA) Local #1036

General Labor, representing 34 supervisory employees expires December 31, 2025

Prosecutor's Assistants (attorneys), representing 10 employees expires December 31, 2025

Association of Superior Assistant Prosecutors (ASAP),  
Prosecutor's Assistants, representing 9 employees expires on December 31, 2025

United Public Service Employees Union (UPSEU)  
Prosecutor's administrative staff, representing 33 employees expires December 31, 2023\*

Fraternal Order of the Police (FOP), Local #194  
Corrections Superior Officers, 19 employees expired December 31, 2022\*

Police Benevolent Association (PBA)  
Local #231 Correction Officers, representing 72 employees expired December 31, 2019\*  
Local #299 Sheriff Officers  
Line-Officers, representing 39 expires December 31, 2026  
Superior Officer's, representing 9 expires December 31, 2023  
Local #396 Prosecutor Investigators  
Line-Officers, representing 28 employees expires December 31, 2023\*  
Superior Officer's, representing 11 employees expires December 31, 2023\*

\* In negotiations

**EDUCATION**

**Primary and Secondary Education**

The public school systems in the County are operated by the Boards of Education in each municipality as Type II school districts. They function independently through nine-member boards, three members of which are elected annually to serve three-year terms.

Each Board of Education prepares annually an operating and maintenance, capital outlay and debt service budget. The amounts to be raised by taxation for operating and maintenance expenses and capital outlay projects are submitted to the voters of the municipality for approval. If the amounts are disapproved, the governing body of the municipality fixes an amount and certifies same to the Board of Education and to the County Board of Taxation. If the Board of Education determines that the amount certified by the municipality is insufficient to operate a thorough and efficient school system, the Board of Education may appeal to the State Commissioner of Education to restore the local funds eliminated.

Bridgeton City, Millville City and Vineland City each have junior and senior high schools. The remaining school districts in the County send their students to one of these districts or to Cumberland Regional High School. Students may also attend the Cumberland County Technical Education Center.

**COUNTY OF CUMBERLAND SCHOOL DISTRICTS  
SCHOOL ENROLLMENTS**

**October 15, 2022 Estimated**

Bridgeton City	6,047
Commercial Township	473
Technical Education Center	1,128
Cumberland Regional	1,049
Deerfield Township	288
Downe Township	173
Fairfield Township	481
Greenwich Township	79
Hopewell Township	506
Lawrence Township	478
Maurice River Township	404
Millville City	5,192
Shiloh Borough	*
Stow Creek Township	123
Upper Deerfield Township	979
Vineland City	10,366

\* School was closed in 2006 and students are sent to Hopewell.

## HIGHER EDUCATION FACILITIES

### **Rowan College of South Jersey**

Rowan College of South Jersey formed on July 1, 2019 as the result of a historic jointure of two community colleges – Cumberland County College and Rowan College at Gloucester. It is fully accredited by the Middle States Commission on Higher Education, and is an open door, comprehensive, two-year public institution, dedicated to meeting the needs of area residents and employers for educational advancement and career training. It is the first partnership of its kind in New Jersey, with more than 100 years of combined experience in delivering affordable, quality education to students throughout the region.

Rowan College of South Jersey provides students with more choices, including the option to pursue advanced degrees at Rowan University and other four-year universities, without ever leaving the Rowan College of South Jersey campuses. It serves more than 10,000 full- and part-time students with degree and workforce development programs on campuses in Cumberland and Gloucester Counties. Together these two campuses offer more than 120 unique degrees and certificates, combining 100 years of experience to provide a variety of degree selections, cost-saving initiatives, and scholarship and internship opportunities, at one of the lowest tuition rates in the State.

The merger of these two community colleges, in conjunction with an expanded 10-year premier partnership agreement with Rowan University, leads the way to a future filled with diverse and one-of-a-kind educational opportunities. Students seeking can take classes and save money with high school dual enrollment programs, including “Rowan High School Start” and the High School Option Program (HSOP); two successful collaborations between Rowan College of South Jersey and local high schools. Through exclusive programs like Rowan Choice and “3+1” degree offerings, the education cost savings are substantial and students can easily transition to Rowan University for a bachelor’s degree. Academic and workforce-training programs ensure the availability of skilled employees, answering both professional and community needs.

The exciting connection between education, business and labor also extends into the medical field. The 27 miles along Route 55 between Rowan College of South Jersey’s Gloucester and Cumberland campuses integrates education, medical services and commerce to establish South Jersey’s first EDs, MEDs & Commerce Corridor. The premier partnership with Rowan University — a research university with two medical schools — and future campus construction intended to house both public and private medical, labor and business entities, will continue to increase the academic advantages for students while benefitting economic development in the South Jersey region.

### **Cumberland County Technical Education Center**

The Cumberland County Board of Vocational Education was created by the Cumberland County Board of County Commissioners in 1969.

Land was purchased at a location centrally located for busing of the four County public high schools and one parochial high school. An attractive functional building was constructed and, in September 1972, classes were opened at the Cumberland County Technical Educational Center located in Bridgeton, NJ.

In May of 2014, The Cumberland County Board of County Commissioners expanded upon their initial vocational school offerings and approved a \$70 million bond ordinance with the State of NJ shouldering 69% of the cost to construct a 204,000 sq. ft. full-time Technical Education Center.

The facility opened in 2016 adjacent to the campus of Cumberland County College. The location enables the College, Technical Education Center, and Center for Workforce and Economic Development to all be housed on one campus to work together to create a well trained workforce.

The Cumberland County Technical Education Center (TEC) is in its fourth year of enrolling full time students. The interest in attending the new school has exceeded the expectations of those involved in its creation. Each year over 1,000 students apply for 240 available seats. When fully enrolled, the new school will hold over 1,100 students in grade 9-12.

In October 2018, the Cumberland County Board of County Commissioners approved a \$23 million bond ordinance with the State of New Jersey incurring 72.1% of the cost of to construct a 55,000 sq. ft. expansion of the current facility that will be home to our Health Science and Medicine Program. Historically, Health Science and Medicine has been the most enrolled program. Currently there are four applicants for every one seat. This consistent enrollment, coupled with a health system that serves as Cumberland County's top employer, provides the rationale for the expansion that will serve as an anchor for quality medical training for a variety of populations. Additionally, Adult Education classes are held on the entire campus.

Interest in Engineering programs continues to increase. The District has applied for and been awarded funding through the Securing Our Children's Future Bond Act – CTE Expansion Grant. Utilizing \$2,250,000 of grant and \$750,000 of the District's Capital Reserve funds, renovations to locations within the facility for the expansion of the Engineering program were completed in the Winter of 2023.

As of October 2022 there are approximately 1,055 full time students (grades 9-12) and 31 STRIVE students for a total of enrollment of 1,086 students.



## 2023 BUDGET(1)

Anticipated Revenues:

Fund Balance	\$ 12,500,000.00
Miscellaneous Revenues:	
Local Revenue (Fees, Permits, Licenses, etc.)	18,508,515.00
State Aid (without offsetting appropriation)	5,665,616.00
State Assumed Social Service Program Costs	22,224,917.00
Special Item of Revenue With Approval of the Director--Public and Private Revenues	9,167,652.06
Special Item of Revenue With Approval of the Director--Other Special Items	5,735,243.00
Local Tax for County Purposes	103,700,000.00
 Total Revenues	 \$ 177,501,943.06

Appropriations:

General Government	\$ 8,368,900.00
Facilities and Central Expenses	9,161,650.00
Personnel Costs - Employee Benefits	17,365,000.00
Land Use Administration	780,800.00
Judicial and Corrections	43,351,550.00
Public Safety	2,860,870.00
Public Works	4,421,160.00
Parks, Recreation, Culture and Education	11,929,000.00
Health and Human Services	9,345,578.00
State Assumed Social Service Programs	22,209,917.00
Unclassified and Deferred Charges	500,000.00
Matching Funds for Grants	427,989.00
Federal and State Grants	10,279,663.06
Contingent	75,000.00
Capital	260,000.00
Debt	21,088,237.00
Statutory Expenditures	14,976,629.00
Judgements	100,000.00
 Total Appropriations	 \$ 177,501,943.06

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(1) As adopted

**CAPITAL PROGRAM (1)**  
**PROJECTS SCHEDULED FOR THE YEARS 2023 - 2028**

<u>Project</u>	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Grants-in-Aid and Other Funds</u>	<u>Bonds and Notes General</u>
Technology	\$ 3,300,000	\$ 165,000		\$ 3,135,000
Public Safety (911, Sheriff, Prosecutor)	1,125,000	56,250		1,068,750
Veterans Cemetery	240,000	12,000		228,000
Buildings and Grounds	14,123,000	706,150		13,416,850
Bridges, Culverts and Dams	10,085,000	504,250		9,580,750
Small Equipment and Light Trucks	1,595,000	79,750		1,515,250
Heavy Equipment and Large Trucks	7,932,000	396,600		7,535,400
<b>TOTALS--ALL PROJECTS</b>	<b>\$ 38,400,000</b>	<b>\$ 1,920,000</b>	<b>\$ -</b>	<b>\$ 36,480,000</b>

(1) As adopted

**CERTAIN TAX INFORMATION  
TWENTY LARGEST TAXPAYERS (1)**

<u>Name</u>	<u>Nature of Business</u>	<u>2023 Assessed Valuation</u>
Cumberland Mall Realty Holding LLC #212	Shopping Mall	\$58,000,000
27 East 131 ST LLC	Developer/Cell Tower	35,349,700
Wal-Mart	Real Estate Business Trust Real Estate	31,500,000
Wawa Inc.	Convenience Store	27,402,300
SPBH I LLC	Residential/Apt/Commercial	24,079,600
Durand Glass	Glass Manufacturing Distributor	22,388,900
Lucca Freezer & Cold Storage LLC	Real Estate	21,635,400
United Mobile Homes of Vineland	Real Estate	19,895,200
Roth 2134 Realty LLC	Real Estate	18,909,200
LBW Vineland LLC	Real Estate	18,854,300
T-Fal Corporation C/O Groupe SEB USA	Manufacturer of Kitchen Products	17,630,100
ACP Cumb Assoc %American Cont Prop	Real Estate	17,067,300
Verizon – New Jersey	Telephone/Communications	16,801,918
Target Millville Urban Renewal LLC	Commercial	15,733,100
Lassonde Pappas & Co Inc	Industrial	13,377,000
Rosemar Prop	Apartments	13,100,000
Landis Ave Properties LLC	Real Estate	12,768,700
HSD Developers LLC	Real Estate	12,768,100
BDGS Inc	Real Estate	12,595,200
Levari Brothers Realty Co LLC	Real Estate	11,601,400

**TAX COLLECTIONS (1)**

<u>Year</u>	<u>Tax Levy</u>	<u>Collection Year of Levy</u>	
		<u>Amount</u>	<u>Percentage</u>
2022	\$ 103,700,000	\$103,700,000	100%
2021	101,485,000	101,485,000	100%
2020	101,485,000	101,485,000	100%
2019	99,485,000	99,485,000	100%
2018	97,335,000	97,335,000	100%

**EQUALIZED VALUATION ON WHICH COUNTY TAXES  
ARE APPORTIONED AND ANNUAL COUNTY TAX RATE**

<u>Equalized Year</u>	<u>County Valuations</u>	<u>County Tax Rate (2)</u>	<u>Farmland Preservation Tax Rate</u>
2022	\$ 9,439,622,813	\$ 1.1016	\$ 0.0100
2021	8,739,097,194	1.1660	0.0100
2020	8,683,101,433	1.1731	0.0100
2019	8,819,168,622	1.1356	0.0100
2018	8,823,433,400	1.1151	0.0100

(1) Source: County Board of Taxation. County Taxes are levied and collected directly from the constituent municipalities.

(2) Source: County Board of Taxation. Rate per \$100 of equalized value.

## LOCAL HEALTH SERVICES TAX

The County has a County Local Health Board for which there is a separate tax rate based upon equalized valuation for those Municipalities that participate.

<u>Year</u>	<u>Tax Levy</u>	<u>Tax Rate (1)</u>
2022	\$ 3,000,000	\$ 0.0591
2021	2,815,000	0.0606
2020	2,700,000	0.0580
2019	2,450,000	0.0530
2018	2,450,000	0.0529

## REAL PROPERTY CLASSIFICATION

<b>Total Assessed Value</b>							
<u>Year</u>	<u>Improvements</u>	<u>Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>
2023	\$8,490,021,100	\$181,039,400	\$5,953,950,900	\$285,512,200	\$1,401,485,000	\$494,440,600	\$173,593,000
2022	8,426,957,800	182,144,500	5,930,802,800	282,918,200	1,387,308,100	469,796,200	173,988,000
2021	8,359,824,900	177,912,500	5,895,066,200	287,071,800	1,370,761,000	448,464,300	180,549,100
2020	8,380,017,600	176,606,800	5,893,905,800	290,398,500	1,398,641,000	439,938,500	180,527,000
2019	8,394,274,920	179,520,300	5,888,733,700	290,240,700	1,419,898,420	433,867,300	182,014,500

## STATEMENT OF EQUALIZED VALUATION FOR CONSTITUENT MUNICIPALITIES

	2023 (2)			2022 (2)		
	<u>Equalized Value - Land and Improvements</u>	<u>Net Valuation on which County Taxes are Apportioned</u>	<u>Percentage (3)</u>	<u>Equalized Value - Land and Improvements</u>	<u>Net Valuation on which County Taxes are Apportioned</u>	<u>Percentage (3)</u>
Bridgeton	\$ 606,911,845	\$ 624,599,421	5.84%	\$ 565,436,656	\$ 582,148,436	6.17%
Commercial Twp.	279,303,730	280,738,728	2.62%	252,162,667	253,564,472	2.69%
Deerfield Twp.	241,786,069	243,712,325	2.28%	228,733,072	230,426,979	2.44%
Downe Twp.	151,758,063	153,008,351	1.43%	141,165,893	142,365,771	1.51%
Fairfield Twp.	319,379,734	320,839,999	3.00%	306,282,193	307,696,499	3.26%
Greenwich Twp.	81,950,787	82,913,870	0.77%	75,362,254	76,418,607	0.81%
Hopewell Twp.	378,212,703	380,027,189	3.55%	324,922,653	326,824,249	3.46%
Lawrence Twp.	247,594,522	249,695,801	2.33%	232,597,334	234,687,666	2.49%
Maurice Twp.	323,870,875	326,666,907	3.05%	298,383,970	301,069,582	3.19%
Millville	1,990,454,298	2,015,523,542	18.84%	1,749,197,217	1,771,147,140	18.76%
Shiloh Boro	38,640,220	38,926,925	0.36%	38,000,000	38,273,765	0.41%
Stow Creek Twp.	141,852,259	142,961,235	1.34%	122,190,509	123,344,160	1.31%
Upper Deerfield Twp.	808,445,413	814,608,728	7.61%	700,012,861	707,049,834	7.49%
Vineland	4,938,830,551	5,026,060,479	46.97%	4,263,725,655	4,344,605,653	46.03%
<b>Total</b>	<b>\$ 10,548,991,069</b>	<b>\$ 10,700,283,500</b>	<b>100.00%</b>	<b>\$ 9,298,172,934</b>	<b>\$ 9,439,622,813</b>	<b>100.00%</b>

- (1) The Local Health Service Tax became effective for the year 1978 and included all Municipalities in the County except Vineland. Rate is per \$100 of equalized value.
- (2) Sources: Equalization Table and Abstract of Ratables.
- (3) Represents portion of county taxes levied on constituent municipalities.

**COUNTY OF CUMBERLAND  
STATEMENT OF INDEBTEDNESS  
AS OF DECEMBER 31, 2022**

The following table summarizes the direct debt of the County as of December 31, 2022 in accordance with the requirements of the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-2- et. seq.). The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General, County College, Vocational School and Bonds Issued by Another Public Body. Deductions from gross debt to arrive at net debt include deductible Bonds issued and Bonds authorized but not issued-capital projects for county college debt and Bonds Issued by Another Public Body. The resulting net debt of \$93,661,798 represents 0.992% of the average of equalized valuations for the County for the last three years, which is within the 2.0% limit imposed by N.J.S.A. 40A:2-6.

	<u>Debt Issued</u> <u>Bonds</u>	Debt Auth. But Not <u>Issued</u>	Gross <u>Debt</u>	<u>Deduction</u> Reserves/Fund Balance County College/ <u>Guaranteed Debt</u>	Net <u>Debt</u>
General	\$40,320,000	\$27,822,455	\$68,142,455	\$14,152,958	\$53,989,498
County College	20,430,000		20,430,000	12,106,500	8,323,500
Vo-Tech High School	74,640,000		74,640,000	43,291,200	31,348,800
Bonds Issued by Another Public Body Guaranteed by the County		109,379,706	109,379,706	109,379,706	
	<u>\$135,390,000</u>	<u>\$137,202,161</u>	<u>\$272,592,161</u>	<u>\$178,930,364</u>	<u>\$93,661,798</u>

Source: County Annual Debt Statement

## DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements for 2020, 2021 and 2022	\$ 9,437,716,320
Statutory Net debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2020, 2021 and 2022	0.992%
2022 Net Valuation Taxable	\$ 8,441,494,955
2022 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$ 9,312,710,089
Gross Debt (2)	
As a percentage of 2022 Net Valuation Taxable	3.23%
As a percentage of 2022 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	2.93%
Net Debt (2)	
As a percentage of 2022 Net Valuation Taxable	1.11%
As a percentage of 2022 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	1.01%
Gross Debt Per Capita (3)	\$1,768
Net Debt Per Capita (3)	\$608

(1) As of December 31, 2022

(2) Excluding overlapping debt

(3) Based on the 2020 Census of 154,152

Source: Cumberland County

**COUNTY OF CUMBERLAND  
BORROWING CAPACITY**

Statutory Borrowing Capacity:	
2.0% of Average (2020-22) Equalized Valuation of Real Property including Improvements (\$9,437,716,320)	\$ 188,754,326
Net Debt	<u>93,661,798</u>
Remaining Borrowing Capacity Available Under N.J.S.A. 40A:2-6	<u><u>\$ 95,092,529</u></u>

**OVERLAPPING DEBT(1)**

Gross Debt of Constituent Municipalities	\$ 296,419,496
Municipal Utilities and Sewerage Authority Debt of Constituent Municipalities (2)	<u>26,337,888</u>
	<u><u>\$ 270,081,608</u></u>

**SCHEDULE OF MUNICIPAL UTILITY AND SEWERAGE AUTHORITY DEBT  
OF CONSTITUENT MUNICIPALITIES(1)**

Landis Sewerage Authority (Vineland) (2)	\$ 23,343,653
Cumberland County Utilities Authority (2)	<u>2,994,235</u>
	<u><u>\$ 26,337,888</u></u>

(1) As of December 31, 2022

(2) Source Authority Auditor, as of December 31, 2022 (unaudited)

**SCHEDULE OF COUNTY DEBT SERVICE  
(BONDED DEBT ONLY) (1)**

Year	<u>GENERAL</u>	<u>COLLEGE</u>	<u>Vo-TECH</u>	<u>TOTAL PRINCIPAL</u>	<u>TOTAL INTEREST</u>	<u>TOTAL PRINCIPAL AND INTEREST</u>
2023	\$ 7,135,000	\$ 2,550,000	\$ 3,185,000	\$ 12,870,000	\$ 4,693,436	\$ 17,563,436
2024	6,650,000	2,575,000	3,310,000	12,535,000	4,123,403	16,658,403
2025	6,315,000	2,115,000	3,455,000	11,885,000	3,581,563	15,466,563
2026	6,065,000	2,025,000	3,610,000	11,700,000	3,118,755	14,818,755
2027	4,305,000	2,315,000	3,770,000	10,390,000	2,688,340	13,078,340
2028	2,045,000	1,030,000	3,865,000	6,940,000	2,428,946	9,368,946
2029	2,130,000	1,030,000	3,965,000	7,125,000	2,224,514	9,349,514
2030	2,130,000	1,030,000	4,090,000	7,250,000	1,992,739	9,242,739
2031	2,130,000	785,000	4,215,000	7,130,000	1,771,929	8,901,929
2032	940,000	545,000	4,345,000	5,830,000	1,580,381	7,410,381
2033		545,000	4,480,000	5,025,000	1,418,597	6,443,597
2034		545,000	4,450,000	4,995,000	1,280,696	6,275,696
2035		545,000	4,500,000	5,045,000	1,107,246	6,152,246
2036		545,000	4,460,000	5,005,000	954,966	5,959,966
2037		545,000	4,440,000	4,985,000	786,519	5,771,519
2038		545,000	4,395,000	4,940,000	618,244	5,558,244
2039		545,000	4,380,000	4,925,000	450,169	5,375,169
2040		545,000	1,125,000	1,670,000	281,231	1,951,231
2041		545,000	1,150,000	1,695,000	209,066	1,904,066
2042			1,150,000	1,150,000	143,750	1,293,750
2043			1,150,000	1,150,000	86,250	1,236,250
2044			1,150,000	1,150,000	28,750	1,178,750
	<u>\$ 39,845,000</u>	<u>\$ 20,905,000</u>	<u>\$ 74,640,000</u>	<u>\$135,390,000</u>	<u>\$35,569,488</u>	<u>\$170,959,488</u>

(1) As of December 31, 2022

Source: County



**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS OF THE COUNTY OF CUMBERLAND, FOR THE  
YEARS ENDED DECEMBER 31, 2022, 2021, 2020, 2019 AND 2018**

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Director and  
Members of the Board of County Commissioners  
County of Cumberland  
Bridgeton, New Jersey 08302

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the County of Cumberland, State of New Jersey, as of December 31, 2022, 2021, 2020, 2019 and 2018, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### ***Unmodified Opinions on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the County of Cumberland, State of New Jersey, as of December 31, 2022, 2021, 2020, 2019 and 2018, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with 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 County of Cumberland, State of New Jersey, as of December 31, 2022, 2021, 2020, 2019 and 2018, or the results of its operations and changes in fund balance for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions on Regulatory Basis of Accounting***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and in compliance with audit requirements as prescribed by 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 County 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 opinions.

### ***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 County on the basis of the financial reporting provisions of 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.

### ***Emphasis of Matter***

#### ***Change in Accounting Principle***

As discussed in note 1 to the financial statements, during the year ended December 31, 2022, the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The adoption of this new accounting principle resulted in material note disclosure. As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this Statement only required financial statement disclosures. Our opinions are not modified with respect to this matter.

#### ***Consistency of Financial Statements***

Because of the implementation of GASB Statement No. 87, the County has determined that certain disclosures relating to capital leases in the prior year are now disclosed as financed purchases (note 21). In addition, the County has determined that lease agreements in the prior year formerly disclosed as operating leases have now been disclosed in accordance with the Statement (note 11). Our opinions are not modified with respect to these matters.

### ***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 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 County'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 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 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.

**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, 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 County'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 County'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.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Carol A McAllister*

Carol A McAllister  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
August 2, 2023

**COUNTY OF CUMBERLAND - CURRENT FUND**  
**Statements of Assets, Liabilities, Reserves and**  
**Fund Balance -- Regulatory Basis**

	As of December 31,				
	2022	2021	2020	2019	2018
<b>Assets</b>					
Regular Fund:					
Cash	\$ 42,329,042	\$ 43,135,759	\$ 45,058,510	\$ 38,963,926	\$ 34,846,836
Accounts Receivable - State Elections Reimbursement	144,382				
Accounts Receivable - NJ Office on Aging Subsidy		58,000			
Accounts Receivable - Grants			1,128,189		
Total Receivables without Reserves	144,382	58,000	1,128,189		
Shared Service Receivable					
East Point Lighthouse					12,011
Receivables with Full Reserves:					
Commodity Billing Receivable--Gasoline	61,003	33,700	23,231	42,150	33,857
Added and Omitted Taxes	449,540	784,011	461,139	455,500	294,258
Due from Improvement Authority		53,300			
Due Federal and State Grant Fund	3,198,027	3,142,464	2,853,853	2,795,729	2,469,960
Due General Capital Fund					4,974
Revenue Accounts Receivable	158,481	178,642	194,160	127,658	121,792
Total Receivables with Full Reserves	3,867,051	4,192,118	3,532,383	3,421,037	2,924,841
Total Assets	\$ 46,340,475	\$ 47,385,877	\$ 49,719,082	\$ 42,384,963	\$ 37,783,688
<b>Liabilities, Reserves and Fund Balance</b>					
Regular Fund:					
Liabilities					
Appropriation Reserves	\$ 5,127,082	\$ 8,794,579	\$ 11,771,186	\$ 9,940,831	\$ 7,712,480
Reserve for Encumbrances	8,454,881	3,439,350	3,191,287	2,370,918	3,632,587
Reserve for Encumbrances COVID-19			1,640,348		
Accounts Payable	900,879	716,061	286,020	284,235	350,073
Due to State of New Jersey, School Debt Aid	126,084	126,084			
East Point Lighthouse					12,011
Other Liabilities and Special Funds	2,774,156	2,907,765	3,938,435	2,623,780	2,740,512
Total Liabilities	17,383,082	15,983,839	20,827,276	15,219,764	14,447,663
Reserve for Receivables	3,867,051	4,192,118	3,532,383	3,421,037	2,924,841
Fund Balance	25,090,342	27,209,920	25,359,422	23,744,162	20,411,184
Total Regular Fund	\$ 46,340,475	\$ 47,385,877	\$ 49,719,082	\$ 42,384,963	\$ 37,783,688

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

**COUNTY OF CUMBERLAND - CURRENT FUND**  
**Statements of Operations and Changes**  
**in Fund Balance -- Regulatory Basis**

	<b>For the Years Ended December 31,</b>				
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>Revenue Realized:</b>					
Current Tax Collections	\$ 103,700,000	\$ 101,485,000	\$ 101,485,000	\$ 99,485,000	\$ 97,335,000
Miscellaneous Revenues:					
State and Federal Programs	62,942,961	85,169,576	65,573,473	52,201,227	57,854,324
Other	26,746,146	28,317,888	27,214,162	27,245,514	24,873,705
Other Income	8,425,228	10,859,386	9,163,364	8,485,021	5,563,293
Fund Balance Utilized	12,000,000	10,500,000	7,500,000	6,400,000	5,680,000
<b>Total Income</b>	<b>213,814,335</b>	<b>236,331,849</b>	<b>210,935,999</b>	<b>193,816,762</b>	<b>191,306,322</b>
<b>Expenditures and Encumbrances:</b>					
Operating	117,627,827	138,566,433	136,346,217	134,874,307	132,626,169
Operating-State and Federal Programs	64,444,539	64,495,963	44,868,741	31,327,079	35,203,547
Capital Improvement Fund	260,000	400,000	400,000	385,000	400,000
Other Capital Projects					155,000
Debt Service	21,546,981	20,166,575	20,166,575	17,168,311	16,095,652
Deferred Charges and Statutory Expenditures	25,001				17,296
Other Expenditures	29,565	352,380	39,206	329,087	260,265
<b>Total Expenditures and Encumbrances</b>	<b>203,933,913</b>	<b>223,981,351</b>	<b>201,820,739</b>	<b>184,083,784</b>	<b>184,757,929</b>
Statutory Excess to Fund Balance	9,880,422	12,350,498	9,115,260	9,732,978	6,548,393
Fund Balance, January 1	27,209,920	25,359,422	23,744,162	20,411,184	19,542,791
	37,090,342	37,709,920	32,859,422	30,144,162	26,091,184
Decreased by:					
Utilized by Revenue	12,000,000	10,500,000	7,500,000	6,400,000	5,680,000
Fund Balance, December 31	<b>\$ 25,090,342</b>	<b>\$ 27,209,920</b>	<b>\$ 25,359,422</b>	<b>\$ 23,744,162</b>	<b>\$ 20,411,184</b>

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

**COUNTY OF CUMBERLAND - FEDERAL, STATE AND OTHER GRANT FUND**  
**Statements of Assets, Liabilities, Reserves and**  
**Fund Balance -- Regulatory Basis**

	<b>As of December 31,</b>				
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
<b><u>Assets</u></b>					
Federal, State and Other Grant Fund:					
Cash and Investments	\$ 30,085,593	\$ 18,146,298	\$ 7,530,053	\$ 88,095	\$ 4,501,237
Cash--Division of Social Services	16,925,035	15,060,123	12,663,733	9,708,849	8,605,032
Federal and State Grants Receivable	69,003,064	73,381,470	50,574,976	42,338,760	39,744,218
	<u>\$ 116,013,692</u>	<u>\$ 106,587,890</u>	<u>\$ 70,768,762</u>	<u>\$ 52,135,704</u>	<u>\$ 52,850,487</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>					
Federal, State and Other Grant Fund:					
Due to Current Fund	\$ 3,198,027	\$ 3,142,464	\$ 2,853,853	\$ 2,795,729	\$ 2,469,960
Unappropriated Reserves	260,463	132,837	104,815	169,340	248,534
Appropriated Reserves	65,718,101	63,693,137	43,852,370	28,945,141	30,485,540
Reserve for Encumbrances	29,912,066	24,559,330	11,293,990	10,516,645	11,041,420
Division of Social Services:					
Due State of New Jersey--					
Temporary Assistance to Needy Families (TANF)	32,935	32,448	7,857	9,281	8,424
Child Support	7,620	6,840	9,103	7,161	9,111
Accounts Payable	1,072,585	425,187	395,771	410,408	380,990
Payroll Liabilities					87,119
Advance Payable--Reach	55,000	55,000	55,000	55,000	55,000
Unemployment Trust Fund	461,841	461,813	461,832	461,936	461,936
Appropriated Grant Reserves	6,940,465	6,110,827	5,102,556	3,942,055	3,406,065
Reserve for Clearing Fund	48,318	43,389	42,735	55,728	19,822
Reserve for Child Support and Paternity Fund	218,747	140,183	236,434	135,421	119,785
Restricted Reach Account	(360)	(24)	(14)	2,605	(1,261)
Restricted Fund Balance	8,087,884	7,784,460	6,352,460	4,629,254	4,058,042
	<u>\$ 116,013,692</u>	<u>\$ 106,587,890</u>	<u>\$ 70,768,762</u>	<u>\$ 52,135,704</u>	<u>\$ 52,850,487</u>

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

**COUNTY OF CUMBERLAND - TRUST FUND**  
**Statements of Assets, Liabilities and Reserves--**  
**Regulatory Basis**

	<b>As of December 31,</b>				
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
<b><u>Assets</u></b>					
Trust Fund:					
Cash	\$ 10,295,330	\$ 10,638,190	\$ 10,492,029	\$ 11,321,132	\$ 10,560,254
	10,295,330	10,638,190	10,492,029	11,321,132	10,560,254
County Open Space Fund:					
Cash	1,310,728	384,591	641,784	1,056,391	458,811
Due NJ DEP - Green Acres					
	1,310,728	384,591	641,784	1,056,391	458,811
Audio-Visual Aid Fund:					
Cash					21,275
	\$ 11,606,058	\$ 11,022,781	\$ 11,133,813	\$ 12,377,523	\$ 11,040,340
<b><u>Liabilities and Reserves</u></b>					
Trust Fund:					
Encumbrances	\$ 552,773	\$ 676,316	\$ 584,113	\$ 553,944	\$ 565,342
Reserve for Payroll Payables	18,349	16,822	19,237	18,162	14,738
Trust Fund Reserves	8,102,351	8,203,017	8,080,926	8,949,834	8,280,417
County Clerk	373,145	384,507	438,690	485,770	536,235
Reserve for County Prosecutor's Law Enforcement					
Trust Account	726,102	670,953	681,411	755,898	605,482
Reserve for County Prosecutor's Seized Asset					
Trust Account	424,338	589,365	592,879	448,557	433,752
Reserve for Motor Vehicle Theft	1,447	1,440	1,437	1,434	1,431
Reserve for Federal Law Enforcement Trust Account	79,110	80,026	78,799	94,936	111,318
Reserve for County Prosecutor's Asset					
Maintenance Account	17,715	15,744	14,537	12,597	11,539
	10,295,330	10,638,190	10,492,029	11,321,132	10,560,254
County Open Space Fund:					
Reserve for Farmland Preservation	1,310,728	384,591	641,784	1,056,391	458,811
Due NJ DEP - Green Acres					
	1,310,728	384,591	641,784	1,056,391	458,811
Audio-Visual Aid Fund:					
Reserve for Audio-Visual Aid Commission					
Expenditures					21,275
	\$ 11,606,058	\$ 11,022,781	\$ 11,133,813	\$ 12,377,523	\$ 11,040,340

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



**COUNTY OF CUMBERLAND - GENERAL CAPITAL FUND**  
**Statements of Assets, Liabilities, Reserves and**  
**Fund Balance -- Regulatory Basis**

	As of December 31,				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u> <u>(Restated)</u>	<u>2018</u>
<b>Assets</b>					
Cash and Investments	\$ 19,138,107	\$ 21,236,200	\$ 31,248,447	\$ 36,284,412	\$ 18,563,262
Due Current Fund					
Grant Receivable	2,000,000	2,000,000			
Deferred Charges to Future Taxation:					
Funded	135,390,000	135,275,000	131,718,084	138,026,410	128,336,443
Unfunded	27,822,455	32,845,464	35,112,917	18,178,238	33,665,000
Accounts Receivable for the Repayment of Debt	13,955,464	13,995,464	15,141,000		
Amount to be Provided for Retirement of Obligations Under Capital Lease	63,070,000	63,740,000	64,380,000	64,990,000	
	<u>\$ 261,376,026</u>	<u>\$ 269,092,127</u>	<u>\$ 277,600,448</u>	<u>\$ 257,479,060</u>	<u>\$ 180,564,705</u>
<b>Liabilities, Reserves and Fund Balance</b>					
Reserve for Encumbrances	\$ 12,511,925	\$ 6,245,660	\$ 3,045,023	\$ 2,446,815	\$ 2,124,232
Bond Anticipation Notes		8,305,000	20,440,000	13,060,000	6,365,000
General Serial Bonds	60,750,000	57,560,000	50,515,000	60,130,000	69,555,000
Obligations Under Financed Purchases	63,070,000	63,740,000	64,380,000	64,990,000	
Obligations Under Capital Loan Agreement	74,640,000	77,715,000	80,685,000	77,855,000	58,670,000
State Agency Loans Payable			518,084	41,410	111,443
Improvement Authorizations:					
Funded	10,078,462	11,535,990	14,797,452	22,640,991	8,452,165
Unfunded	25,876,529	28,403,798	24,854,453	12,765,136	31,758,934
Due Current Fund					4,974
Capital Improvement Fund	310,622	370,622	375,622	295,622	265,622
Reserve for Payment of Debt	14,138,488	15,216,057	17,989,815	3,254,086	3,257,335
	<u>\$ 261,376,026</u>	<u>\$ 269,092,127</u>	<u>\$ 277,600,448</u>	<u>\$ 257,479,060</u>	<u>\$ 180,564,705</u>

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

**COUNTY OF CUMBERLAND**  
Notes to Financial Statements  
For the Year Ended December 31, 2022

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Financial Reporting Entity** - The County of Cumberland, New Jersey (the "County"), formerly part of Salem County, New Jersey was established in 1748. The County, approximately 500 square miles in area, is in the southwestern corner of the State of New Jersey and has over 40 miles of Delaware Bay coastline. The Counties of Salem, Gloucester, Atlantic and Cape May border the County on, respectively, the northwest, north, northeast and southeast, with the Delaware Bay forming the southern border of the County. The population of the County, according to the 2020 census, was 154,152.

The County operates under the commissioner form of government. The Board of County Commissioners of the County (the "Board") consists of seven Commissioner members elected at-large for three-year terms on a staggered basis. Each year, the Board elects one of the Commissioners to serve as Commissioner Director. The Commissioner Director appoints Commissioners to be in charge of various committees. The Board, operating through the committee system, is charged with both executive and legislative responsibilities for: (i) formulating policies; (ii) developing new programs; (iii) appointing members of the various County commissions, authorities and boards; (iv) approving the County's operating and capital budgets; and (v) appropriating the funds required to maintain County services.

The County Administrator, appointed by the Board, oversees the daily governmental operations of the County. Each major department is headed by an administrator who acts as liaison to the Commissioner overseeing such department's operations. Financial matters are under the supervision of the County's Chief Financial Officer, who is appointed by the Board.

**Component Units** - The financial statements of the component units of the County are not presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended. If the provisions of the aforementioned GASB Statement, as amended had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the County, the primary government:

Cumberland County Board of Health  
309 Buck Street  
Millville, New Jersey 08332

Cumberland County Library  
800 East Commerce Street  
Bridgeton, New Jersey 08302

Cumberland County Improvement Authority  
745 Lebanon Road  
Millville, New Jersey 08332

Cumberland County Technical Education Center  
3400 College Drive  
Vineland, New Jersey 08360

Cumberland County Insurance Commission  
164 West Broad Street  
Bridgeton, New Jersey 08302

Annual financial reports may be inspected directly at the offices of these component units during regular business hours.

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation** - The financial statements of the County contain all funds and account groups in accordance with the *Requirements of Audit* (the "*Requirements*") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

In accordance with the *Requirements*, the County accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

**Current Fund** - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

**Trust Funds** - The various trust funds account for receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

**General Capital Fund** - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

**Federal, State and Other Grant Fund** - The federal, state, and other grant fund accounts for resources and expenditures restricted by various outside agencies.

**General Fixed Asset Group of Accounts** - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

**Budgets and Budgetary Accounting** - The County must adopt an annual budget for its current fund and its county farmland and open space preservation fund in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than January 26 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the County's financial statements.

**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 on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

New Jersey municipal 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.

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

**Interfunds** - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the current fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

**Inventories of Supplies** - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

**General Fixed Assets** - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The County has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The County is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the County's basic financial statements.

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

**General Fixed Assets (Cont'd)** - The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

**Deferred Charges** - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

**Fund Balance** - Fund balances included in the current fund and federal, state and other grant fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

**Revenues** - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the County's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the County's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the County which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

**County Taxes** - Every municipality in the county is responsible for levying, collecting, and remitting county taxes for the County of Cumberland. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations for every municipality is charged the amount due to the County for the year, based upon the ratables certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

**Expenditures** - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal and interest payments on outstanding general capital bonds, loans and notes are provided on the cash basis.

**Appropriation Reserves** - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as income.

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

**Long-Term Debt** - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital fund. Where an improvement is a "local Improvement", i.e., assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

**Compensated Absences and Postemployment Benefits** - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

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

The County implemented the following GASB Statement for the year ended December 31, 2022:

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 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to measure and disclose a lease liability and a lessor is required to measure and disclose a lease receivable; thereby enhancing the relevance and consistency of information about governments' leasing activities. As a result of the regulatory basis of accounting previously described in note 1, the implementation of this Statement only required financial statement disclosures. There exists no impact on the financial statements of the County.

Because of the implementation of GASB Statement No. 87, the County has determined that certain disclosures relating to capital leases in the prior year are now disclosed as financed purchase obligations (note 21).

In addition, the County has determined that lease agreements in the prior year formerly disclosed as operating leases are now disclosed in accordance with the Statement (note 11).

**Recently Issued Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued the following statements that have effective dates that may affect future financial presentations:

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 County's year ending December 31, 2023. As a result of the regulatory basis of accounting previously described in note 1, this Statement will have no impact on the financial statements of the County, however management is currently evaluating whether or not this Statement will have an impact on the financial statement disclosures of the County.

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

Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement will become effective for the County in the year ending December 31, 2024. As a result of the regulatory basis of accounting previously described in note 1, this Statement will have no impact on the financial statements of the County, however management is currently evaluating whether or not this Statement will have an impact on the financial statement disclosures of the County.

**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 County's deposits might not be recovered. Although the County 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 municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2022, the County's entire bank balance of \$120,251,701.19 was insured by FDIC and GUDPA.

**Note 3: INVESTMENTS**

New Jersey municipal units 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 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 districts of which the local unit is a part or within which the school district is located; bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, 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. The County has no investment policy that would further limit its investment choices.

**Note 3: INVESTMENTS (CONT'D)**

**Custodial Credit Risk Related to Investments** - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party if the counterparty to the transactions fails. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the County has no investment policy to limit its exposure to custodial credit risk. As of December 31, 2022, all of the County's investments were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent, but not in the County's name.

As of December 31, 2022, the County had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value Hierarchy Level *</u>	<u>Credit Rating</u>	<u>Cost</u>	<u>Fair Value</u>
U.S. Government Asset Backed/CMO Securities	5/20/2040	Level 1	AAA	\$ 22,870.77	\$ 15,396.55
U.S. Government Asset Backed/CMO Securities	2/20/2041	Level 1	AAA	34,984.21	27,865.15
U.S. Treasury Notes	12/31/2023	Level 1	AAA	148,729.06	146,304.00
U.S. Treasury Notes	4/30/2024	Level 1	AAA	292,263.71	291,468.00
U.S. Treasury Notes	8/15/2024	Level 1	AAA	170,471.58	164,022.80
U.S. Treasury Notes	8/31/2024	Level 1	AAA	197,561.35	195,828.00
U.S. Treasury Notes	9/15/2025	Level 1	AAA	220,983.18	220,500.00
U.S. Treasury Notes	8/15/2026	Level 1	AAA	150,860.23	136,722.00
Total				<u>\$ 1,238,724.09</u>	<u>\$ 1,198,106.50</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 County 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 obligation. 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 County has no investment policy that would further limit its exposure to credit risk. As of December 31, 2022, the County's investments were designated an AAA credit rating.

**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. 18A:20-37, the County's investment policies place no limit on the amount the County may invest in any one issuer. As of December 31, 2022, more than 95.33% of the County's investments were in U.S. Treasury Notes.



**Note 4: PROPERTY TAXES**

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years:

**Comparative Tax Information**

<u>Year</u>	<u>Net Valuation on which County Taxes are Apportioned</u>	<u>Board of Health Tax Rate</u>	<u>Farmland Preservation Tax Rate</u>	<u>County Tax Rate</u>
2022	\$ 9,439,622,813.00	\$ 0.0591	\$ 0.0100	\$ 1.1016
2021	8,739,097,194.00	0.0606	0.0100	1.1660
2020	8,683,101,433.00	0.0580	0.0100	1.1731
2019	8,819,168,622.00	0.0530	0.0100	1.1356
2018	8,823,433,400.00	0.0529	0.0100	1.1151

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2022	\$ 103,700,000.00	\$ 103,700,000.00	100.00%
2021	101,485,000.00	101,485,000.00	100.00%
2020	101,485,000.00	101,485,000.00	100.00%
2019	99,485,000.00	99,485,000.00	100.00%
2018	97,335,000.00	97,335,000.00	100.00%

**Note 5: FUND BALANCES APPROPRIATED**

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

**Current Fund**

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2022	\$ 25,090,341.62	\$ 12,500,000.00	49.82%
2021	27,209,920.40	12,000,000.00	44.10%
2020	25,359,422.40	10,500,000.00	41.40%
2019	23,744,161.99	7,500,000.00	31.59%
2018	20,411,184.13	6,400,000.00	31.36%

**Note 6: INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2022:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 3,198,026.86	
Federal, State and Other Grant		\$ 3,198,026.86
	<u>\$ 3,198,026.86</u>	<u>\$ 3,198,026.86</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2023, the County expects to liquidate such interfunds, depending upon the availability of cash flow.

**Note 7: PENSION PLANS**

In May of 2023, the New Jersey Division of Local Government Services issued Local Finance Notice 2023-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension's reporting on GASBS No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*. As of the date of this report, the information for the measurement period ended June 30, 2022 for both plans was not available; therefore, the information from the measurement period June 30, 2021 is disclosed below.

A substantial number of the County's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, several County employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Empower (formerly 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 and PFRS 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 County, 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.

**Note 7: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

**Police and Firemen's Retirement System** - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan, which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the County. The PFRS' Board of Trustees is primarily responsible for the administration of the PFRS.

**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 P.L. 2007, c. 92 and P.L. 2007, c. 103, and expanded under the provisions of P.L. 2008, c. 89 and P.L. 2010, c. 1. 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 ten years of service.

The following represents the membership tiers for PERS:

**Tier Definition**

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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

**Note 7: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

**Police and Firemen's Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

**Tier Definition**

- 1 Members who were enrolled prior to May 22, 2010
- 2 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 3 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

**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.

*Special Funding Situation Component* - Under N.J.S.A. 43:15A, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001. This legislation established the Prosecutors Part of the PERS which provides enhanced retirement benefits for Prosecutors enrolled in the PERS. The State is liable for the increased pension costs to a County that resulted from the enrollment of Prosecutors in the Prosecutors Part. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

**Note 7: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

**Public Employees' Retirement System (Cont'd)** - The County's contractually required contribution rate for the year ended December 31, 2021 was 16.80% of the County'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.

Based on the most recent PERS measurement date of June 30, 2021, the County's contractually required contribution to the pension plan for the year ended December 31, 2021 is \$5,522,578.00 and is payable by April 1, 2022. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2020, the County's contractually required contribution to the pension plan for the year ended December 31, 2020 was \$5,173,939.00, which was paid on April 1, 2021.

Employee contributions to the Plan for the year ended December 31, 2021 were \$2,530,727.42.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the County, for the year ended December 31, 2021 was 0.75% of the County's covered payroll.

Based on the most recent PERS measurement date of June 30, 2021, the State's contractually required contribution, on-behalf of the County, to the pension plan for the year ended December 31, 2021 was \$246,065.00, and is payable by April 1, 2022. For the prior year measurement date of June 30, 2020, the State's contractually required contribution, on-behalf of the County, to the pension plan for the year ended December 31, 2020 was \$151,943.00, which was paid on April 1, 2021.

**Police and Firemen's Retirement System** - The contribution policy for PFRS is set by N.J.S.A 43:16A 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 10.0% of base salary. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

*Special Funding Situation Component* - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The County's contractually required contribution rate for the year ended December 31, 2021 was 39.76% of the County'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, with an additional amount to finance any unfunded accrued liability.

**Note 7: PENSION PLANS (CONT'D)**

**General Information about the Pension Plans (Cont'd)**

**Contributions (Cont'd)**

**Police and Firemen's Retirement System (Cont'd)** - Based on the most recent PFRS measurement date of June 30, 2021, the County's contractually required contribution to the pension plan for the year ended December 31, 2021 is \$4,472,831.00, and is payable by April 1, 2022. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2020, the County's contractually required contribution to the pension plan for the year ended December 31, 2020 was \$4,282,295.00, which was paid on April 1, 2021.

Employee contributions to the Plan for the year ended December 31, 2021 were \$1,130,558.00.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the County, for the year ended December 31, 2021 was 6.09% of the County's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2021 the State's contractually required contribution, on-behalf of the County, to the pension plan for the year ended December 31, 2021 was \$685,344.00, and is payable by April 1, 2022. For the prior year measurement date of June 30, 2020, the State's contractually required contribution, on-behalf of the County, to the pension plan for the year ended December 31, 2020 was \$591,492.00, which was paid on April 1, 2021.

**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 County contributes 3% of the employees' base salary, for each pay period.

For the year ended December 31, 2022, employee contributions totaled \$126,489.44, and the County's contributions were \$57,312.34. There were no forfeitures during the year.

**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Public Employees' Retirement System**

**Pension Liability** - At December 31, 2021, the County's and State of New Jersey's proportionate share of the PERS net pension liability were as follows:

County's Proportionate Share of Net Pension Liability	\$ 55,863,984.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the County	2,375,707.00
	<u>\$ 58,239,691.00</u>

**Note 7: 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)**

**Pension Liability (Cont'd)** - 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 County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2021 measurement date, the County's proportion was .4715653341%, which was a decrease of .0013941818% from its proportion measured as of June 30, 2020. Likewise, at June 30, 2021, the State of New Jersey's proportion, on-behalf of the County, was 1.8812462537%, which was an increase of .0094015863 from its proportion, on-behalf of the County, measured as of June 30, 2020.

**Pension (Benefit) Expense** - For the year ended December 31, 2021, the County's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2021 measurement date was (\$7,672,975.00). This (benefit) expense is not recognized by the County because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2021, the County's contribution to PERS was \$5,173,939.00, and was paid on April 1, 2021.

For the year ended December 31, 2021, the State's proportionate share of the PERS pension (benefit) expense, associated with the County, calculated by the Plan as of the June 30, 2021 measurement date, was \$209,421.00. This on-behalf (benefit) expense is not recognized by the County because of the regulatory basis of accounting as described in note 1.

**Police and Firemen's Retirement System**

**Pension Liability** - As of December 31, 2021, the County's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

County's Proportionate Share of Net Pension Liability	\$ 28,051,139.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the County	<u>7,889,378.00</u>
	<u>\$ 35,940,517.00</u>

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 County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2021 measurement date, the County's proportion was .3837810344%, which was an increase of .0004650013% from its proportion measured as of June 30, 2020. Likewise, at June 30, 2021, the State of New Jersey's proportion, on-behalf of the County, was .3837806660%, which was an increase of .0004646329% from its proportion, on-behalf of the County, measured as of June 30, 2020.

**Note 7: PENSION PLANS (CONT'D)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Police and Firemen's Retirement System (Cont'd)**

**Pension (Benefit) Expense** - For the year ended December 31, 2021, the County's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2021 measurement date was (\$4,234,227.00). This (benefit) expense is not recognized by the County because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2021, the County's contribution to PFRS was \$4,282,295.00, and was paid on April 1, 2021.

For the year ended December 31, 2021, the State's proportionate share of the PFRS pension (benefit) expense, associated with the County, calculated by the Plan as of the June 30, 2021 measurement date, was \$878,646.00. This on-behalf (benefit) expense is not recognized by the County because of the regulatory basis of accounting as described in note 1.

**Deferred Outflows of Resources and Deferred Inflows of Resources** - As of December 31, 2021, the County had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 881,046.00	\$ 320,030.00	\$ 1,201,076.00	\$ 399,921.00	\$ 3,360,237.00	\$ 3,760,158.00
Changes of Assumptions	290,939.00	149,263.00	440,202.00	19,887,940.00	8,406,798.00	28,294,738.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	14,716,041.00	11,953,503.00	26,669,544.00
Changes in Proportion and Differences between County Contributions and Proportionate Share of Contributions	3,114,978.00	684,570.00	3,799,548.00	2,338,011.00	2,273,169.00	4,611,180.00
County Contributions Subsequent to the Measurement Date	2,761,289.00	2,236,416.00	4,997,705.00	-	-	-
	<u>\$ 7,048,252.00</u>	<u>\$ 3,390,279.00</u>	<u>\$ 10,438,531.00</u>	<u>\$ 37,341,913.00</u>	<u>\$ 25,993,707.00</u>	<u>\$ 63,335,620.00</u>



**Note 7: PENSION PLANS (CONT'D)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)** - Deferred outflows of resources in the amounts of \$2,761,289.00 and \$2,236,416.00 for PERS and PFRS, respectively, will be included as a reduction of the net pension liability during the year ending December 31, 2022. These amounts were based on an estimated April 1, 2023 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2021 to the County's year end of December 31, 2021.

The County will amortize the other deferred outflows of resources and deferred inflows of resources related to pensions over the following number of years:

	PERS		PFRS	
	<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				
Year of Pension Plan Deferral:				
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
June 30, 2018	-	5.63	5.73	-
June 30, 2019	5.21	-	-	5.92
June 30, 2020	5.16	-	5.90	-
June 30, 2021	-	5.13	-	6.17
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2016	5.57	-	5.58	-
June 30, 2017	-	5.48	-	5.59
June 30, 2018	-	5.63	-	5.73
June 30, 2019	-	5.21	-	5.92
June 30, 2020	-	5.16	-	5.90
June 30, 2021	5.13	-	6.17	-
Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2017	-	5.00	-	5.00
June 30, 2018	-	5.00	-	5.00
June 30, 2019	-	5.00	-	5.00
June 30, 2020	-	5.00	-	5.00
June 30, 2021	-	5.00	-	5.00
Changes in Proportion				
Year of Pension Plan Deferral:				
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59
June 30, 2018	5.63	5.63	5.73	5.73
June 30, 2019	5.21	5.21	5.92	5.92
June 30, 2020	5.16	5.16	5.90	5.90
June 30, 2021	5.13	5.13	6.17	6.17

**Note 7: PENSION PLANS (CONT'D)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)** - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

<b>Year Ending Dec 31,</b>	<b><u>PERS</u></b>	<b><u>PFRS</u></b>	<b><u>Total</u></b>
2022	\$(12,972,431.00)	\$ (8,094,346.00)	\$(21,066,777.00)
2023	(8,843,010.00)	(5,918,445.00)	(14,761,455.00)
2024	(6,330,839.00)	(5,134,431.00)	(11,465,270.00)
2025	(4,898,482.00)	(5,008,557.00)	(9,907,039.00)
2026	(10,188.00)	(584,676.00)	(594,864.00)
Thereafter	-	(99,389.00)	(99,389.00)
	<u>\$(33,054,950.00)</u>	<u>\$(24,839,844.00)</u>	<u>\$(57,894,794.00)</u>

**Actuarial Assumptions**

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. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<b><u>PERS</u></b>	<b><u>PFRS</u></b>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases: <sup>(1)</sup>		
Through 2026	2.00% - 6.00%	
Thereafter	3.00% - 7.00%	
Through All Future Years		3.25% - 15.25%
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, 2013 - June 30, 2018

<sup>(1)</sup> based on years of service

**Note 7: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)****Public Employees' Retirement System**

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.

**Police and Firemen's Retirement System**

Pre-retirement mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

For both PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2021) 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' and PFRS' target asset allocation as of June 30, 2021 are summarized in the table that follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	<u>100.00%</u>	

**Note 7: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)****Discount Rate -**

**Public Employees' Retirement System** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 2.16% as of the June 30, 2021 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 and the nonemployer contributing entity would 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 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.

**Police and Firemen's Retirement System** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 2.16% as of June 30, 2021 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 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 to determine the total pension liability.

**Note 7: PENSION PLANS (CONT'D)****Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

**Public Employees' Retirement System (PERS)** - As previously mentioned, PERS has a special funding situation, where the State of New Jersey pays a portion of the County's annual required contribution. As such, the net pension liability as of the June 30, 2021 measurement date, for the County and the State of New Jersey, calculated using a discount rate of 7.00%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
County's Proportionate Share of the Net Pension Liability	\$ 76,075,417.00	\$ 55,863,983.00	\$ 38,711,717.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the County	3,235,232.00	2,375,707.00	1,646,279.00
	<u>\$ 79,310,649.00</u>	<u>\$ 58,239,690.00</u>	<u>\$ 40,357,996.00</u>

**Police and Firemen's Retirement System (PFRS)** - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the County's annual required contribution. As such, the net pension liability as of the June 30, 2021 measurement date, for the County and the State of New Jersey, calculated using a discount rate of 7.00%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
County's Proportionate Share of the Net Pension Liability	\$ 42,594,777.00	\$ 28,051,139.00	\$ 15,945,131.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the County	11,979,773.00	7,889,377.00	4,484,565.00
	<u>\$ 54,574,550.00</u>	<u>\$ 35,940,516.00</u>	<u>\$ 20,429,696.00</u>

**Pension Plan Fiduciary Net Position**

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 PFRS and additions to/deductions from PERS and PFRS' respective fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. 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 7: PENSION PLANS (CONT'D)****Supplementary Pension Information**

In accordance with GASBS 68, the following information is also presented for the PERS and PFRS pension plans. These schedules are presented to illustrate the requirements 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.

***Schedule of the Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Nine Plan Years)***

	<u>Measurement Date Ended June 30,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's Proportion of the Net Pension Liability	0.4715653341%	0.4729595159%	0.4686606494%	0.4613902175%	0.4521746847%
County's Proportionate Share of the Net Pension Liability	\$ 55,863,984.00	\$ 77,127,328.00	\$ 84,445,539.00	\$ 90,845,431.00	\$105,259,038.00
State's Proportionate Share of the Net Pension Liability associated with the County	<u>2,375,707.00</u>	<u>2,400,296.00</u>	<u>2,257,592.00</u>	<u>-</u>	<u>-</u>
	<u>\$ 58,239,691.00</u>	<u>\$ 79,527,624.00</u>	<u>\$ 86,703,131.00</u>	<u>\$ 90,845,431.00</u>	<u>\$105,259,038.00</u>
County's Covered Payroll (Plan Measurement Period)	\$ 34,190,636.00	\$ 33,779,646.00	\$ 32,709,900.00	\$ 32,209,724.00	\$ 31,175,573.00
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	170.34%	235.43%	265.07%	282.04%	337.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.33%	58.32%	56.27%	53.60%	48.10%
	<u>Measurement Date Ended June 30,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
County's Proportion of the Net Pension Liability	0.4781525176%	0.4641797320%	0.4655072678%	0.4903429915%	
County's Proportionate Share of the Net Pension Liability	\$141,615,061.00	\$104,199,049.00	\$ 87,155,692.00	\$ 93,714,288.00	
State's Proportionate Share of the Net Pension Liability associated with the County	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
	<u>\$141,615,061.00</u>	<u>\$104,199,049.00</u>	<u>\$ 87,155,692.00</u>	<u>\$ 93,714,288.00</u>	
County's Covered Payroll (Plan Measurement Period)	\$ 32,826,692.00	\$ 32,222,136.00	\$ 32,433,104.00	\$ 32,965,480.00	
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	431.40%	323.38%	268.72%	284.28%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%	

**Note 7: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of Contributions - Public Employees' Retirement System (PERS) (Last Nine Years)***

	<u>Year Ended December 31,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's Contractually Required Contribution	\$ 5,522,578.00	\$ 5,173,939.00	\$ 4,558,688.00	\$ 4,589,342.00	\$ 4,188,916.00
County's Contribution in Relation to the Contractually Required Contribution	(5,522,578.00)	(5,173,939.00)	(4,558,688.00)	(4,589,342.00)	(4,188,916.00)
County's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
County's Covered Payroll (Calendar Year)	\$ 32,875,737.00	\$ 33,299,428.00	\$ 33,739,151.50	\$ 32,898,862.00	\$ 32,192,036.00
County's Contributions as a Percentage of Covered Payroll	16.80%	15.54%	13.51%	13.95%	13.01%
	<u>Year Ended December 31,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
County's Contractually Required Contribution	\$ 4,247,839.00	\$ 3,990,701.00	\$ 3,837,575.00	\$ 3,694,634.00	
County's Contribution in Relation to the Contractually Required Contribution	(4,247,839.00)	(3,990,701.00)	(3,837,575.00)	(3,694,634.00)	
County's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	
County's Covered Payroll (Calendar Year)	\$ 31,191,762.00	\$ 32,655,433.00	\$ 32,256,793.00	\$ 32,133,023.00	
County's Contributions as a Percentage of Covered Payroll	13.62%	12.22%	11.90%	11.50%	

**Note 7: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Nine Plan Years)***

	<u>Measurement Date Ended June 30,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's Proportion of the Net Pension Liability	0.3837810344%	0.3833160331%	0.3953581930%	0.3964496060%	0.3958841726%
County's Proportionate Share of the Net Pension Liability	\$ 28,051,139.00	\$ 49,529,487.00	\$ 48,383,219.00	\$ 53,646,167.00	\$ 61,116,862.00
State's Proportionate Share of the Net Pension Liability associated with the County	7,889,378.00	7,686,751.00	7,639,802.00	7,286,944.00	6,845,604.00
Total	<u>\$ 35,940,517.00</u>	<u>\$ 57,216,238.00</u>	<u>\$ 56,023,021.00</u>	<u>\$ 60,933,111.00</u>	<u>\$ 67,962,466.00</u>
County's Covered Payroll (Plan Measurement Period)	\$ 13,353,520.00	\$ 12,920,564.00	\$ 12,983,660.00	\$ 12,802,608.00	\$ 12,663,888.00
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	210.07%	383.34%	372.65%	419.03%	482.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.26%	63.52%	65.00%	62.48%	58.60%
	<u>Measurement Date Ended June 30,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
County's Proportion of the Net Pension Liability	0.4160213571%	0.3927864532%	0.3606708197%	0.3494647436%	
County's Proportionate Share of the Net Pension Liability	\$ 79,470,721.00	\$ 65,424,532.00	\$ 45,369,044.00	\$ 46,458,185.00	
State's Proportionate Share of the Net Pension Liability associated with the County	6,673,569.00	5,737,512.00	4,885,484.00	4,330,467.00	
Total	<u>\$ 86,144,290.00</u>	<u>\$ 71,162,044.00</u>	<u>\$ 50,254,528.00</u>	<u>\$ 50,788,652.00</u>	
County's Covered Payroll (Plan Measurement Period)	\$ 13,208,504.00	\$ 12,318,944.00	\$ 11,270,164.00	\$ 10,914,296.00	
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	601.66%	531.09%	402.56%	425.66%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.31%	62.41%	58.70%	



**Note 7: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of Contributions - Police and Firemen's Retirement System (PFRS) (Last Nine Years)***

	<u>Year Ended December 31,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's Contractually Required Contribution	\$ 4,472,831.00	\$ 4,282,295.00	\$ 3,993,555.00	\$ 3,875,879.00	\$ 3,503,648.00
County's Contribution in Relation to the Contractually Required Contribution	<u>(4,472,831.00)</u>	<u>(4,282,295.00)</u>	<u>(3,993,555.00)</u>	<u>(3,875,879.00)</u>	<u>(3,503,648.00)</u>
County's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll (Calendar Year)	\$ 11,248,793.00	\$ 12,767,955.00	\$ 12,911,038.00	\$ 12,704,966.00	\$ 12,698,331.00
County's Contributions as a Percentage of Covered Payroll	39.76%	33.54%	30.93%	30.51%	27.59%
	<u>Year Ended December 31,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
County's Contractually Required Contribution	\$ 3,391,991.00	\$ 3,192,768.00	\$ 2,770,201.00	\$ 2,549,617.00	
County's Contribution in Relation to the Contractually Required Contribution	<u>(3,391,991.00)</u>	<u>(3,192,768.00)</u>	<u>(2,770,201.00)</u>	<u>(2,549,617.00)</u>	
County's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's Covered Payroll (Calendar Year)	\$ 12,742,588.00	\$ 13,311,422.00	\$ 12,329,444.00	\$ 11,466,250.00	
County's Contributions as a Percentage of Covered Payroll	26.62%	23.99%	22.47%	22.24%	

**Note 7: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)****Other Notes to Supplementary Pension Information*****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.

***Police and Firemen's Retirement System (PFRS)***Changes in Benefit Terms

None

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	6.14%
2020	7.00%	2016	5.55%
2019	6.85%	2015	5.79%
2018	6.51%	2014	6.32%

**Note 7: PENSION PLANS (CONT'D)**

**Supplementary Pension Information (Cont'd)**

**Other Notes to Supplementary Pension Information (Cont'd)**

***Police and Firemen's Retirement System (PFRS) (Cont'd)***

Changes in Assumptions (Cont'd)

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.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

**A. State Health Benefits Local Government Retired Employees Plan**

In May of 2023, the New Jersey Division of Local Government Services issued Local Finance Notice 2023-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension's reporting on GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. As of the date of this report, the information for the measurement period ended June 30, 2022 was not available; therefore, the information from the measurement period June 30, 2021 is disclosed below.

**General Information about the State Health Benefit Local Government Retired Employees Plan**

**Plan Description and Benefits Provided** - The State of New Jersey (the "State") provides postemployment benefits to certain retirees and their dependents under a special funding situation as described below.

The State, on-behalf of the County , contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which is a cost-sharing multiple-employer defined benefit other postemployment benefit ("OPEB") plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the "State"), Division of Pensions and Benefits' (the "Division") annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****A. State Health Benefits Local Government Retired Employees Plan (Cont'd)****General Information about the State Health Benefit Local Government Retired Employees Plan (Cont'd)**

**Plan Description and Benefits Provided (Cont'd)** - The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**Special Funding Situation Component** - The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1997. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis. Partially funded benefits are also available to local police officers and firefighters who retire with 25 years of service or on disability from an employer who does not provide coverage under the provisions of Chapter 330, P.L. 1997. Upon retirement, these individuals must enroll in the OPEB Plan.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80% of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**

**A. State Health Benefits Local Government Retired Employees Plan (Cont'd)**

**General Information about the State Health Benefit Local Government Retired Employees Plan (Cont'd)**

**Special Funding Situation Component (Cont'd)** - Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer. The participating employer is required to disclose in their respective notes to the financial statements, an expense and corresponding revenue, and their proportionate share of the OPEB expense allocated to the State under the special funding situation.

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the County, is not known; however, under the special funding situation, the State's OPEB expense, on-behalf of the County, is (\$6,031,313.00) for the year ended December 31, 2021, representing -53.62% of the County's covered payroll.

**OPEB Liability**

**OPEB Liability** - At December 31, 2021, the State's proportionate share of the net OPEB liability associated with the County was \$44,200,423.00. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021.

The State's proportion of the net OPEB liability, associated with the County, was based on the ratio of the Plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2020 through June 30, 2021. For the June 30, 2021 measurement date, the State's proportion on-behalf of the County was 1.144686%, which was an increase of .202066% from its proportion measured as of the June 30, 2020 measurement date.

**Actuarial Assumptions**

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021, used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
PFRS:	
Rate for all Future Years	3.25% to 15.25%

\* salary increases are based on years of service within the respective Plan

PFRS mortality rates were based on Pub-2010 Safety classification headcount weighted mortality with fully generational morality improvement projections from the central year using Scale MP-2021.

Actuarial assumptions used in the valuation were based on the results of the PFRS experience study prepared for July 1, 2013 to June 30, 2018.

100% of active members are considered to participate in the Plan upon retirement.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**

**A. State Health Benefits Local Government Retired Employees Plan (Cont'd)**

**Actuarial Assumptions (Cont'd)**

All of the Plan's investments are in the State of New Jersey Cash Management Fund (the "CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools*. The CMF invests in U.S. government and agency obligations, commercial paper, corporate obligations and certificates of deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) are the unit cost of value of \$1.00. Participant shares are valued on a fair value basis. The CMF pay interest to participants on a monthly basis.

**Discount Rate** - The discount rate used to measure the OPEB liability at June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

The health care trend assumptions used is as follows:

Fiscal Year Ending	Annual Rate of Increase			
	Medical Trend			Prescription Drug Trend
	Pre-65	PPO Post-65	HMP Post-65	
2021	5.65%	13.08%	13.76%	6.75%
2022	5.55%	3.34%	3.22%	6.50%
2023	5.45%	0.52%	0.17%	6.25%
2024	5.35%	7.56%	7.79%	6.00%
2025	5.20%	14.43%	15.23%	5.50%
2026	5.00%	12.55%	13.19%	5.00%
2027	4.75%	8.95%	9.29%	4.75%
2028	4.50%	5.92%	6.04%	4.50%
2029	4.50%	5.38%	5.46%	4.50%
2030	4.50%	4.86%	4.89%	4.50%
2031	4.50%	4.55%	4.56%	4.50%
2032 and Later	4.50%	4.50%	4.50%	4.50%

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The net OPEB liability, calculated using a discount rate of 2.16%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used, is as follows:

1% Decrease <u>(1.16%)</u>	Current Discount Rate <u>(2.16%)</u>	1% Increase <u>(3.16%)</u>
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State of New Jersey's Proportionate Share  
of the Net OPEB Liability Associated  
with the County

\$ 52,015,420.00	\$ 44,200,423.00	\$ 38,006,870.00
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**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**

**A. State Health Benefits Local Government Retired Employees Plan (Cont'd)**

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The net OPEB liability, using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	<u>1%</u> <u>Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rate</u>	<u>1%</u> <u>Increase</u>
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the County	\$ 36,878,039.00	\$ 44,200,423.00	\$ 53,755,227.00

**OPEB Plan Fiduciary Net Position**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB (benefit) expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Supplementary OPEB Information**

In accordance with GASBS No. 75, the following information is also presented for the State Health Benefits Local Government Retired Employees Plan. These schedules are presented to illustrate the requirements 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.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****A. State Health Benefits Local Government Retired Employees Plan (Cont'd)****Supplementary OPEB Information (Cont'd)****Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the County (Last Five Plan Years)**

	<u>Measurement Date Ended June 30,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's Proportion of the Net OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net OPEB Liability Associated with the County	100.00%	100.00%	100.00%	100.00%	100.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
County's Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the County	44,200,423.00	51,488,762.00	42,455,643.00	52,044,427.00	71,850,025.00
Total	\$ 44,200,423.00	\$ 51,488,762.00	\$ 42,455,643.00	\$ 52,044,427.00	\$ 71,850,025.00
County's Covered Payroll (Plan Measurement Period)	\$ 11,818,931.00	\$ 13,165,183.00	\$ 12,702,747.00	\$ 12,640,138.00	\$ 12,829,776.00
County's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	373.98%	391.10%	334.22%	411.74%	560.03%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.28%	0.91%	1.98%	1.97%	1.03%

**Other Notes to Supplementary OPEB Information**

**Changes in Benefit Terms** - The actuarial valuation as of June 30, 2020 included changes due to employers adopting and/or changing Chapter 48 provisions.

**Changes in Assumptions** - The discount rate used as of the June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	2.16%	2018	3.87%
2020	2.21%	2017	3.58%
2019	3.50%		

The expected investment rate of return is based on guidance provided by the State. These expected rates of return are the same as the discount rates listed above.

In addition to changes in the discount rate, other factors that affected the valuation of the net OPEB liability included changes in the trend and updated mortality improvement assumptions.

In October 2021, the Society of Actuaries (SOA) released an updated set of life expectancy mortality improvement assumptions, Scale MP-2021. The MP-2021 scale reflects more recent mortality data for the U.S. population.



**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**

**B. County of Cumberland Postemployment Benefit Plan**

**Plan Description and Benefits Provided** - The County provides postretirement health care benefits through a health plan for retirees, which includes a medical, dental, and prescription plan. The County provides a single employer post-employment healthcare plan, which is not administered through a trust that meets the criteria in paragraph 4 of the GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, and covers the following retiree population: retiring employees, and their eligible dependents, who retire on or after age 55 with 25 years of service credit (20 years for veterans) with Cumberland County and who retire from active employment, working a minimum of 20 hours per week. This provision is provided in accordance with the County's policy and various collective bargaining agreements. The Plan is administered by the County; therefore, premium payments are made directly to the insurance carriers. Reimbursements by the retirees are paid in monthly installments after the County provides the retirees with a detailed accounting of the costs.

**Employees Covered by Benefit Terms** - As of January 1, 2021, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	260
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	-
Active Employees	676
	937
	937

**Total OPEB Liability**

The County's total OPEB liability of \$140,077,678.00 was measured as of December 31, 2022 and was determined by an actuarial valuation as of January 1, 2021.

**Actuarial Assumptions and Other Inputs** - The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	1.50% Annually
Salary Increases	1.50% Annually
Discount Rate	1.50%
Healthcare Cost Trend Rates	7.00% for Retirees at December 31, 2022. Decreasing 1.00% per Year until December 31, 2023 to an Ultimate Rate of 5.00% for December 31, 2024 and Later Years
Retirees' Share of Benefit-Related Costs	Retirees eligible for the 20% Co-Pay Plan pay 20% of the monthly cost. Retirees eligible for the Full Pay Plan pay 100% of the monthly cost. Eligible DoSS retirees do not make any copayments for the dental coverage

The assumed discount rate for unfunded plans is based on the index rate for 20-year tax-exempt high quality municipal bonds with average rating of AA/Aa or higher. For funded plans, the expected long-term rate of return of the segregated trust assets may be used as long as assets remain in the trust.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****B. County of Cumberland Postemployment Benefit Plan (Cont'd)**

**Actuarial Assumptions and Other Inputs (Cont'd)** - The following RP-2014 Mortality Tables (Male/Female) are used:

- (a) Pre-retirement – RP-2014 Employee Mortality Table with a one-year age setback to reflect expected mortality improvement.
- (b) Post-retirement – Not disabled: RP-2014 Healthy Annuitant Mortality Table with a one-year setback to reflect expected mortality improvement.

Disabled lives: RP-2014 Disabled Retiree Mortality Table.

An experience study was not performed on the actuarial assumptions used in the January 1, 2021 valuation since the Plan had insufficient data to produce a study with credible results. Mortality rates, termination rates and retirement rates were based on standard tables issued by Society of Actuaries. The actuary has used their professional judgement in applying these assumptions to this Plan.

**Changes in Total OPEB Liability**

Balance at December 31, 2021 (As Reported)		\$ 137,035,592.00
Adjustment for Change in Sharing Percentage		<u>(1,608,226.00)</u>
Balance at December 31, 2021 (As Adjusted)		135,427,366.00
Changes for the Year:		
Service Cost	\$ 5,085,905.00	
Interest Cost	2,087,202.00	
Benefit Payments	(2,522,795.00)	
Changes of Other Inputs	-	
Actuarial Gains/Losses	-	
Assumption Changes	<u>-</u>	
Net Changes		<u>4,650,312.00</u>
Balance at December 31, 2022		<u><u>\$ 140,077,678.00</u></u>

Changes of benefit terms reflect no increase in the retirees' share of health insurance premiums.

Changes of assumptions and other inputs reflect no change in the discount rate.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****B. County of Cumberland Postemployment Benefit Plan (Cont'd)**

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

	<b>December 31, 2022</b>		
	<b>1.00% Decrease (0.50%)</b>	<b>Current Discount Rate (1.50%)</b>	<b>1.00% Increase (2.50%)</b>
Total OPEB Liability	\$ 171,954,776.00	\$ 140,077,678.00	\$ 116,284,219.00

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>December 31, 2022</b>		
	<b>1.00% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1.00% Increase</b>
Total OPEB Liability	\$ 115,211,338.00	\$ 140,077,678.00	\$ 172,683,833.00

**OPEB (Benefit) Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - For the year ended December 31, 2022, the County recognized OPEB (benefit) expense of \$(27,702,535). As of December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Actuarial Gains/Losses	\$ -	\$ 140,990,066.00
Assumption Changes	-	42,686,414.00
Change in Other Input (Discount Rate)	39,235,090.00	-
	<u>\$ 39,235,090.00</u>	<u>\$ 183,676,480.00</u>

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****B. County of Cumberland Postemployment Benefit Plan (Cont'd)**

**OPEB (Benefit) Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)** - Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB (benefit) expense as follows:

<b>Year Ending Dec 31,</b>	
2023	\$ (34,875,642.00)
2024	(34,875,642.00)
2025	(34,875,642.00)
2026	(34,875,642.00)
2027	(4,938,822.00)
Thereafter	<u>-</u>
	<u>\$ (144,441,390.00)</u>

**Supplementary OPEB Information**

In accordance with GASB No. 75, the following information is also presented for the County's OPEB Plan. These schedules are presented to illustrate the requirements 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.

***Schedule of Changes in the County's Total OPEB Liability and Related Ratios (Last Five Years).***

	Plan Measurement Date December 31,				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>					
Service Cost	\$ 5,085,905.00	\$ 5,070,248.00	\$ 11,579,213.00	\$ 11,352,170.00	\$ 10,917,140.00
Interest Cost	2,087,202.00	2,042,138.00	6,228,124.00	5,956,950.00	9,770,980.00
Benefit Payments	(2,522,795.00)	(2,507,086.00)	(4,254,059.00)	(3,650,394.00)	(3,939,660.00)
Actuarial Gains/Losses	-	(182,060,705.00)	-	(41,837,794.00)	-
Assumption Changes	-	(12,117,568.00)	-	(60,176,945.00)	-
Changes of Other Inputs	-	12,424,336.00	-	56,822,689.00	-
Net Change in Total OPEB Liability	<u>4,650,312.00</u>	<u>(177,148,637.00)</u>	<u>13,553,278.00</u>	<u>(31,533,324.00)</u>	<u>16,748,460.00</u>
Total OPEB Liability - Beginning of Year (As Reported)	137,035,592.00	315,684,609.00	302,131,331.00	333,664,655.00	316,916,195.00
Adjustment for Change in Sharing Percentage	<u>(1,608,226.00)</u>	<u>(1,500,380.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total OPEB Liability - Beginning of Year (As Adjusted)	<u>135,427,366.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total OPEB Liability - End of Year	<u>\$ 140,077,678.00</u>	<u>\$ 137,035,592.00</u>	<u>\$ 315,684,609.00</u>	<u>\$ 302,131,331.00</u>	<u>\$ 333,664,655.00</u>
Covered-Employee Payroll	\$ 54,364,124.89	\$ 54,868,869.15	\$ 56,258,737.73	\$ 57,614,122.00	\$ 56,583,369.00
Total OPEB Liability as a Percentage of Covered Payroll	257.67%	249.75%	561.13%	524.40%	589.69%

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****B. County of Cumberland Postemployment Benefit Plan (Cont'd)****Other Notes to Supplementary OPEB Information**

Change of Benefit Terms:  
None

Change of Assumptions:

No changes in assumptions were reflected in the 2022 year.

**Note 9: COMPENSATED ABSENCES**

Under the existing policy of the County, full-time employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. The County of Cumberland compensates employees for unused sick leave upon retirement. The current policy for most employee contracts provides one compensated day for every two days accumulated up to a maximum of \$9,000.00. Other employee contracts with the County, which include the Prosecutor's Office and Department of Corrections, follow the same compensation for the days, but their maximum payout range is between \$12,000.00 and \$17,500.00 which is based on a range of 15 to 25+ years employed by the County.

Employees may also carry forward five vacation days to the subsequent year. Additional days may be carried forward with approval up to a maximum of twelve. However, an employee may not have more than twenty-five vacation days accrued at any one time. These accumulated vacation days are paid with the employee's last paycheck upon termination or retirement. Part-time employees who do not have scheduled hours are not entitled to compensated absences.

The County does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2022, accrued benefits for compensated absences are valued at \$3,193,925.15. The charges for accumulated sick leave will be included in the year the employee retires. The charges for accrued vacation benefits will be included in the year the employee retires or terminates employment with the County. The County has established a Reserve for Accumulated Sick Leave in the Trust Fund to set aside funds for future payments of compensated absences. At December 31, 2022 the balance of the fund was \$1,263,588.94.

**Note 10: DEFERRED COMPENSATION SALARY ACCOUNT**

The County 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 County or its creditors. Since the County does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the County's financial statements.

**Note 11: LEASE LIABILITY AND LEASE ASSET**

The County, as lessee, has entered into the following leases which meet the requirements of GASB 87:

**Land / Buildings** - The County is leasing eight (8) land / buildings with a total lease liability of \$18,532,583.85.

On January 1, 2015 the County entered into a twenty (20) year lease agreement for one (1) office space located at 275 N. Delsea Drive, Vineland, NJ. The implied interest rate is based on the County's estimated incremental borrowing rate of 1.9889%. Based on this lease, the County is making payments through December 31, 2034. The County paid \$970,069.44 of lease payments during the year ended December 31, 2022 which were budgeted and paid from the current fund.

On October 1, 2015 the County entered into a twenty (20) year lease agreement for two (2) office spaces located at 3322 College Drive, Vineland, NJ. The implied interest rate is based on the County's estimated incremental borrowing rate of 1.9889%. Based on this lease, the County is making payments through December 31, 2035. The County paid \$262,050.03 of lease payments during the year ended December 31, 2022 which were budgeted and paid from the current fund.

On October 1, 2015 the County entered into a twenty (20) year and three (3) month lease agreement for one (1) office space located at 275 N. Delsea Drive, Vineland, NJ. The implied interest rate is based on the County's estimated incremental borrowing rate of 1.9889%. Based on this lease, the County is making payments through December 31, 2035. The County paid \$171,865.68 of lease payments during the year ended December 31, 2022 which were budgeted and paid from the current fund.

On June 1, 2017 the County entered into a ninety-one (91) month lease agreement for one (1) office space located at Store Number B-18, Cumberland Mall, Vineland, NJ. The implied interest rate is based on the County's estimated incremental borrowing rate of 1.9050%. Based on this lease, the County is making payments through December 31, 2034. The County paid \$28,016.04 of lease payments during the year ended December 31, 2022 which were budgeted and paid from the current fund.

On May 15, 2019 the County entered into a fifteen (15) year lease agreement for one (1) office space located at 14-16 E Commerce St, Bridgeton, NJ. The implied interest rate is based on the County's estimated incremental borrowing rate of 3.1930%. Based on this lease, the County is making payments through May 14, 2034. The County paid \$42,000.00 of lease payments during the year ended December 31, 2022 which were budgeted and paid from the current fund.

On July 1, 2020 the County entered into a thirty (30) year lease agreement for one (1) office space located at 1792 North Avenue, Commercial Township, NJ. The implied interest rate is based on the County's estimated incremental borrowing rate of 0.2102%. Based on this lease, the County is making payments through June 30, 2050. The County paid \$19,975.68 of lease payments during the year ended December 31, 2022 which were budgeted and paid from the current fund.

On September 1, 2020 the County entered into a fifteen (15) year lease agreement for one (1) office space located at Block 6001, Lot 21, Vineland, NJ. The implied interest rate is based on the County's estimated incremental borrowing rate of 0.2102%. Based on this lease, the County is making payments through June 30, 2050. The County paid \$2,700.00 of lease payments during the year ended December 31, 2022 which were budgeted and paid from the current fund.

**Note 11: LEASE LIABILITY AND LEASE ASSET (CONT'D)**

**Equipment-** The County is a lessee in six (6) equipment lease agreements with a total lease liability of \$240,789.04.

On March 1, 2020 the County entered into a five (5) year lease agreement for seventy (70) Kyocera Copiers. The implied interest rate is based on the County's estimated incremental borrowing rate of 0.2102%. Based on this lease, the County is making payments through February 28, 2025. The County paid \$63,591.48 of lease payments during the year ended December 31, 2022 which were budgeted and paid from the current fund.

On October 1, 2020 the County entered into a fifty-three (53) month lease agreement for five (5) Kyocera Copiers. The implied interest rate is based on the County's estimated incremental borrowing rate of 0.2102%. Based on this lease, the County is making payments through February 28, 2025. The County paid \$7,128.48 of lease payments during the year ended December 31, 2022 which were budgeted and paid from the current fund.

On December 1, 2021 the County entered into a five (5) year lease agreement for one (1) Pitney Bowes mailing system. The implied interest rate is based on the County's estimated incremental borrowing rate of 1.3361%. Based on this lease, the County is making payments through November 30, 2026. The County paid \$15,514.20 of lease payments during the year ended December 31, 2022 which were budgeted and paid from the current fund.

On January 1, 2022 the County entered into a forty (40) month lease agreement for one (1) Kyocera Copiers. The implied interest rate is based on the County's estimated incremental borrowing rate of 2.9995%. Based on this lease, the County is making payments through April 30, 2025. The County paid \$1,967.52 of lease payments during the year ended December 31, 2022 which were budgeted and paid from the current fund.

On February 1, 2022 the County entered into a four (4) year lease agreement for one (1) Quadient IX7 mailing system. The implied interest rate is based on the County's estimated incremental borrowing rate of 2.9995%. Based on this lease, the County is making payments through January 31, 2026. The County paid \$3,843.29 of lease payments during the year ended December 31, 2022 which were budgeted and paid from the current fund.

On April 1, 2022 the County entered into a four (4) year lease agreement for one (1) Quadient DS 64i Folder Inserter. The implied interest rate is based on the County's estimated incremental borrowing rate of 2.9995%. Based on this lease, the County is making payments through March 31, 2026. The County paid \$2,908.26 of lease payments during the year ended December 31, 2022 which were budgeted and paid from the current fund.

Under the provisions of GASB 87, as of December 31, 2022, the balance of the lease liability is \$18,773,372.89, and balance of the related right to use leased assets have a balance of \$16,283,767.84. The leases are summarized as follows:

**Note 11: LEASE LIABILITY AND LEASE ASSET (CONT'D)**

<u>Description</u>	<u>Balance at December 31, 2022</u>	
	<u>Lease Liability</u>	<u>Lease Asset</u>
Land/Building	\$ 18,532,583.85	\$ 16,044,207.28
Equipment	240,789.04	239,560.56
	<u>\$ 18,773,372.89</u>	<u>\$ 16,283,767.84</u>

As a result of the regulatory basis of accounting previously described in note 1, the County has not reported a lease liability or right to use leased assets.

Under the provision of GASB 87, annual requirements to amortize lease obligations and related interest are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,261,492.45	\$ 351,873.83	\$ 1,613,366.28
2024	1,307,338.18	327,694.84	1,635,033.02
2025	1,268,675.73	302,881.23	1,571,556.96
2026	1,315,244.42	277,383.23	1,592,627.65
2027	1,369,472.04	250,708.14	1,620,180.18
2028-2032	7,728,146.44	814,119.85	8,542,266.29
2033-2037	4,126,526.95	104,303.67	4,230,830.62
2038-2042	139,111.66	3,595.23	142,706.89
2043-2047	155,494.27	2,065.69	157,559.96
2048-2050	101,870.75	431.40	102,302.02
	<u>\$ 18,773,372.89</u>	<u>\$ 2,435,057.11</u>	<u>\$ 21,208,429.87</u>

Under the provision of GASB 87, for the year ended December 31, 2022, the County would have recognized \$1,389,969.40 in amortization of lease liability and \$375,009.25 in interest on leases.

As a result of the regulatory basis of accounting previously described in note 1, for the year ended December 31, 2022, rental payments of \$1,591,630.10 were budgeted and paid from the current fund.



**Note 12: CAPITAL DEBT****General Improvement Bonds**

County College Bonds, Series 2012 - On June 29, 2012, the County issued \$8,500,000.00 of County College Bonds, with interest rates ranging from 2.750% to 3.125%. The Bonds were issued to provide for the permanent financing of capital improvement ordinance 2012-4 and for the acquisition of related capital equipment at and for certain facilities of Cumberland County College. The final maturity of the bonds is March 15, 2027.

General Obligation Bonds, Series 2014 - On June 26, 2014, the County issued \$19,550,000.00 General Obligation Bonds, consisting of \$16,675,000.00 of General Improvement Bonds and \$2,875,000.00 of County College Bonds, with interest rates ranging from 2.00% to 5.00%. The bonds funded various capital ordinances, specifically 2012-5, 2013-6, 2014-4, and 2014-6. The final maturity of the bonds is February 15, 2026.

County College Bonds, Series 2015 - On June 29, 2015, the County issued \$3,200,000.00 of County College Bonds, with interest rates ranging from 2.50% to 3.00%. The bonds funded capital ordinance 2013-2, as supplemented by 2014-16. The final maturity of the bonds is February 15, 2030.

Refunding Bonds, Series 2015 - On September 16, 2015, the County issued \$12,910,000.00 of General Improvement Refunding Bonds and \$3,850,000.00 of County College Refunding Bonds, with interest rates ranging from 1.00% to 4.00%. The Bonds were issued to advance refund several bond issues including \$2,400,000.00 of the outstanding principal amount of the County's General Improvement Bonds, Series 2006, \$4,000,000.00 of the outstanding principal amount of the County's College Bonds, Series 2006, and \$10,600,000.00 of the outstanding principal amount of the County's General Improvement Bonds, Series 2007. The County College Refunding Bonds were paid off during 2021 and the final maturity of the General Improvement Refunding Bonds is August 15, 2023.

County College Bonds, Series 2016 - On March 24, 2016, the County issued \$3,000,000.00 of General Obligation Bonds (County College Bond Series), with interest rates ranging from 3.00% to 3.50%. The bonds funded capital ordinance 2015-7, as amended by 2015-9. The final maturity of the bonds is February 15, 2031.

Refunding Bonds, Series 2016 - On July 13, 2016, the County issued \$7,400,000.00 of General Improvement Refunding Bonds, with interest rates ranging from 2.00% to 5.00%. The Bonds were issued to advance refund \$7,467,000.00 of the outstanding principal amount of the County's General Improvement Bonds, Series 2009. The final maturity of the bonds is December 15, 2024.

County College Bonds, Series 2017 - On June 1, 2017, the County issued \$2,600,000.00 of General Obligation Bonds (County College Bond Series), with interest rates ranging from 2.00% to 4.00%. The bonds funded capital ordinance 2016-4. The final maturity of the bonds is May 15, 2027.

General Obligation Bonds, Series 2018 - On March 14, 2018, the County issued \$17,400,000.00 General Obligation Bonds, consisting of \$16,035,000.00 of General Improvement Bonds and \$1,365,000.00 of County College Bonds, with interest rates ranging from 4.00% to 5.00%. The bonds funded various capital ordinances, specifically 2015-5, 2016-3, 2017-2, and 2017-3. The final maturity of the bonds is February 15, 2027.

General Obligation Bonds, Series 2021 - On July 15, 2021, the County issued \$16,735,000.00 General Obligation Bonds, consisting of \$11,115,000.00 of General Improvement Bonds and \$5,620,000.00 of County College Bonds, with interest rates ranging from 2.00% to 4.00%. The bonds funded various capital ordinances, specifically 2018-1, 2019-2, 2019-5, and 2021-1. The final maturity of the bonds is May 15, 2041.

**Note 12: CAPITAL DEBT (CONT'D)****General Improvement Bonds (Cont'd)**

General Obligation Bonds, Series 2022 - On May 17, 2022, the County issued \$12,985,000.00 General Obligation Bonds, consisting of \$4,375,000.00 of General Improvement Bonds and \$8,610,000.00 of County College Bonds, with interest rates ranging from 3.00% to 5.00%. The bonds funded various capital ordinances, specifically 2019-3, 2020-1, 2021-3, 2021-4, and 2021-1, as amended by 2021-5. The final maturity of the bonds is May 15, 2041.

The following schedule represents the remaining debt service, through maturity, for the general improvement bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 9,685,000.00	\$ 2,046,137.52	\$ 11,731,137.52
2024	9,225,000.00	1,619,731.26	10,844,731.26
2025	8,430,000.00	1,228,906.26	9,658,906.26
2026	8,090,000.00	924,918.76	9,014,918.76
2027	6,620,000.00	661,893.76	7,281,893.76
2028-2032	13,795,000.00	1,537,906.00	15,332,906.00
2033-2037	2,725,000.00	476,863.00	3,201,863.00
2038-2041	2,180,000.00	121,234.00	2,301,234.00
	<u>\$ 60,750,000.00</u>	<u>\$ 8,617,590.56</u>	<u>\$ 69,367,590.56</u>

**General Debt – County Capital Loan Agreement**

See Note 16 for information regarding the County Capital Loan Agreements for County Guaranteed Revenue Bonds, Series 2014, Series 2019 and Series 2020. The following schedule represents the remaining debt service, through maturity, for the County Capital Loan Agreements:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 3,185,000.00	\$ 2,647,298.78	\$ 5,832,298.78
2024	3,310,000.00	2,503,671.28	5,813,671.28
2025	3,455,000.00	2,352,656.28	5,807,656.28
2026	3,610,000.00	2,193,836.28	5,803,836.28
2027	3,770,000.00	2,026,446.28	5,796,446.28
2028-2032	20,480,000.00	8,460,602.00	28,940,602.00
2033-2037	22,330,000.00	5,071,161.00	27,401,161.00
2038-2042	12,200,000.00	1,581,225.00	13,781,225.00
2043-2044	2,300,000.00	115,000.00	2,415,000.00
	<u>\$ 74,640,000.00</u>	<u>\$ 26,951,896.90</u>	<u>\$ 101,591,896.90</u>

**Note 12: CAPITAL DEBT (CONT'D)**

The following schedule represents the County's summary of debt for the current and two previous years:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b><u>Issued</u></b>			
General:			
Bonds, Loans and Notes	\$ 60,750,000.00	\$ 65,865,000.00	\$ 71,473,084.00
Authorized by Another Public Body			
Guaranteed by the County -- Capital			
Loan Agreement	74,640,000.00	77,715,000.00	80,685,000.00
Bonds Issued by Another Public Body			
Guaranteed by the County -- Bonds and			
Notes	101,279,706.00	100,113,613.00	103,412,520.00
Total Issued	<u>236,669,706.00</u>	<u>243,693,613.00</u>	<u>255,570,604.00</u>
<b><u>Authorized but not Issued</u></b>			
General:			
Bonds, Loans and Notes	27,822,455.33	24,540,464.30	14,672,916.72
Bonds Issued by Another Public Body			
Guaranteed by the County -- Bonds and			
Notes	8,100,000.00	8,100,000.00	
Total Authorized but not Issued	<u>35,922,455.33</u>	<u>32,640,464.30</u>	<u>14,672,916.72</u>
Total Issued and Authorized			
but not Issued	<u>272,592,161.33</u>	<u>276,334,077.30</u>	<u>270,243,520.72</u>
<b><u>Deductions</u></b>			
General:			
Bonds Issued by Another Public Body			
Public Body Guaranteed by the County	109,379,706.00	108,213,613.00	103,412,520.00
Funds Temporarily Held to Pay Bonds	157,493.92	1,151,458.69	2,492,150.85
Accounts Receivable from Other Public			
Authorities	69,393,163.58	70,755,163.58	70,425,800.00
Total Deductions	<u>178,930,363.50</u>	<u>180,120,235.27</u>	<u>176,330,470.85</u>
<b>Net Debt</b>	<u>\$ 93,661,797.83</u>	<u>\$ 96,213,842.03</u>	<u>\$ 93,913,049.87</u>

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 0.992%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General	<u>\$ 272,592,161.33</u>	<u>\$ 178,930,363.50</u>	<u>\$ 93,661,797.83</u>

Net debt \$93,661,797.83 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$9,437,716,320.33, equals 0.992%.

**Note 13: ARBITRAGE REBATE**

The Tax Reform Act of 1986 placed restriction on investments of the proceeds of certain tax-exempt bonds issued after December 31, 1986. Specifically, investment earnings which are above arbitrage bond yield are required to be rebated to the United States Treasury Department within sixty days of the end of the fifth bond year. A bond year is defined, at the option of the issuing entity, as either the date of the first anniversary of bond settlement or the issuing entity's year end.

The County has multiple bonds outstanding as of December 31, 2022 that are subject to rebate calculations. Rebate calculations on these bonds are required to be made at least once every five years. The County prepares rebate calculations for purposes of determining any contingent liability for rebate in accordance with the requirements. As of December 31, 2022, the County has determined that no arbitrage rebate liability exists. The amount of contingent liability for rebate may change as a result of future events; and the County has not recorded an arbitrage rebate amount that is required to be paid or accrued at December 31, 2022.

**Note 14: CHANGE ORDERS**

During the year 2022, the County amended contracts by approving the following change orders that resulted in the total amount of change orders executed for these projects to exceed the originally awarded contract price by more than twenty percent (20%):

**Resolution**

<b><u>Number</u></b>	<b><u>Project Description</u></b>
2022-74	For Innovative Programs for the Reduction and Prevention of Gang & Gun Violence for the County of Cumberland
2022-287	Providing Supportive Family Services for Children and Families Funded by the Cumberland County Department of Human Services/Human Services Advisory Council
2022-405	Providing As-Required Electrical Installation and Repair Services for the County of Cumberland and the Cumberland County Cooperative Contract Purchasing System Identifier# 181-CCCCPS
2022-436	Providing Various Medical Laboratory Testing Services for the County of Cumberland
2022-538	Providing Various Social Services for the Homeless for the County of Cumberland, Cumberland County Department of Human Services
2022-537	Providing Various Social Services for the Homeless for the County of Cumberland, Cumberland County Department of Human Services
2022-600	Community Support Services; Older Americans Act Services for the Elderly and Disabled for the 2022-2024 Area Plan Contract
2022-601	Community Support Services; Older Americans Act Services for the Elderly and Disabled for the 2022-2024 Area Plan Contract
2022-640	Providing Various Medical Laboratory Testing Services for the County of Cumberland
2022-717	Community Support Services; Older Americans Act Services for the Elderly and Disabled for the 2022-2024 Area Plan Contract
2022-713	Providing FY 2021 Small Cities Housing Rehabilitation Licensed Septic Engineering Services for the County of Cumberland
2022-733	Providing Drug and Alcohol Treatment Services for the Cumberland County Alcohol and Drug Abuse Services Office
2022-730	Providing Various Social Services For The Homeless For The County Of Cumberland, Cumberland County Department Of Human Services

**Note 14: CHANGE ORDERS (CONT'D)**

N.J.A.C. 5:30-11.3 (a) 9 and 10 states that the total number of change orders executed for a particular contract shall not cause the originally awarded contract price to be exceeded by more than twenty percent (20%) unless otherwise authorized, and that if proposed change orders do exceed that twenty percent limitation, no work shall be performed or purchases made until the procedures of N.J.A.C. 5:30-11.9 have been completed.

N.J.A.C. 5:30-11.9 delineates the required procedures for change orders, which exceed the twenty percent (20%) limitation. The County has complied with all provisions of N.J.A.C. 5:30-11.9.

**Note 15: RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Surety Bonds** - The County maintains commercial insurance coverage for surety bonds for selected employees and officials.

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

General Liability, Auto Liability and Law Enforcement Liability  
Worker's Compensation / Employer's Liability  
Property, including Equipment Breakdown

Through membership in the New Jersey Counties Excess Joint Insurance Fund, the Commission offers the following ancillary insurance coverage to its members:

Public Officials Liability/ Employment Practices Liability	Volunteer Accident
Crime	Above / Underground Storage Tank
Employed Lawyers Liability	Auto and Excess Auto Liability – CATS
Medical Professional Liability	Disability – Volunteer Fire Instructors
Pollution Liability	Professional Liability – Trainers
Non-Owned Aircraft Liability	Cyber Liability

Contributions to the Commission, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Commission's actuary. The Commissioner of Insurance may order additional assessments to supplement the Commission's claim, loss retention or administrative accounts to assure the payment of the Commission's obligations.

The Commission provides coverage on a self-insured basis and secures excess insurance in a form and an amount from an insurance company acceptable to the Commissioner of Insurance. The Commission publishes its own financial report for the year ended December 31, 2022, which can be obtained from:

Cumberland County Insurance Commission  
164 West Broad Street  
Bridgeton, New Jersey 08302

**Note 15: RISK MANAGEMENT (CONT'D)**

**Self-Insurance Plan** - The County is self-insured for all claims incurred prior to October 3, 2012, which is the date of initial membership in the Commission. Subsequent to that date, all claims are processed and paid through the Commission. It has established the Reserve for Workers' Compensation in the Trust -- Other Fund to account for and finance its related uninsured risks of loss up to \$250,000.00 per any one accident. Inservco acts as administrator of the plan. The County purchases insurance for claims in excess of \$250,000.00 through the Commission. Settled claims have not exceeded this commercial coverage in any of the past three years.

At December 31, 2022, the balance estimated to be payable for the workers' compensation insurance was \$665,976.49, which is the amount that the records of the administrator of the plan show as potential claims reported. There is no balance estimated to be payable for the County general liability reported at December 31, 2022, per the records of the administrator of the plan. The estimated payable for workers' compensation and county general liability insurance do not include any provision for claims incurred but not reported.

Any additional funds required for claims in excess of the amounts reserved and recorded as a liability will be paid and charged to the 2022 or future budgets.

The following is a summary of the claims liability of the County's trust fund for self-insured workers' compensation, liability insurance, and property and equipment for the current year:

	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Incurred</u> <u>Claims</u>	<u>Payment of</u> <u>Claims</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Workers Compensation	\$ 529,281.74	\$ 1,363,062.62	\$ 1,432,153.06	\$ 460,191.30
Liability Insurance	1,970,771.51	2,142,321.82	2,062,315.86	2,050,777.47
Property and Equipment	<u>981,779.54</u>	<u>697,761.18</u>	<u>623,597.56</u>	<u>1,055,943.16</u>
	<u>\$ 3,481,832.79</u>	<u>\$ 4,203,145.62</u>	<u>\$ 4,118,066.48</u>	<u>\$ 3,566,911.93</u>

**Cyber Security** - The County relies on a large and complex technology environment to conduct its various operations. As a result, the County faces certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the County has invested in multiple forms of cybersecurity and operational safeguards. Specifically, the County has an extensive security system in place, including network firewalls and established administrative rights and restrictions, with varying level of approvals, implemented entity-wide, for access to network drives and applications that are reviewed regularly to ensure proper internal control and protections and provide relevant employees and staff with cyberattack training. The County also utilizes secure Cloud based software solutions and offsite encrypted backups along with multi factor authentication for secure remote access. In addition, the County maintains insurance coverage for cyberattacks and related events.

**Note 16: COUNTY GUARANTEES**

The following information applies to the Cumberland County Improvement Authority ("CCIA") and it should be noted that the CCIA does not have the power to levy or collect taxes. The debt issued by the CCIA is neither a debt nor a liability of the State, the County (except to the extent of any deficiency agreement or guarantee), nor any political subdivision of the State, except the Cumberland County Improvement Authority.

**Cumberland County Improvement Authority**

The Cumberland County Improvement Authority is a public body corporate and politic of the State of New Jersey and was created by a resolution of the Cumberland County Board of Commissioners ("the County Board"). The CCIA operates under the supervision of a five member Board who are appointed for five year staggered terms by the County Board. The CCIA has from time to time issued its revenue bonds for projects involving the County and for which the County has a repayment obligation or guaranty.

**Cumberland County Improvement Authority  
Outstanding Debt Issued Under a Lease/Loan Agreement with the County  
Or Guaranteed by the County  
As of December 31, 2022**

	<u>Purpose</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>	<u>Amount Guaranteed by County</u>
(1)	County Guaranteed Lease Revenue Bonds, Series 2014	2.00-5.00%	5-29-14	5-1-39	\$14,165,000.00	\$14,165,000.00
(2)	County Guaranteed Revenue Bonds, Series 2014	2.00-5.00%	10-30-14	9-1-39	\$30,110,000.00	\$30,110,000.00
(3)	County Guaranteed Solid Waste System Revenue Refunding Bonds, Series 2015A	3.00-5.00%	6-4-15	1-1-26	\$5,570,000.00	\$5,570,000.00
(4)	New Jersey Environmental Infrastructure Trust Bonds, Series 2017A	3.00-5.00%	5-25-17	9-1-36	\$2,025,000.00	\$2,025,000.00
(4)	New Jersey Environmental Infrastructure Fund Loan, Series 2017B	No Interest	5-25-17	9-1-36	\$5,439,706.00	\$5,439,706.00
(5)	County Guaranteed Lease Revenue Bonds, Series 2018	5.00%	12-13-18	10-1-58	\$63,070,000.00	\$63,070,000.00
(6)	County Guaranteed Revenue Bonds, Series 2019	3.125-5.00%	1-16-19	12-31-44	\$19,310,000.00	\$19,310,000.00
(7)	County Guaranteed Revenue Bonds, Series 2019	3.00-5.00%	4-1-19	3-15-39	\$4,710,000.00	\$4,710,000.00
(8)	County Guaranteed Revenue Refunding Bonds, Series 2020	0.85%-3.00%	7-15-20	9-1-39	\$25,220,000.00	\$25,220,000.00

**Note 16: COUNTY GUARANTEES (CONT'D)****2006 Agreement**

On June 29, 2006, the County Board by ordinance, authorized the guarantee ("2006 Guaranty Agreement") of the punctual payment of the principal of and the interest on the Solid Waste System Revenue Bonds, Series 2006 (the "Bonds") of the Cumberland County Improvement Authority (the "Authority") to be issued in the aggregate principal amount not exceeding \$25,000,000.00 pursuant to a resolution of the Authority to provide for the financing of (i) the construction of (a) a Commercial Convenience Center, (b) the Phase II improvements of the Leachate System Improvements, (c) Stage 1 of the Aerobic/Anaerobic Landfill RD & D Project, and (d) an Equipment Storage Maintenance Building; (ii) the renovation of the Administration Building at the Solid Waste Complex; (iii) the relocation of the MSF Floor Improvements and Tire Shredder; (iv) funding the Bond Reserve Fund to ensure that the amount on deposit therein after the issuance of the Series 2006 Bonds equals the Bond Reserve Requirement, (v) paying capitalized interest on the 2006 Bonds; and (vi) paying the costs of issuance of the 2006 Bonds. Any of the Bonds that are no longer considered outstanding under the resolution of the Authority authorizing the Bonds shall not be considered outstanding for the purpose of this guarantee.

The ordinance further states that: "The principal amount of the Series 2006 Bonds included in the gross debt of the County shall be deducted from the gross debt of the County under and for all the purposes of the Local Bond Law (a) from and after the time of issuance of the Bonds until the end of the fiscal year beginning next after the completion of the Refunding Project to be financed from the proceeds of the Bonds and (b) in any Annual Debt Statement filed pursuant to the Local Bond Law as of the end of such fiscal year or any subsequent fiscal year if the revenues or other receipts or moneys of the Authority in such year are sufficient to pay its expenses of operation and maintenance in such year and all amounts payable in such year on account of the principal of and the interest on all such Bonds, all bonds of the County issued as provided under N.J.S.A. 40:37A-79 and all bonds of the Authority issued under the County Improvement Authorities Law."

The Series 2006 Solid Waste System Revenue Bonds were part of a refunding in 2015. See item (3) below regarding the 2015 agreement.

**(1) 2014 Agreement**

On May 29, 2014, the County Board by ordinance, authorized the guarantee ("2014 Guaranty Agreement") of the punctual payment of the principal of and the interest on the County-Guaranteed Lease Revenue Bonds (Board of Social Services/Employment and Training Facilities Project), Series 2014 (the "Series 2014 Bonds") of the Authority to be issued in the aggregate principal amount not exceeding \$18,500,000.00 pursuant to a resolution of the Authority to provide for the financing of (i) the construction of a new facility for the Cumberland County Center for Workforce and Economic Development to be located on property in the City of Vineland currently owned by Cumberland County College; (ii) the acquisition and renovation of an existing facility in the City of Vineland for the Cumberland County Board of Social Services; (iii) the completion of such other improvements and work and acquisition of equipment and materials as may be necessary or appropriate for the completion of the capital improvements described above; (iv) capitalized interest on the Series 2014 Bonds (as hereinafter defined); and (v) the costs and expenses incurred by the Authority and the County in connection with the issuance and delivery of the Series 2014 Bonds, including the payment of a municipal bond insurance premium, if any (collectively, the "2014 Project". Any of the Bonds that are no longer considered outstanding under the resolution of the Authority authorizing the Bonds shall not be considered outstanding for the purpose of this guarantee.



**Note 16: COUNTY GUARANTEES (CONT'D)****(1) 2014 Agreement (Cont'd)**

The ordinance further states that: "The principal amount of the Series 2014 Bonds included in the gross debt of the County shall be deducted from the gross debt of the County under and for all the purposes of the Local Bond Law (a) from and after the time of issuance of the Bonds until the end of the fiscal year beginning next after the completion of the Refunding Project to be financed from the proceeds of the Bonds and (b) in any Annual Debt Statement filed pursuant to the Local Bond Law as of the end of such fiscal year or any subsequent fiscal year if the revenues or other receipts or moneys of the Authority in such year are sufficient to pay its expenses of operation and maintenance in such year and all amounts payable in such year on account of the principal of and the interest on all such Bonds, all bonds of the County issued as provided under N.J.S.A. 40:37A-79 and all bonds of the Authority issued under the County Improvement Authorities Law."

**(2) 2014 Agreement**

In October 2014, the Authority issued its County General Obligation Revenue Bonds (Technical High School Project), Series 2014, in the initial aggregate principal amount of \$63,890,000.00 (the "Series 2014 Bonds"), to make a loan to the County to finance the purchase of real property and the construction and equipping of a Technical High School. The payment of the principal and the interest on the Series 2014 Bonds is guaranteed by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2014 Bonds. A portion of these bonds were defeased in 2020. Refer to (8) 2020 Agreement within this Note.

**(3) 2015 Agreement**

In June 2015, the County Board by ordinance, authorized the issuance of refunding bonds by the Cumberland County Improvement Authority and the issuance of a guaranty up to \$17,000,000.00 principal amount by the County for such refunding bonds. The Authority has previously issued its Cumberland County Improvement Authority County Guaranteed Solid Waste System Revenue Bonds, Series 2006 (the "Existing Bonds") under a bond resolution and the County has guaranteed the payment of principal and interest on the Existing Bonds (the "Existing County Guaranty") and the Authority now wishes to authorize the issuance of Additional Bonds in the form of refunding bonds under the Bond Resolution for the purpose of (i) advance refunding all or a portion of the Existing Bonds and (ii) paying the costs associated with the issuance of the Refunding Bonds.

The ordinance further states that: "The principal amount of the Refunding Bonds included in the gross debt of the County shall be deducted from the gross debt of the County under and for all the purposes of the Local Bond Law (a) from and after the time of issuance of the Bonds until the end of the fiscal year beginning next after the completion of the Refunding Project to be financed from the proceeds of the Bonds and (b) in any Annual Debt Statement filed pursuant to the Local Bond Law as of the end of such fiscal year or any subsequent fiscal year if the revenues or other receipts or moneys of the Authority in such year are sufficient to pay its expenses of operation and maintenance in such year and all amounts payable in such year on account of the principal of and the interest on all such Bonds, all bonds of the County issued as provided under N.J.S.A. 40:37A-79 and all bonds of the Authority issued under the County Improvement Authorities Law."

**(4) 2017 Agreement**

In May 2017, the Authority issued indebtedness in connection with financing involving the New Jersey Environmental Infrastructure Trust to finance a solid waste project (the "Series 2017A NJEIT Bonds" and the "Series 2017B NJEIT Bonds"). The Authority's Series 2017A NJEIT Bonds were issued in the principal amount of \$2,510,000.00, with interest rates ranging from 3.00% to 5.00% and serial maturities ranging from \$90,000.00 in 2019 to \$175,000.00 in 2036. The Series 2017B NJEIT Bonds were issued in the principal amount of \$7,648,515.00 at zero interest with an initial principal payment of \$259,272.00 in 2017 and annual principal payments in the amount of \$388,908.00 from 2019 through 2036.

**Note 16: COUNTY GUARANTEES (CONT'D)****(5) 2018 Agreement**

In December 2018, the County Board, by ordinance, authorized the issuance of one or more series of its County Guaranteed Lease Revenue Bonds, Series 2018, by the Cumberland County Improvement Authority and the issuance of a guaranty up to \$65,000,000.00 principal amount by the County for such bonds for the purpose of (i) the acquisition of the Project Site; (ii) the costs of the development and construction of (a) an approximately 100,000 square foot, approximately 408-bed, County correctional facility (the "Correctional Facility") and (b) an approximately 25,000 square foot, three-story holding center and criminal courtroom facility (the "Holding Center Facility" and together with the Correctional Facility, the "Facility") on the Project Site, for use by the County; (iii) the costs of demolition of the existing County correctional facility currently located on the Project Site; (iv) capitalized interest on any bonds, notes or other debt obligations issued by the Authority to finance the costs thereof, including the Bonds (as hereinafter defined); (v) all other costs and expenses necessary for or related to the development, construction and equipping of the Facility; and (vi) the costs of issuance with respect to the Bonds (collectively, the "2018 Project").

The ordinance further states that: "The principal amount of Bonds guaranteed pursuant to this Guaranty Ordinance and included in the gross debt of the County shall be deducted from, and is deemed to be a deduction from, such gross debt under and for all purposes of the Local Bond Law (a) from and after the time of issuance of the Bonds until the end of the fiscal year beginning next after the completion of the 2018 Project being financed from the proceeds of the Bonds, and (b) in any annual debt statement filed pursuant to the Local Bond Law, as of the end of said fiscal year or any subsequent fiscal year if the revenues or other receipts or moneys of the Authority relative to the 2018 Project in such year are sufficient to pay its expenses, including the expenses of administration of the 2018 Project, in such year and all amounts which are payable in such year on account of the principal of and interest on all such guaranteed Bonds, all bonds of the County or any municipality issued as provided in N.J.S.A. 40:37A-79, and all bonds of the Authority issued under the Act, or shall be deducted as otherwise provided by law, are duly and timely paid in accordance with their terms.

**(6) 2019 Agreement**

In January 2019, the Authority issued its County General Obligation Revenue Bonds (Technical High School Project), Series 2019, in the initial aggregate principal amount of \$21,035,000.00 (the "Series 2019 Technical School Bonds"), to make a loan to the County to finance the development and construction of an approximately 55,000 square foot educational facility, including classrooms, offices and administrative space for the Technical School (the "Facility"), the acquisition of certain real property in the County on which the Facility will be constructed, the equipping of the Facility, all other costs and expenses necessary for or related to the development, construction, and equipping of the Facility, and the costs and expenses incurred by the Authority and the County in connection with the issuance and delivery of the Series 2019 Technical School Bonds. The payment of the principal and the interest on the Series 2019 Technical School Bonds is guaranteed by the County pursuant to a guaranty agreement executed and delivered by the County and the Authority in connection with the issuance of the Series 2019 Technical School Bonds.

**(7) 2019 Agreement**

In April 2019, the CCIA issued its County Guaranteed Revenue Bonds (Authority Administration Building Project), Series 2019, in the initial aggregate principal amount of \$4,970,000.00 (the "Series 2019 Bonds"), to finance the costs of acquisition of certain real property located in the County of Deerfield, County of Cumberland, New Jersey (the "Project Site"); the costs of the development and construction of an approximately 15,000 square foot CCIA administration building, which will be utilized to create office space for the CCIA's officers and employees (the "Facility") on the Project Site; the completion of such other improvements and work and acquisition of equipment and materials as may be necessary or appropriate in connection with the construction of the Facility; and the costs of issuance with respect to the issuance and sale of the Series 2019 Bonds. The payment of the principal of and the interest on the Series 2019 Bonds is guaranteed by the County pursuant to a guaranty agreement executed and delivered by the County and the CCIA in connection with the issuance of the Series 2019 Bonds.

**Note 16: COUNTY GUARANTEES (CONT'D)****(8) 2020 Agreement**

In July 2020, the Authority issued its County General Obligation Revenue Refunding Bonds (Technical High School Project), Series 2020, in the initial aggregate principal amount of \$31,335,500.00 (the "Series 2020 Technical School Bonds"), to make a loan to the County for the purpose of advance refunding of a portion of outstanding aggregate principal amount of the Authority's County General Obligation Revenue Bonds (Technical High School Project), Series 2014, maturing serially on September 1 in the years 2027, 2028, and 2033, and a term bond maturing on September 1, 2039 and paying the costs of issuance and delivery of the Series 2020 Bonds. The proceeds of the Refunded Bonds were used by the County, on behalf of the Technical School, to permanently finance the costs of the acquisition of real property and the construction and equipping of a new education facility.

**2021 Agreements**

Two additional bond guaranty ordinances were adopted in 2021: Ordinance 2021-2 \$6,000,000.00 solid waste bonds and 2021-6 \$2,100,000.00 TEC Administration Building. As of December 31, 2022, permanent financing had not yet been issued, however, \$5,083,011.66 in expenditures had been drawn down from the short term financing.

**2022 Agreements**

One additional bond guaranty ordinance was adopted in 2022, however, the debt has not yet been issued: Ordinance 2022-5 \$6,300,000.00 State Police Barracks.

**Non-Guaranteed CCIA Debt**

On September 2, 2009, the County Board consented to the Cumberland County Improvement Authority undertaking the Project and issuing the Loan Unit Program Bonds, Series 2009 in an amount not to exceed \$60,000,000.00 for (i) purchase of general obligation bonds of the City of Vineland which were previously authorized to finance the costs of the acquisition and installation of a new simple cycle turbine generator at the Howard M. Down Generating Station and (ii) the financing of the Project through the issuance of the Authority's Local Unit Program Bonds (Vineland Municipal Electric Utility Project), Series 2009, in the aggregate principal amount not to exceed \$60,000,000.00 (the "Local Unit Program Bonds, Series 2009").

The amounts outstanding under the Series 2009 Bonds and Local Unit Program Bonds are not covered under the County Guaranty.

**Note 17: FARMLAND PRESERVATION TRUST**

The Board of County Commissioners authorized the Farmland and Open Space Preservation Trust Fund referendum on the November, 1994 ballot. With a 58% majority, voters authorized the dedication of one cent of the County tax rate for Farmland and Open Space Preservation. The revenue is to be used for the acquisition of lands and interests in lands for conservation of farmland or open space. In proposing the issue, the County Commissioners earmarked the first three to five years of revenue exclusively for farmland preservation. Future changes to the tax rate or levy must be authorized by referendum. All revenue received is accounted for in a Trust Fund dedicated by rider (N.J.S.A. 40A:4-39) for the purpose stated. Interest earned on the investment of these funds is credited to the Farmland Preservation Trust Fund. As of December 31, 2022, the Reserve for Farmland Preservation had a balance of \$1,310,727.74.

**Note 18: CONTINGENCIES**

**Grantor Agencies** - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the County expects such amount, if any, to be immaterial.

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

**Note 19: CONCENTRATIONS**

The County depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the County is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

**Note 20: TAX ABATEMENTS**

Municipalities within the County are authorized to enter into property tax abatement agreements for commercial and industrial structures under N.J.S.A. 40A:21-1 (Chapter 441, P.L. 1991) known as the "Five Year Exemption and Abatement Law". Under this law, municipalities may grant property tax abatements for a period of five years from the date of completion of construction for the purpose of encouraging the construction of new commercial and industrial structures. The first calendar year following completion, 0 percent of taxes are due, and each subsequent calendar the percentage of taxes due increases by 20 percent. During the 6th calendar year, 100 percent of taxes are assessed and due. The property owner agrees that the payment in lieu of taxes shall be made to the municipality in quarterly installments on those dates when real estate tax payments are due. Failure to make timely payments shall result in interest being assessed at the highest rate permitted for unpaid taxes and a real property tax lien on the land. The County receives 100% of its tax levy from each of the municipalities within the County and does not have any reduction in revenue as a result of these tax abatement programs.

The 2022 Equalization Tables for Cumberland County indicated 5 of 14 municipalities abated property taxes under this program. The total assessed value for properties participating in this program was \$157,460,100.00 and the total assessed value abated was \$100,020,120.00.

**Note 21: FINANCED PURCHASE OBLIGATIONS**

The County, as lessee, has entered into the following leases which meet the requirements of GASB 87:

**Building** - As of December 1, 2018, the County is financing the construction of one (1) building located in the City of Bridgeton, County of Cumberland, New Jersey with a total cost of \$64,990,000.00. The semi-annual payments vary and are based on a lease payment schedule detailed within the fully executed lease agreement. The agreement is for a term of forty (40) years with interest rates ranging from 4.0% to 5.0%. The final maturity of the financed purchase is September 1, 2058.

**Vehicle** - As of March 10, 2020, the County is financing one (1) 2020 Ford F-150 with a total cost of \$32,907.48. The quarterly payments vary and are based on a lease payment schedule detailed within the fully executed lease agreement. The agreement is for a term of five (5) years with an interest rate of 2.500%. The final maturity of the financed purchase is March 10, 2025.

**Note 21: FINANCED PURCHASE OBLIGATIONS (CONT'D)**

The following is an analysis of the financed purchase obligation liability:

<u>Description</u>	<b>Balance at December 31, 2022</b>
Building	\$ 63,070,000.00
Vehicle	15,316.72
	<u>\$ 63,085,316.72</u>

The following schedule represents the remaining future minimum payments under the financed purchase obligations, and the present value of the net minimum payments as of December 31, 2022:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 711,701.50	\$ 2,820,120.42	\$ 3,531,821.92
2024	746,870.61	2,784,701.31	3,531,571.92
2025	781,744.61	2,747,560.87	3,529,305.48
2026	815,000.00	2,708,550.00	3,523,550.00
2027	860,000.00	2,667,800.00	3,527,800.00
2028-2032	5,005,000.00	12,626,500.00	17,631,500.00
2033-2037	6,390,000.00	11,243,500.00	17,633,500.00
2038-2042	8,050,000.00	9,576,950.00	17,626,950.00
2043-2047	9,815,000.00	7,815,800.00	17,630,800.00
2048-2052	11,940,000.00	5,689,400.00	17,629,400.00
2053-2057	14,615,000.00	3,013,150.00	17,628,150.00
2058	3,355,000.00	167,750.00	3,522,750.00
Total	<u>\$ 63,085,316.72</u>	<u>\$ 63,861,782.60</u>	<u>\$ 126,947,099.32</u>

Under the provisions of GASB 87, for the year ended December 31, 2022, the County would have reported assets in the amount of \$65,022,907.48 and a financed purchase obligation in the amount of \$63,085,316.72. In addition, for the year ended December 31, 2022, the County would have recognized a reduction of the financed purchase obligation of \$676,536.56 and interest expense of \$2,853,785.36.

As a result of the regulatory basis of accounting previously described in note 1, the above noted cost of the assets, along with the financed purchase obligation liability, have not been recorded on the Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis of the current fund and trust fund, instead, the annual payment of the financed purchase obligation of \$3,523,300.00 was budgeted and paid from the current fund and the annual payment of the financed purchase obligation of \$7,021.92 was paid from the trust fund.

**Note 22: SUBSEQUENT EVENTS**

**COVID-19** - On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the County’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the County is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for calendar year 2023.

**Authorization of Debt** - Subsequent to December 31, 2022, the County authorized additional bonds and notes as follows:

<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
Various capital improvements	04/25/23	\$ 6,080,000.00

**APPENDIX C**

**REPORT OF AUDIT OF THE FINANCIAL STATEMENTS OF THE AUTHORITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**



**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY**

**AUDIT REPORT**

**YEARS ENDED  
DECEMBER 31, 2022 AND 2021**



**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
AUDIT REPORT  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
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**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities of the Cumberland County Improvement Authority (the "Authority"), a component unit of the County of Cumberland, State of New Jersey, as of and for the years ended December 31, 2022 and 2021, and its discretely presented component unit (Cumberland Empowerment Zone Corp.) 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 as listed in the table of contents.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Cumberland County Improvement Authority as of December 31, 2022 and 2021, and the Authority's discretely presented component unit as of December 31, 2021, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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 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 Cumberland County Improvement Authority 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 opinions. The financial statements of the Authority's discretely presented component unit (Cumberland Empowerment Zone Corp.) as of and for the year ended December 31, 2021 were not audited in accordance with *Government Auditing Standards*.

#### ***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.

### ***Responsibilities of Management for the Financial Statements (Continued)***

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

### ***Supplementary Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 supplementary schedules, as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2023 on our consideration of the Cumberland County Improvement Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing 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 Cumberland County Improvement Authority's internal control over financial reporting or on

**Other Reporting Required by *Government Auditing Standards* (Continued)**

compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cumberland County Improvement Authority's internal control over financial reporting and compliance.

ROMANO, HEARING, TESTA & KNORR

A handwritten signature in blue ink that reads "Romano, Hearing, Testa & Knorr". The signature is written in a cursive style.

Certified Public Accountants

September 22, 2023

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Cumberland County Improvement Authority (the "Authority"), a component unit of the County of Cumberland, State of New Jersey, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 22, 2023.

## **Report on Internal Control Over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Cumberland County Improvement Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

ROMANO, HEARING, TESTA & KNORR



Certified Public Accountants

September 22, 2023



**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**



# THE AUTHORITY

*Improving your Tomorrow.*

745 Lebanon Road • Millville, NJ 08332 • 856-825-3700

theauthoritynj.com

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Cumberland County Improvement Authority's (the Authority) annual financial report presents the analysis of the Authority's financial performance during the year that ended on December 31, 2022. Please read it in conjunction with the financial statements that follow this section.

### FINANCIAL HIGHLIGHTS

Management believes the Authority's financial condition is strong. Operating revenue totaled \$31.5 million which is an increase of \$0.7 million or 2.2% over the prior year. Landfill Tipping Fees and Lease/Rental Income, the largest revenue sources, accounted for \$15.1 million and \$9.9 million respectively. Landfill Tipping Fees decreased \$0.5 million or 3.4%, and Lease Rental Income increased \$0.2 million or 2.2%.

- The Authority's Net Capital Assets decreased by \$8.7 million, a decrease of 5.6%.
- The Authority's Total Assets decreased by \$18.2 million, a decrease of 3.8%.
- Operating expenses include cost of providing services, administrative and general, closure/postclosure costs and depreciation. The costs the Authority has control over, which are the cost of providing services and administrative and general expenses, totaled \$18.8 million, an increase of \$2.5 million or 15.4%.
- Closure/postclosure costs and depreciation expense totaled \$10.9 million, a decrease of \$0.2 million or 1.9%. The change was primarily due to a decrease in the Closure/postclosure expense.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

## REQUIRED FINANCIAL STATEMENTS

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

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

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

## FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

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

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

Table 1  
**Net Position**  
(Dollars in Thousands)

	2022	2021	2020	2022-2021		2021-2020	
				Increase/(Decrease)		Increase/(Decrease)	
				\$	%	\$	%
Current Assets - Unrestricted	\$ 15,768	\$ 14,104	\$ 13,938	\$ 1,664	11.8%	\$ 166	1.2%
Current Assets - Restricted	72,019	81,122	76,727	(9,103)	-11.2%	4,395	5.7%
Noncurrent Assets	377,073	387,861	396,139	(10,788)	-2.8%	(8,278)	-2.1%
Total Assets	<u>464,860</u>	<u>483,087</u>	<u>486,804</u>	<u>(18,227)</u>	<u>-3.8%</u>	<u>(3,717)</u>	<u>-0.8%</u>
Deferred Outflows of Resources	3,912	4,887	6,267	(975)	-20.0%	(1,380)	-22.0%
Current Liabilities Payable from Unrestricted Assets	4,056	7,002	5,188	(2,946)	-42.1%	1,814	35.0%
Current Liabilities Payable from Restricted Assets	14,621	9,455	10,430	5,166	54.6%	(975)	-9.3%
Long Term Liabilities	198,524	208,134	204,318	(9,610)	-4.6%	3,816	1.9%
Total Liabilities	<u>217,201</u>	<u>224,591</u>	<u>219,936</u>	<u>(7,390)</u>	<u>-3.3%</u>	<u>4,655</u>	<u>2.1%</u>
Deferred Inflows of Resources	222,035	228,086	235,640	(6,051)	-2.7%	(7,554)	-3.2%
Net Investment in Capital Assets	41,566	43,145	43,869	(1,579)	-3.7%	(724)	-1.7%
Restricted Net Position	6,013	4,858	5,455	1,155	23.8%	(597)	-10.9%
Unrestricted Net Position	(18,043)	(12,706)	(11,829)	(5,337)	42.0%	(877)	7.4%
Total Net Position	<u>\$ 29,536</u>	<u>\$ 35,297</u>	<u>\$ 37,495</u>	<u>\$ (5,761)</u>	<u>-16.3%</u>	<u>\$ (2,198)</u>	<u>-5.9%</u>

The increase in current assets-unrestricted is primarily the result of increases in due from NJ IBank and investments, and decreases in due from restricted, grant funds receivable.

The decrease in current assets-restricted is due to a decrease in cash.

The decrease in noncurrent assets is due to decreases in capital assets and lease receivable, and an increase in investments.

The decrease in deferred outflows of resources is primarily due to a decrease in deferred amount relating to pensions.

The decrease in current liabilities payable from unrestricted assets is primarily due to decreases in other payables and accrued liabilities.

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

The decrease in long-term liabilities is primarily due to decreases in revenue bonds payable and loans payable, and increases in accrued closure/postclosure costs and net pension liability.

The decrease in deferred inflows of resources is due to decreases in deferred amounts relating to pensions and leases.

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

	2022	2021	2020	2022-2021		2021-2020	
				Increase/(Decrease)		Increase/(Decrease)	
				\$	%	\$	%
<b>Operating Revenue:</b>							
Landfill Tipping Fees	\$ 15,099	\$ 15,638	\$ 15,369	\$ (539)	-3.4%	\$ 269	1.8%
Lease/Rental Income	9,947	9,733	6,861	214	2.2%	2,872	41.9%
Interest Income on Leases	397	397	296	-	0.0%	101	34.1%
Project Management Fee	1,038	1,011	1,185	27	2.7%	(174)	-14.7%
Renewable Energy Revenue	545	502	225	43	8.6%	277	123.1%
Recycle Revenue	1,043	635	307	408	64.3%	328	106.8%
Operating Grants	847	822	457	25	3.0%	365	79.9%
Admin/Bond Trans Fee/RE Trans	2	9	499	(7)	-77.8%	(490)	-98.2%
Project Income - Fleet Maintenance	176	285	313	(109)	-38.2%	(28)	-8.9%
Property Management Fee	1,065	1,030	997	35	3.4%	33	3.3%
Other Operating Income	1,324	743	474	581	78.2%	269	56.8%
<b>Total Operating Revenue</b>	<b>31,483</b>	<b>30,805</b>	<b>26,983</b>	<b>678</b>	<b>2.2%</b>	<b>3,822</b>	<b>14.2%</b>
<b>Operating Expenses:</b>							
Cost of Providing Services	14,534	12,116	12,517	2,418	20.0%	(401)	-3.2%
Administrative and General	4,231	4,149	4,422	82	2.0%	(273)	-6.2%
Closure and Postclosure Costs	1,081	1,833	7,327	(752)	-41.0%	(5,494)	-75.0%
Depreciation	9,802	9,266	7,701	536	5.8%	1,565	20.3%
<b>Total Operating Expenses</b>	<b>29,648</b>	<b>27,364</b>	<b>31,967</b>	<b>2,284</b>	<b>8.3%</b>	<b>(4,603)</b>	<b>-14.4%</b>
<b>Operating Income (Loss)</b>	<b>1,835</b>	<b>3,441</b>	<b>(4,984)</b>	<b>(1,606)</b>	<b>-46.7%</b>	<b>8,425</b>	<b>-169.0%</b>
<b>Non Operating Revenue (Expenses):</b>							
Interest Income	594	362	479	232	64.1%	(117)	-24.4%
Interest Expense	(5,683)	(5,964)	(5,041)	281	-4.7%	(923)	18.3%
Net Decrease in Fair Value of Investments	(2,541)	(789)	-	(1,752)	222.1%	(789)	-
Abandoned Projects	(818)	-	-	(818)	-	-	-
Appropriated to County	(745)	(694)	(605)	(51)	7.3%	(89)	14.7%
Premium Paid - Payment of Debt	(665)	-	-	(665)	-	-	-
Debt Issue Costs Incurred	(65)	(190)	(58)	125	-65.8%	(132)	227.6%
Gain/Loss on Disposal of Assets	1,491	68	83	1,423	2092.6%	(15)	-18.1%
P.I.L.O.T. Program-Municipal	(9)	(15)	(15)	6	-40.0%	-	0.0%
Other Non-Operating Income	809	1,259	1,296	(450)	-35.7%	(37)	-2.9%
Forgivable Loans/Grants	-	-	(100)	-	-	100	-100.0%
<b>Total Non-Operating Revenue (Expenses)</b>	<b>(7,632)</b>	<b>(5,963)</b>	<b>(3,961)</b>	<b>(1,669)</b>	<b>28.0%</b>	<b>(2,002)</b>	<b>50.5%</b>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	<b>(5,797)</b>	<b>(2,522)</b>	<b>(8,945)</b>	<b>(3,275)</b>	<b>129.9%</b>	<b>6,423</b>	<b>-71.8%</b>
<b>Capital Contributions</b>	<b>36</b>	<b>324</b>	<b>2,273</b>	<b>(288)</b>		<b>(1,949)</b>	
<b>Change in Net Position</b>	<b>(5,761)</b>	<b>(2,198)</b>	<b>(6,671)</b>	<b>(3,563)</b>	<b>162.1%</b>	<b>4,473</b>	<b>-67.1%</b>
<b>Net Position-Beginning</b>	<b>35,297</b>	<b>37,495</b>	<b>43,470</b>	<b>(2,198)</b>	<b>-5.9%</b>	<b>(5,975)</b>	<b>-13.7%</b>
<b>Total Net Position-Ending</b>	<b>\$ 29,536</b>	<b>\$ 35,297</b>	<b>\$ 36,799</b>	<b>\$ (5,761)</b>	<b>-16.3%</b>	<b>\$ (1,502)</b>	<b>-4.1%</b>

Total operating revenue increased \$0.7 million or 2.2% year-over-year. Revenue increases included lease/rental income of 2.2%, project management fee 2.7%, renewable energy gas revenue 8.6%, recycle revenue 64.3%, operating grants 3.0%, property management fee 3.4% and other operating income 78.2%. Revenue decreases included landfill tipping fees of 3.4%, administrative/bond transaction fee 77.8%, and project income – fleet maintenance 38.2%.

As mentioned in the financial highlights, the costs the Authority has control over are the cost of providing services and administrative and general expenses. These expenses totaled \$18.8 million, an increase of \$2.5 million or 15.4% which were primarily the result of increases in disposal fees, treatment operations, and building services. Closure/postclosure costs and depreciation expense totaled \$10.9 million, a decrease of \$0.2 million or 1.9%. The change was primarily due to decrease in Closure/postclosure expense of 41.0% netted against an increase of 5.8% related to depreciation expense. These costs are not controlled by the Authority.

The Authority’s ending net position decreased \$5.8 million or 16.3% primarily caused by a loss of \$5.8 million due to the net result of a \$1.8 million operating income reduced by non-operating revenue (expenses) of \$7.6 million.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of December 2022, the Authority had \$146.0 million invested in a broad range of capital assets. This amount represents a decrease of \$8.7 million or 5.6% from the previous year. More detailed information about capital assets can be found in Note 3 to the financial statements. Total depreciation expense for the year was \$9.8 million.

The following table summarizes the Authority’s capital assets, net of accumulated depreciation, and changes therein, for the year ended December 31, 2022.

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

	2022	2021	2020	2022-2021		2021-2020	
				Increase/(Decrease)	Increase/(Decrease)	Increase/(Decrease)	Increase/(Decrease)
				\$	%	\$	%
Land	\$ 4,881	\$ 6,902	\$ 6,753	\$ (2,021)	-29.3%	149	2.2%
Construction in Progress	21,003	22,403	28,490	(1,400)	-6.2%	(6,087)	-21.4%
Building and Related Improvements	75,489	81,699	74,334	(6,210)	-7.6%	7,365	9.9%
Improvements Other than Buildings	39,494	37,898	39,398	1,596	4.2%	(1,500)	-3.8%
Machinery and Equipment	5,108	5,741	5,508	(633)	-11.0%	233	4.2%
Office Equipment	59	68	66	(9)	-13.2%	2	3.0%
<b>Total</b>	<b>\$ 146,034</b>	<b>\$ 154,711</b>	<b>\$ 154,549</b>	<b>\$ (8,677)</b>	<b>-5.6%</b>	<b>\$ 162</b>	<b>0.1%</b>

The change in investment in capital assets during 2022 was primarily the result of selling building and associated property netted with additions of landfill infrastructure projects.

The Authority’s Solid Waste and Other Operations FY 2023 capital budgets plan for investing \$39.9 million in capital projects, including the following (in thousands):

	Solid Waste	Other	Total
Landfill Heavy Support Equipment	\$ 700		\$ 700
Budgeted Construction Projects	50	40	90
Closure/Post Closure	2,690	-	2,690
Building Improvements	90	100	190
Improvements Other	75	-	75
Office Furniture and Equipment	25	-	25
Machinery and Equipment	60	-	60
Solid Waste Construction Projects	750	-	750
Economic Development Construction Projects	-	35,400	35,400
<b>TOTAL</b>	<b>\$ 4,440</b>	<b>\$ 35,540</b>	<b>\$ 39,980</b>

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

**Debt Administration**

At December 31, 2022, the Authority had outstanding bond issues in the amount of \$143.7 million with principal payments of \$5.7 million due in one year as detailed in Note 4 to the financial statements. The Authority also had outstanding loans payable in the amount of \$16.9 million with principal payments of \$6.4 million due in one year. (See Note 4 to the financial statements).

During 2022, the Authority issued lease revenue bonds in the amount of \$2.0 million principal for the Tech School Facilities Acquisition Project with a fourteen-year fixed interest rate of 2.34% and maturities extending to 2036.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

Tipping fee revenue is projected to increase in 2023 by 11.7% due to an increase in rates necessitated by cost increases in expenditures. Recycling revenue is projected to decrease, caused by continued recycle market instability and processing challenges faced by the Material Recycling Facility operator. The Solid Waste budget is on track for a net surplus. Economic Development expectations include lost project management revenue from the possible abandonment of a large project and decreased rent revenue due to delays in tenant construction. Revenue increases are expected in other operating income, for a total anticipated revenue decrease of 7.2%. Expenses are projected to decrease 4.2% on the overall budget, therefore the deficit expected in Economic Development will be greatly reduced. In developing the 2024 budget, the Authority proposes only to increase tipping fee rates as required to fund landfill closure/postclosure liabilities. The Authority continues to plan incremental increases over time to minimize the impact on its customers and governmental budgets.

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

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

## **CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

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



## **BASIC FINANCIAL STATEMENTS**

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>	
	<u>Authority</u>	<u>Authority</u>	<u>Component Unit - CEZC</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS - UNRESTRICTED:</b>			
Cash	\$ 947,603	\$ 1,134,034	\$ 7,401,383
Investments	500,000		
Accounts Receivable	1,810,294	1,589,506	
Loans Receivable	202,349	52,219	
Interest Receivable - Loans	9,233	42,037	
Grant Funds Receivable	192,435	453,853	88,769
Other Receivables	1,175,540	836,672	12,599
Lease Receivables	9,577,065	9,252,283	
Notes Receivable			60,417
Due from NJ IBank	877,604		
Due from Restricted Assets	92,811	472,207	
Inventories	291,127	159,412	
Prepaid Expenses	92,243	111,871	2,046
<b>Total Current Assets - Unrestricted</b>	<u>15,768,304</u>	<u>14,104,094</u>	<u>7,565,214</u>
<b>CURRENT ASSETS - RESTRICTED:</b>			
Accounts Required by the Authority's Bond Resolutions/Loan Agreements:			
Cash	68,528,343	76,814,354	
Cash Held by Fiscal Agent		300,558	
Investments	1,679,266		
Other Restricted Accounts:			
Cash	977,120	1,593,912	
Investments	718,420	2,322,647	
Interest Receivable	115,200	91,029	
Interfunds			
<b>Total Current Assets - Restricted</b>	<u>72,018,349</u>	<u>81,122,500</u>	<u>-</u>
<b>NONCURRENT ASSETS:</b>			
Investments - Accounts Required by Bond Resolutions	3,236,940		
Investments - Other Restricted Accounts	16,201,748	17,328,863	153,544
Investment in Redevelopment Sites	2,000,000	2,112,500	
Lease Receivables - Noncurrent	197,001,916	201,047,384	
Loans Receivable - Noncurrent	12,299,561	12,351,911	
Mortgages Receivable			3,364,492
Prepaid Bond Insurance	298,982	308,571	
Capital Assets, Net	146,033,856	154,711,398	21,102
<b>Total Noncurrent Assets</b>	<u>377,073,003</u>	<u>387,860,627</u>	<u>3,539,138</u>
<b>TOTAL ASSETS</b>	<u>464,859,656</u>	<u>483,087,221</u>	<u>11,104,352</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred Loss on Defeasance of Debt	62,073	108,201	
Deferred Amount Relating to Pensions	2,898,717	3,757,466	
Deferred Amount Relating to OPEB	951,238	1,021,899	
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>3,912,028</u>	<u>4,887,566</u>	<u>-</u>

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

(Continued)

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>	
	<u>Authority</u>	<u>Authority</u>	<u>Component Unit - CEZC</u>
<b>CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED ASSETS:</b>			
Accounts Payable - Operations	\$ 1,431,507	\$ 2,016,566	\$ 84,892
Other Payables	1,038,507	2,184,327	
Accrued Liabilities	144,290	1,296,455	
Accrued Liabilities - Pension	691,778	670,181	
Note Payable			
Customer Deposits	154,400	149,400	
Security Deposits		185,084	
Landfill Taxes Payable	177,517	53,181	
Host Community Benefit Payable	50,167	299,205	
Unearned Revenue	245,714	148,332	
Unearned Grant Revenue	121,823	-	563,386
<b>Total Current Liabilities Payable From Unrestricted Assets</b>	<u>4,055,703</u>	<u>7,002,731</u>	<u>648,278</u>
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:</b>			
Loans Payable	6,355,199	1,655,530	
Contracts Payable - Construction	1,139,821	282,850	
Contracts Payable - Retainage	138,905	337,705	
Revenue Bonds Payable	5,682,908	5,385,908	
Accrued Interest Payable - Revenue Bonds and Loans	1,211,003	1,276,939	
Due to Unrestricted Assets	92,811	472,207	
License Agreement Escrow		43,702	
<b>Total Current Liabilities Payable From Restricted Assets</b>	<u>14,620,647</u>	<u>9,454,841</u>	<u>-</u>
<b>LONG-TERM LIABILITIES:</b>			
Revenue Bonds Payable	138,028,621	148,492,682	
Loan Payable	10,576,245	12,178,609	33,841
Accrued Closure and Postclosure Care Costs	37,097,166	36,016,129	
Accrued Liability Pension	345,889	335,091	
Net Pension Liability	8,278,725	6,779,248	
Net OPEB Obligation	4,001,886	4,134,487	
Accrued Compensated Absences	195,677	197,498	
<b>Total Long-Term Liabilities</b>	<u>198,524,209</u>	<u>208,133,744</u>	<u>33,841</u>
<b>Total Liabilities</b>	<u>217,200,559</u>	<u>224,591,316</u>	<u>682,119</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Amount Relating to Pensions	1,653,462	4,247,826	
Deferred Amount Relating to OPEB	625,910	262,160	
Deferred Amount Relating to Arts & Innovation Project	3,784,375	3,784,375	
Deferred Amount Relating to Leases	215,971,524	219,791,624	
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>222,035,271</u>	<u>228,085,985</u>	<u>-</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	41,566,477	43,145,115	
Restricted:			
Operations	2,082,700	1,945,840	
Debt Service	2,238,222	2,135,500	
Equipment Renewal and Replacement	1,692,233	777,152	
Unrestricted (Deficit)	<u>(18,043,778)</u>	<u>(12,706,121)</u>	<u>10,422,233</u>
<b>Total Net Position</b>	<u>\$ 29,535,854</u>	<u>\$ 35,297,486</u>	<u>\$ 10,422,233</u>

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>	
	<u>Authority</u>	<u>Authority</u>	<u>Component Unit - CEZC</u>
<b>OPERATING REVENUE:</b>			
Landfill Tipping Fees	\$ 15,099,094	\$ 15,637,744	\$
Lease/Rental Income	9,946,852	9,732,553	11,983
Interest Income on Leases	397,413	396,812	
Interest Income on Mortgages/Loans			151,223
Project Management Fee	1,037,911	1,010,668	
Renewable Energy Revenue	544,929	502,102	
Recycle Revenue	1,042,875	635,309	
Operating Grants	846,477	822,157	219,432
Project Income - Fleet Maintenance	176,003	285,166	
Administrative/ Bond Transaction Fee/ Real Estate Trans.	2,488	9,369	
Property Management Fee	1,065,473	1,030,457	
Other Operating Income	1,323,866	742,961	7,750
<b>Total Operating Revenue</b>	<u>31,483,381</u>	<u>30,805,298</u>	<u>390,388</u>
<b>OPERATING EXPENSES:</b>			
Cost of Providing Services	14,534,571	12,116,116	225,722
Administrative and General	4,231,080	4,149,051	330,880
Closure and Postclosure Costs	1,081,037	1,832,613	
Depreciation	9,802,070	9,265,817	
<b>Total Operating Expenses</b>	<u>29,648,758</u>	<u>27,363,597</u>	<u>556,602</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,834,623</u>	<u>3,441,701</u>	<u>(166,214)</u>
<b>NON-OPERATING REVENUE (EXPENSES):</b>			
Interest Income	593,725	361,641	
Interest Expense	(5,683,544)	(5,963,579)	
Net Increase (Decrease) in Fair Value of Investments	(2,540,881)	(789,430)	
Abandoned Projects	(818,007)		
Appropriated to County	(744,605)	(694,105)	
Premium Paid - Prepayment of Debt	(665,000)	-	
Debt Issue Costs Incurred	(65,219)	(190,019)	
Gain Disposal of Assets	1,491,396	67,862	
PILOT Program - Municipal	(9,334)	(14,833)	
Other Non-Operating Income	809,073	1,259,378	
<b>Total Non-Operating Revenue (Expenses)</b>	<u>(7,632,396)</u>	<u>(5,963,085)</u>	<u>-</u>
<b>LOSS BEFORE CAPITAL CONTRIBUTIONS</b>	<u>(5,797,773)</u>	<u>(2,521,384)</u>	<u>(166,214)</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>36,141</u>	<u>324,370</u>	
<b>CHANGE IN NET POSITION</b>	<u>(5,761,632)</u>	<u>(2,197,014)</u>	<u>(166,214)</u>
<b>NET POSITION-BEGINNING</b>	<u>35,297,486</u>	<u>37,494,500</u>	<u>10,588,447</u>
<b>TOTAL NET POSITION-ENDING</b>	<u>\$ 29,535,854</u>	<u>\$ 35,297,486</u>	<u>\$ 10,422,233</u>

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
COMPARATIVE STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers and Users	\$ 29,659,229	\$ 29,483,396
Cash Payments to Suppliers for Goods and Services	(16,814,552)	(6,352,117)
Cash Payments for Employee Services	(5,382,138)	(8,358,875)
Other Operating Receipts and Payments	<u>1,228,859</u>	<u>1,424,876</u>
<b>Net Cash Provided by Operating Activities</b>	<u>8,691,398</u>	<u>16,197,280</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Appropriated to County	(744,605)	(694,105)
P.I.L.O.T. Program-Municipal	(9,334)	(14,833)
Loans/Lease Receivable	(729,976)	52,154
Operating Subsidies and Transfers	-	-
Other Non-Operating Revenue and Expenses	<u>809,073</u>	<u>1,259,378</u>
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<u>(674,842)</u>	<u>602,594</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and Construction of Capital Assets	(9,285,334)	(10,243,850)
Proceeds from Sale of Capital Assets	10,578,473	67,862
Proceeds from Loan/Lease Issues	4,205,410	2,400,000
Proceeds from Bond Issue	1,990,000	7,495,000
Premiums Received on the Issuance of Debt	-	994,113
Principal Paid on Bonds/Loans	(13,929,617)	(6,660,402)
Premium Paid on Prepayment of Debt	(665,000)	
Debt Issue Costs Paid	(65,219)	(190,019)
Interest Paid on Bonds	(5,693,763)	(5,965,627)
Capital Contributions	<u>36,141</u>	<u>324,370</u>
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(12,828,909)</u>	<u>(11,778,553)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Investment Securities	(9,694,809)	(14,569,001)
Proceeds from Sale and Maturities of Investment Securities	4,547,816	13,921,861
Interest Received on Investments	<u>569,554</u>	<u>373,503</u>
<b>Net Cash Used by Investing Activities</b>	<u>(4,577,439)</u>	<u>(273,637)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(9,389,792)	4,747,684
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>79,842,858</u>	<u>75,095,174</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 70,453,066</u>	<u>\$ 79,842,858</u>

(Continued)

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
COMPARATIVE STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH AND CASH EQUIVALENTS - STATEMENT OF NET POSITION:</b>		
Cash and Cash Equivalents - Unrestricted	\$ 947,603	\$ 1,134,034
Accounts Required by Authority's Bond Resolutions/Loan Agreements:		
Cash and Cash Equivalents	68,528,343	76,814,354
Cash Held by Fiscal Agent	-	300,558
Cash and Cash Equivalents - Other Restricted Accounts	<u>977,120</u>	<u>1,593,912</u>
	<u>\$ 70,453,066</u>	<u>\$ 79,842,858</u>
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 1,834,623	\$ 3,441,701
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	9,802,070	9,265,817
Increase (Decrease) in Cash Resulting From Changes in:		
Customer Accounts Receivable	(220,788)	(288,664)
Other Receivables	(338,868)	503,328
Lease Receivables	3,720,686	8,190,543
Operating Grants Receivable	261,418	(141,614)
Inventories	(131,715)	(8,654)
Prepaid Expenses	19,628	23,322
Deferred Outflows Related to Pensions	858,749	1,250,496
Deferred Outflows Related to OPEB	70,661	70,661
Accounts Payable - Operations	(585,059)	622,482
Other Payables	(1,145,820)	(49,423)
Accrued Liabilities	(1,152,165)	1,156,581
Customer & Security Deposits	(180,084)	(190,863)
Landfill Taxes Payable	124,336	136,015
Host Community Benefit Payable	(249,038)	(229,236)
Unearned Revenue	(12,044)	320,201
Unearned Grant Revenue	(5,513)	
License Agreement Escrow	(43,702)	(65,314)
Accrued Liabilities - Pension	32,395	105,984
Accrued Liabilities - OPEB	(132,601)	233,424
Accrued Compensated Absences	(1,821)	(8,560)
Net Pension Liability	1,499,477	(2,157,795)
Accrued Closure and Postclosure Costs	1,081,037	1,832,613
Deferred Inflows Related to Pensions	(2,594,364)	474,192
Deferred Inflows Related to Leases	<u>(3,820,100)</u>	<u>(8,289,957)</u>
Total Adjustments	<u>6,856,775</u>	<u>12,755,579</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 8,691,398</u>	<u>\$ 16,197,280</u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

Financial Reporting Entity

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

Beginning in 2018, the Authority entered into an enhanced relationship with a not-for-profit entity, the Cumberland Empowerment Zone Corp. (CEZC), that met the criteria to be considered a component unit. In January 2022, the Authority adopted a resolution authorizing the termination of the Administrative and Managerial Services Agreement and the Property Development and Management Agreement by and between the Cumberland Empowerment Zone Corporation (CEZC) and the Authority effective December 31, 2021. As a result, for the year ended December 31, 2022, the CEZC is no longer considered a Component Unit of the Authority for financial reporting purposes. The 2021 financial statements of the CEZC are discretely presented in the Authority's financial statements. Discretely presented component units are reported in a separate column in the government's financial statements to emphasize that it is legally separate from the government.



**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Financial Reporting Entity (Continued)

The CEZC issues a financial report that includes financial statements and supplementary information. That report may be obtained by contacting, the Executive Director of the Cumberland Empowerment Zone Corp., PO Box 847, Millville, NJ 08332.

Basis of Presentation

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The accompanying financial statements are reported using the “economic resources measurement focus,” and the “accrual basis of accounting.” Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. The budget must be introduced by the governing body at least 60 days prior to end of the current fiscal year, and adopted no later than the beginning of the Authority’s fiscal year. The budget is adopted on the accrual basis of accounting with provision for cash payments for bond principal. Depreciation and amortization expense are not included as budget appropriations. The Authority may make budget transfers and amendments at any time, which must be

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Budgets and Budgetary Accounting (Continued)

approved by resolution of the Authority and by the State of New Jersey Division of Local Government Services if the legal level line items are affected. Detailed line-item transfers not affecting the legal level line items may be made by management at any time. There are no statutory provisions that budgetary line items not be over-expended.

Cash, Cash Equivalents and Investments

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

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

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

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

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

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

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

Accounts Receivable

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Prepaid Expenses

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

Inventory

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

Capital Assets

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

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

Construction in progress is stated at cost. Construction costs are charged to construction in progress until such time as the facility is put into operation.

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

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

Bond Premiums and Discounts

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

Deferred Outflows and Deferred Inflows of Resources

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

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Deferred Outflows and Deferred Inflows of Resources (Continued)

The Authority reports the following as deferred outflows of resources:

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

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

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

The Authority reports the following as deferred inflows of resources:

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

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

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

Pensions

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

Postemployment Benefits Other than Pensions

For the year ended December 31, 2018, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for*

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Postemployment Benefits Other than Pensions (Continued)

*Postemployment Benefits Other Than Pensions (GASB 75).* In September 2016, the Authority switched from the State Health Benefits Program (SHBP) to a self-insured plan. The Authority records its other postemployment benefits cost (expense) based on the actuarially determined amount. Required financial statement disclosures are included in Note 5.

Conduit Debt Obligations

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

The Authority assumes no responsibility for repayment of this debt beyond the resources provided by the underlying Lease or Loan Agreements which is payable from the third party's revenues, but which is also a general obligation of the third party payable ultimately from the levy of *ad valorem* taxes on all real property in the third party's jurisdiction. As of December 31, 2022 and 2021 there were four Series of Conduit Bonds outstanding in the aggregate principal amount of \$87,640,000 and \$102,715,000 respectively, which are treated strictly as conduit debt obligations under Interpretation No. 2 of the Governmental Accounting Standards Board and are therefore not included in the financial statements. Note that included in the \$87,640,000 outstanding as of December 31, 2022 is \$13,000,000 of City of Vineland Electric Utility Bonds, Series 2009B originally issued by the Authority. In June 2019, the City of Vineland issued its Electric Utility Refunding Bonds Series 2019 and established a Revocable Escrow Account with TD Bank that provided for the economic defeasance of the City's Series 2009 Bonds. That escrow is being used by the Trustee to pay the debt service due on the Authority's Series 2009B Bonds, however, since it was a Revocable Escrow, the Authority's Bonds are still deemed outstanding.

Net Position

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

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced, by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Net Position (Continued)

If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component as the unspent amount.

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

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

Grants

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

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

Use of Estimates

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

Income Taxes

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

Subsequent Events

Management has evaluated subsequent events through September 22, 2023, the date the financial statements were available for issue.

Reclassifications

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Adoption of Accounting Pronouncements

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations (GASB 91). The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement also requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. The requirements of this Statement were originally scheduled to be effective for reporting periods beginning after December 15, 2020 but has been postponed one year by GASB 95 as a result of the COVID-19 pandemic. The adoption of this Statement had no material impact on the Authority's financial statements.

In January 2020, the GASB issued Statement No. 92, Omnibus 2020. The primary objectives of this Statement enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

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

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Adoption of Accounting Pronouncements (Continued)

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

Recent Accounting Pronouncements Not Yet Effective

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

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is currently evaluating the impact of the adoption of this Statement and has not yet determined the impact of this Statement on the financial statements.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objectives of this Statement are to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the



**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Recent Accounting Pronouncements Not Yet Effective (Continued)

underlying IT assets), as specified in the contract for a period of time in an exchange or exchange like transaction. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is currently evaluating the impact of the adoption of this Statement and has not yet determined the impact of this Statement on the financial statements.

In April 2022, the GASB issued Statement No. 99, Omnibus 2022. The Objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistence 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 for futures 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, PPP's and SBITAs will become effective for fiscal years beginning after June 15, 2022. 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 fiscal years beginning after June 15, 2023. Management does not expect this Statement will have an impact on the financial statements.

In June 2020, the GASB issued Statement No. 100, Accounting Changes and Error Corrections. The primary objective of this Statement is to enhance accounting and financial requirements for accounting changes and error correction to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirement of the Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Management is currently evaluating the impact of the adoption of this Statement and has not yet determined the impact of this Statement on the financial statements.

In June 2022, the GASB issued Statement No. 101, Compensated Absences. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Recent Accounting Pronouncements Not Yet Effective (Continued)

been used and (2) leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through non cash means. This Statement requires that a liability for certain types of compensated absences – including parental leave, military leave, and jury duty leave – not be recognized until the leave commences. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Management is currently evaluating the impact of the adoption of this Statement and has not yet determined the impact of this Statement on the financial statements.

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

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

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

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

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

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

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

Solid Waste System Revenue Bond Resolution (Continued)

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

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

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

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

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

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

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

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

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

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

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

Authority's 2014 County Guaranteed Facilities Acquisition Revenue Bond Resolution (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
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**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

2017 Lease Revenue Bonds Resolution (Continued)

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

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

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

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

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

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

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

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

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

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

2018 Lease Revenue Bonds Resolution (Continued)

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

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

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

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

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

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

Acquisition Fund – Proceeds from the Series 2019 Bonds and certain other sources to be used for payment of costs related to the construction of the Project. To the extent not otherwise utilized, moneys shall be transferred to the Debt Service Fund.

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

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

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

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

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

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

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

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

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

Revenues are defined in the Authority's Bond Resolution to be "any funds, other than funds which have been borrowed by the Authority, which the Authority deposits in the Revenue Fund, regardless of the source thereof." For the years 2022 and 2021, Revenues as defined were sufficient to meet the rate covenant contained in Section 712 (2) of the Authority's Bond Resolution.

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

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

For purposes of this Bond Agreement, Net Operating Income shall be defined as the net income received from the Pledged Property, after taxes, plus depreciation expense, plus amortization of goodwill and all other intangible assets, plus interest expense accrued on all interest-bearing obligations associated with the Pledged Property." For the year 2022, the Authority met the Debt Service Coverage Ratio Requirement contained in the Series 2017 Bond Agreement. For the year 2021 the requirement was waived by the lender.

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**AMOUNTS REQUIRED BY BOND RESOLUTIONS**

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

	Series 2015 A Operating Fund	Series 2015 A Bond Reserve Fund	Series 2015A Debt Service Fund
Required Amount	\$ 2,082,700	\$ 1,958,950	\$ 1,842,900
Cash and Investments	686,223	1,934,523	1,964,488
Surplus (Deficit)	<u>\$ (1,396,477) *</u>	<u>\$ (24,427) **</u>	<u>\$ 121,588</u>

\*Deficit is the result of timing differences – additions were made to the Operating Fund in January 2023.

\*\* Note this deficit is the result of a decrease in fair value. On a cost basis the requirement would be met.

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

	Series 2014 Debt Service Fund	Series 2015 Debt Service Fund
Required Amount	\$ 496,727	\$ 144,946
Cash and Investments	590,727	294,255
Surplus (Deficit)	<u>\$ 94,000</u>	<u>\$ 149,309</u>

**ARBITRAGE RULES**

The Authority is subject to certain arbitrage rules added to the Internal Revenue Code in 1969 and amended by TEFRA in 1992 and by the 1986 TRA. Under these rules, interest earnings on certain investments of proceeds of the Authority's bonds are subject to the limitations imposed by the arbitrage provisions of the Internal Revenue Code. The Authority is required to rebate certain arbitrage profits on non-purpose investments at least once every five years. At December 31, 2022 and 2021, no material arbitrage profits were subject to rebate.

**NOTE 3 DETAIL NOTES - ASSETS**

**CASH AND CASH EQUIVALENTS**

At December 31, 2022 the carrying amount and bank balance of the Authority's time and demand deposits were \$1,141,091 and \$1,983,308, respectively. At December 31, 2021 the carrying amount and bank balance of the Authority's time and demand deposits were \$2,501,110 and \$3,170,489, respectively. All of the time and demand deposits were covered by either federal deposit insurance or by the Governmental Unit Deposit Protection Act (GUDPA).



**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)**

**CASH AND CASH EQUIVALENTS (CONTINUED)**

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

Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). The Authority’s public funds in excess of the FDIC insured amounts are protected by GUDPA. As of December 31, 2022, \$500,000 of the Authority’s bank balance of \$1,983,308 was insured and \$1,483,308 was uninsured and collateralized. As of December 31, 2021, \$500,000 of the Authority’s bank balance of \$3,170,489 was insured and \$2,670,489 was uninsured and collateralized.

In addition to the bank deposits described above, as of December 31, 2022 and 2021, the Authority had \$58,369,575 and \$58,973,365 respectively, invested in government money market funds which are not covered by federal deposit insurance or by GUDPA, but which invest exclusively in general obligations issued by the U.S. Government and backed by its full faith and credit and which carries a credit rating of AAA.

At December 31, 2022 and 2021 the Authority had \$10,942,400 and \$18,067,4825 respectively, invested in the New Jersey Cash Management Fund (“the Fund”) which is not covered by either federal deposit insurance or by GUDPA. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above.

At December 31, 2022 and 2021 the Authority also reported Cash Held by Fiscal Agent in the amount of \$0 and \$300,558 respectively, consisting of proceeds from a term loan with a banking institution that are being held by that banking institution for expenditures to be made for the Authority’s Food Specialization Project.

**INVESTMENTS**

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

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty’s trust department or agent but not in the Authority’s name. All of the Authority’s investments (\$22,336,374 at December 31, 2022 and \$19,651,510 at December 31, 2021) in U.S. Treasury obligations and agencies and other governmental agencies are held in the name of the counterparty not in the name of the Authority.

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)**

**INVESTMENTS (CONTINUED)**

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

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

Fair Value Measurements – The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of December 31, 2022, the Authority had the following investments and maturities which are measured using Level 1 inputs.

	<u>Quality/Rating</u>	<u>Total Fair Value</u>			
	Treasury/Agency	\$ 19,961,908			
	AA2	205,180			
	A2	561,750			
	Other	1,607,536			
	<b>Total Investments</b>	<b><u>\$ 22,336,374</u></b>			
<u>Investment Maturities (in Years)</u>					
<u>Total</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Greater than 10</u>	
<u>\$22,336,374</u>	<u>\$ 2,897,686</u>	<u>\$ 14,095,914</u>	<u>\$4,151,897</u>	<u>\$1,190,877</u>	

As of December 31, 2021, the Authority had the following investments and maturities which are measured using level 1 inputs.

	<u>Quality/Rating</u>	<u>Total Fair Value</u>			
	Treasury/Agency	\$ 17,555,408			
	AA2	246,448			
	A2	743,955			
	Other	1,105,699			
	<b>Total Investments</b>	<b><u>\$ 19,651,510</u></b>			
<u>Investment Maturities (in Years)</u>					
<u>Total</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Greater than 10</u>	
<u>\$19,651,510</u>	<u>\$ 3,322,648</u>	<u>\$ 8,168,758</u>	<u>\$5,766,322</u>	<u>\$2,393,782</u>	

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)**

**INVESTMENTS (CONTINUED)**

**INVESTMENTS IN REDEVELOPMENT SITES**

On July 1, 2018, the Cumberland County Board of Vocational Education (“District”) transferred and conveyed the ownership and operation of certain land and improvements located in the Township of Deerfield, New Jersey (“Township”) to the Authority for \$1 in order to advance redevelopment on behalf of the Township. The property is valued at fair market value based upon a subsequently executed agreement of sale in the amount of \$2,000,000. Upon the completion of the sale, pursuant to the transfer of ownership agreement, the Authority will be entitled to 70% of the proceeds, and the District will be entitled to 30%. Closing on the sale had not yet taken place as of December 31, 2022 and the investment in the amount of \$2,000,000 and \$2,112,500 as of December 31, 2022 and 2021, respectively, is reported in the Statement of Net Position .

**GRANT FUNDS RECEIVABLE AND UNEARNED GRANT REVENUE**

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

Name of Grant	Receivable (Unearned Revenue) Jan. 1, 2021	Earned/ Expended 2022	Received 2022	Receivable (Unearned Revenue) Dec. 31, 2022
NJDEP:				
Recycling Grants:				
REA Tax Entitlement Grant 2021	\$ -	\$ 149,859	\$ -	\$ 149,859
Clean Communities (Passed through the County of Cumberland) 2022	(20,996)	211,038	190,042	-
NJ LEAP Grant - FY 2020	97,406		97,406	-
Community Foundation (Heart & Soul)	(16,151)	28,495	35,000	(22,656)
CDBG Grant	81,447	387,089	468,536	-
FEMA Grant		49,930	36,503	13,427
Opportunity Zone Grant	25,000			25,000
NJEDA Grant - Atlantic St		4,149		4,149
NJEDA Grant - BDT Project	(111,185)	12,017		(99,168)
ARPA - Rental Relief Grant		37,634	37,634	-
USEDA Food Project Grant	250,000	-	250,000	-
	<u>\$ 305,521</u>	<u>\$ 880,211</u>	<u>\$ 1,115,121</u>	<u>\$ 70,611</u>

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)**

**LOANS RECEIVABLE**

In May 2016, the Authority entered into a loan agreement in the amount of \$521,556 with the Township of Deerfield for the purchase of a special emergency and fire rescue vehicle. The loan bears interest at a rate of 0.25% per annum on the unpaid principal balance. Principal payments in the amount of \$52,876 will be made in ten annual payments beginning on July 1, 2017 and ending July 1, 2026. The balance at December 31, 2022 and 2021 is \$210,185 and 262,405 respectively. The current portion of the receivable at December 31, 2022 is \$52,219.

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

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

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

The leveraged loan was funded from the following sources - proceeds in the amount of \$3,200,000 from the issuance of taxable Chapter 12 Bonds by the County of Cumberland for the benefit of the College; proceeds of a loan from the Cumberland Empowerment Zone Corporation (CEZC) in the principal amount of \$1,000,000; a New Jersey Department of Community Affairs grant in the amount of \$540,003 passed through the Holly City Development Corporation; and the Authority made a capital contribution towards the Project in the amount of \$200,000 as well as an additional amount advanced in the amount \$44,372. The balance of the leveraged loan receivable as of December 31, 2022 and 2021 is \$4,784,375, all of which is non-current.

In March of 2018 the Authority adopted a resolution approving a project and project financing for a Food Specialization Project ("Project") located in the City of Bridgeton, New Jersey. The Authority acquired the property for the Project from the City of Bridgeton and is acting as developer for the project undertaking the design, development, financing and construction

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)**

**LOANS RECEIVABLE (CONTINUED)**

of the Project. In May of 2018 the Authority entered into a Fund Loan Agreement with 481 Bridgeton Investment Fund, LLC. (“Borrower”). Pursuant to the agreement the Authority provided a leveraged loan in the principal amount of \$7,357,350 to the Borrower related to the development of the Project. Funds for the leveraged loan were derived from the proceeds of a \$7,357,350 “source loan” from a local lender. The leveraged loan has a 30-year term, maturing May 23, 2048 at an interest rate of 1.78% per annum. The Authority is to receive interest only payments for the first seven (7) years of the loan term. Beginning in the year 2025, through the year 2032, the balance of principal and interest shall amortize on a basis of a fifty (50) year amortization. Thereafter, the principal and interest shall amortize on the basis of a sixteen (16) year schedule through the maturity date of May 23, 2048. The balance of the leveraged loan receivable as of December 31, 2022 and 2021 is \$7,357,350, all of which is non-current.

**LEASE RECEIVABLES AND DEFERRED INFLOWS – LEASES**

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

Lessee	Number of Leases	Lease Term
County of Cumberland	4	(2) Leases are for 20 years; (2) Leases are for 10 Years with (2) 5-year extensions; (1) Lease is for 40 years
State of New Jersey	6	(5) Leases are for 10 years with (2) 5-year extensions (1) Lease is for 8.75 years
City of Vineland	2	(1) Lease is for 15 years; (1) Lease is for 25 years
Not-For-Profit Organizations	3	5-6 years
Commercial Entities	2	(1) Lease is for 3 years; (2) Lease is month-to-month
Vineland Board of Education	1	5 Years
Cumberland Cty Voc Education	1	15 Years

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)**

**LEASE RECEIVABLES AND DEFERRED INFLOWS – LEASES (CONTINUED)**

For lease payments that secure the Authority's debt related to the leased property, there are no provisions for the lessee to terminate or abate lease payments prior to the end of the lease term. Deferred Inflows recognized in 2022 and 2021 were \$9,920,333 and \$9,731,774 respectively and the Interest portion of Lease payments received in 2022 and 2021 was \$397,413 and \$396,812 respectively.

The following is a summary of changes in lease receivables for the years ended December 31, 2022 and 2021.

	Balance Jan. 1, 2022	2022 Leases	2022 Cancellations	2022 Reductions	Balance Dec. 31, 2022	Amounts Due Within One Year
Lease						
Receivables	\$ 210,299,667	\$ 6,662,568	\$ (562,335)	\$ (9,820,919)	\$ 206,578,981	\$ 9,577,065

  

	Balance Jan. 1, 2021	2021 Leases	2021 Cancellations	2021 Reductions	Balance Dec. 31, 2021	Amounts Due Within One Year
Lease						
Receivables	\$ 218,490,210	\$ 1,441,817	\$ -	\$ (9,632,360)	\$ 210,299,667	\$ 9,252,283

The annual lease payments to be received by the Authority, including principal and interest, as of December 31, 2022 are as follows:

Year Ending December 31,	Future Lease Payments		
	Principal	Interest	Total
2023	9,577,065	\$ 384,629	\$ 9,961,694
2024	9,581,628	386,470	9,968,098
2025	9,508,301	382,417	9,890,718
2026	8,652,379	364,058	9,016,437
2027	8,673,274	364,893	9,038,167
2028-2032	44,309,834	1,861,895	46,171,729
2033-2037	37,503,581	1,577,631	39,081,212
2038-2042	24,821,248	1,097,372	25,918,620
2043-Thereafter	53,951,671	2,483,596	56,435,267
	<u>\$ 206,578,981</u>	<u>\$ 8,902,961</u>	<u>\$ 215,481,942</u>

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)**

**PROPERTY, PLANT AND EQUIPMENT**

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance Jan. 1, 2022	Additions	Reductions	Balance Dec. 31, 2022
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 6,902,074	\$ 793,158	\$ 2,814,056	\$ 4,881,176
Construction In Progress	22,403,122	8,257,820	9,658,021	21,002,921
<b>Total Non-Depreciable Capital Assets</b>	<b>29,305,196</b>	<b>9,050,978</b>	<b>12,472,077</b>	<b>25,884,097</b>
<b>Depreciable Capital Assets:</b>				
Building and Related Improvements	115,448,601	4,564,534	7,608,550	112,404,585
Improvements Other than Buildings	88,385,602	5,367,215	41,532	93,711,285
Machinery And Equipment	20,155,616	961,251	1,263,375	19,853,492
Office Equipment	652,894		19,674	633,220
<b>Total Depreciable Capital Assets</b>	<b>224,642,713</b>	<b>10,893,000</b>	<b>8,933,131</b>	<b>226,602,582</b>
<b>Less Accumulated Depreciation:</b>				
Building and Related Improvements	33,749,708	4,539,288	1,373,400	36,915,596
Improvements Other than Buildings	50,487,641	3,733,770	4,003	54,217,408
Machinery And Equipment	14,414,053	1,520,147	1,188,681	14,745,519
Office Equipment	585,109	8,865	19,674	574,300
<b>Less Accumulated Depreciation</b>	<b>99,236,511</b>	<b>9,802,070</b>	<b>2,585,758</b>	<b>106,452,823</b>
<b>Net Depreciable Capital Assets</b>	<b>125,406,202</b>	<b>1,090,930</b>	<b>6,347,373</b>	<b>120,149,759</b>
<b>Total Capital Assets, Net</b>	<b>\$154,711,398</b>	<b>\$10,141,908</b>	<b>\$18,819,450</b>	<b>\$146,033,856</b>

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)**

**PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance Jan. 1, 2021	Additions	Reductions	Balance Dec. 31, 2021
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 6,753,174	\$ 148,900	\$ -	\$ 6,902,074
Construction In Progress	28,489,979	7,189,272	13,276,129	22,403,122
<b>Total Non-Depreciable Capital Assets</b>	<b>35,243,153</b>	<b>7,338,172</b>	<b>13,276,129</b>	<b>29,305,196</b>
<b>Depreciable Capital Assets:</b>				
Building and Related Improvements	103,547,637	11,900,964		115,448,601
Improvements Other than Buildings	86,873,864	1,511,738		88,385,602
Machinery And Equipment	18,255,715	1,943,088	43,187	20,155,616
Office Equipment	642,443	10,451		652,894
<b>Total Depreciable Capital Assets</b>	<b>209,319,659</b>	<b>15,366,241</b>	<b>43,187</b>	<b>224,642,713</b>
<b>Less Accumulated Depreciation:</b>				
Building and Related Improvements	29,214,034	4,535,674		33,749,708
Improvements Other than Buildings	47,476,192	3,011,792	343	50,487,641
Machinery And Equipment	12,748,359	1,708,881	43,187	14,414,053
Office Equipment	575,639	9,470		585,109
<b>Less Accumulated Depreciation</b>	<b>90,014,224</b>	<b>9,265,817</b>	<b>43,530</b>	<b>99,236,511</b>
<b>Net Depreciable Capital Assets</b>	<b>119,305,435</b>	<b>6,100,424</b>	<b>(343)</b>	<b>125,406,202</b>
<b>Total Capital Assets, Net</b>	<b>\$154,548,588</b>	<b>\$13,438,596</b>	<b>\$13,275,786</b>	<b>\$154,711,398</b>

Depreciation expense for the years ended December 31, 2022 and 2021 was charged to:

	2022	2021
Solid Waste Operations	\$ 5,190,682	\$ 4,713,049
Other Operations	4,611,388	4,552,768
	<b>\$ 9,802,070</b>	<b>\$9,265,817</b>



**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 4 DETAIL NOTES – LIABILITIES**

**LONG-TERM LIABILITIES**

Bonds Payable

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

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

The outstanding balance of the Series 2015A Bonds at December 31, 2022 consists of serial and term bonds that mature in various amounts ranging from \$1,690,000 in 2023 to \$1,930,000 in 2026 with interest rates ranging from 3.00% to 5.00%. The outstanding balance of the Series 2015A Bonds at December 31, 2022 and 2021 is \$7,260,000 and \$8,870,000 respectively.

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

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 4**    **DETAIL NOTES – LIABILITIES (CONTINUED)**

**LONG-TERM LIABILITIES (CONTINUED)**

**Bonds Payable (Continued)**

The outstanding balance of the Series 2014 Bonds at December 31, 2022 consists of serial and term bonds that mature in various amounts ranging from \$610,000 in 2023 to \$1,110,000 in 2039 with interest rates ranging from 3.00% to 5.00%. The outstanding balance of the Series 2014 Bonds at December 31, 2022 and 2021 is \$14,165,000 and \$14,745,000, respectively.

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

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

The outstanding balance of the Series 2015 Bonds at December 31, 2022 consists of serial bonds that mature in various amounts ranging from \$260,000 in 2023 to \$395,000 in 2030 with an interest rate of 3.690%. The outstanding balance of the Series 2015 Bonds at December 31, 2022 and 2021 is \$2,675,000 and \$2,930,000, respectively.

In May 2017, the Authority issued indebtedness in connection with a financing involving the New Jersey Environmental Infrastructure Trust to finance a solid waste project (the “Series 2017A NJEIT Bonds” and the “Series 2017B NJEIT Bonds”). The Authority’s Series 2017A NJEIT Bonds were issued in the principal amount of \$2,510,000. The outstanding balance of the Series 2017A Bonds at December 31, 2022 consists of serial maturities ranging from \$110,000 in 2022 to \$175,000 in 2036 with interest rates ranging from 3.00% to 5.00%. The Series 2017B NJEIT Bonds were issued in the principal amount of \$7,648,515 at zero interest with annual principal payments in the amount of \$388,908 through 2036. As of December 31, 2022 and 2021, \$2,020,000 and \$2,125,000 principal amount of the Series 2017A NJEIT Bonds remained outstanding, respectively and \$5,444,705 and \$5,833,613 principal amount of the Series 2017B NJEIT Bonds remained outstanding, respectively.

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)**

**LONG-TERM LIABILITIES (CONTINUED)**

Bonds Payable (Continued)

In October 2017, the Authority issued Revenue Bonds (Office Building Acquisition Project), Series 2017 (Federally Taxable) in the principal amount of \$12,000,000 at an interest rate of 4.950%. The proceeds from the sale of the Bond have been used to finance the acquisition of an existing industrial/office complex located at 51-71 West Park Avenue which is comprised of (a) a 32,000 square foot office building, (b) a 30,000 square foot maintenance facility, and (c) a 270,000 square foot warehouse/distribution center. The bond is a first priority mortgage pursuant to which the Authority has assigned, subject to certain reserved rights, its interest under the Lease agreements. The Authority sold one of the properties acquired with the proceeds of the Series 2017 Bonds in May of 2022, and partially redeemed Bonds in the amount of \$6,652,000. The remaining annual principal maturities range from \$121,000 in 2023 to \$373,000 in 2042. As of December 31, 2022 and 2021, the outstanding balance is \$4,496,000 and \$11,261,000 respectively.

In December 2017, the Authority issued its City General Obligation Lease Revenue Bonds (Vineland Public Safety Building Project), Series 2017, in the initial aggregate principal amount of \$21,935,000 (the "Series 2017 Vineland Public Safety Building Bonds"), to provide funds which have been used to finance the acquisition of certain real property in the City of Vineland, County of Cumberland, New Jersey (the "City") on behalf of the City, which, together with certain real property currently owned by the City, will comprise the Project Site for the development and construction of an approximately 53,000 square foot public safety facility on the project site and the costs of equipping the Facility. Lease revenues and the related lease receivables from this property are pledged to the payment of debt service on the Bonds. The Bonds bear interest at 3.25% to 5.00%. Principal maturities range from \$680,000 in 2023 to \$1,410,000 in 2042. As of December 31, 2022 and 2021, the outstanding balance is \$20,685,000 and \$21,295,000, respectively.

In September 2018, the Authority issued its Revenue Bonds (Facilities Renovation Project), Series 2018 in the principal amount of \$3,200,000 to finance various renovations and improvements to the existing industrial/office complex in the City of Vineland. The payment of the principal of and the interest on these Bonds is secured by lease payments made to the Authority by the City of Vineland. The Bonds bear interest at 4.980% to 6.950%. Principal maturities range from \$183,000 in 2023 to \$286,000 in 2033. As of December 31, 2022 and 2021, the outstanding balance is \$2,549,000 and \$2,724,000, respectively.

In December 2018, the Authority issued its County Guaranteed Lease Revenue Bonds (County Correctional Facility Project), Series 2018, in the initial aggregate principal amount of \$64,990,000 to provide funds which were initially to be used to finance the acquisition of certain real property in the City of Bridgeton, County of Cumberland, New Jersey for the development and construction of a 100,000 square foot, approximately 408 bed correctional facility and a 25,000 square foot, three-story holding center and criminal courtroom facility. A portion of this project is on hold, however, Lease revenues and the related lease receivables from this project continue to be due and payable to the Authority and are pledged to the payment of debt service on the Bonds. The Bonds bear interest at 4.00% to 5.50%. Principal maturities range from \$705,000 in 2023 to \$3,355,000 in 2058. As of December 31, 2022 and 2021, the outstanding balance is \$63,070,000 and \$63,740,000, respectively.

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)**

**LONG-TERM LIABILITIES (CONTINUED)**

Bonds Payable (Continued)

In April 2019 the Authority issued its Series 2019 County Guaranteed Revenue Bonds in the aggregate principal amount of \$4,970,000. The Series 2019 Bonds were issued to provide funds which were used to pay: (1) the costs of acquisition of certain real property located in the Township of Deerfield, County of Cumberland, New Jersey (the "Project Site"); (2) the costs of design and construction of an approximately 15,000 square foot Authority administration building, which will be utilized to create office space for the Authority's officers and employees (the "Facility"); (3) the completion of such other improvements and work and acquisition of equipment and materials as may be necessary or appropriate in connection with the construction of the Facility; and (4) the costs and expenses incurred by the Authority and the County in connection with the issuance and delivery of the Series 2019 Bonds (collectively, the "Project"). The Series 2019 Bonds are secured by the provisions of a guaranty of the County of Cumberland and by a lien on the pledged property. The Bonds bear interest at 3.00% to 5.00%. Principal maturities range from \$90,000 in 2023 to \$295,000 in 2049. As of December 31, 2022 and 2021 the outstanding balance is \$4,710,000 and \$4,800,000, respectively.

In April of 2020, the Authority issued its Lease Revenue Bonds (Vineland Board of Education Bus Depot Expansion Project), Series 2020, in the initial aggregate principal amount of \$3,165,000 to provide funds which will be used to finance the expansion of the City of Vineland School District's bus depot in the City of Vineland, County of Cumberland, New Jersey together with all other costs and expenses necessary for or related to the development, construction and equipping of the Bus Depot Expansion. Lease revenues and the related lease receivables from this property are pledged to the payment of debt service on the Bonds. The Bonds bear interest at 1.52%. Principal maturities range from \$635,000 in 2023 to \$650,000 in 2025. As of December 31, 2022 and 2021 the outstanding balance is \$1,925,000 and \$2,550,000, respectively.

In December of 2021, the Authority issued its City General Obligation Lease Revenue Bonds, (Bridgeton Fire Station Project) Series 2021 to finance: (1) the costs of the planning, design and construction of a new approximately 30,000 square foot Fire Station for use by the City Fire Department ("Facilities Project") to be located at 168 East Commerce Street in the City (Lot 1, Block 121) ("Project Site"); (2) all other costs and expenses necessary for or related to the development, construction and equipping of the Facilities Project; (3) capitalized interest on any bonds, notes or other debt obligations issued by the Authority to finance the costs thereof; (4) the costs of issuance with respect to the proposed financing, all as further set forth in the information submitted to the Authority in connection there with or as previously discussed among the parties (collectively, the "2021 Project"). Lease revenues and the related lease receivables from this property are pledged to the payment of debt service on the Bonds. The Bonds bear interest at 3.00% to 4.00%. Principal maturities range from \$145,000 in 2023 to \$400,000 in 2051. As of December 31, 2022 and 2021 the outstanding balance is \$7,495,000.

In February of 2022, the Authority issued its County Guaranteed Lease Revenue Bonds (Technical School Facility Acquisition Project), Series 2022, in the initial aggregate principal amount of \$1,990,000 to provide funds which will be used to finance the cost of acquisition of a building located in Vineland, New Jersey for use by the Cumberland County Board of

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)**

**LONG-TERM LIABILITIES (CONTINUED)**

Bonds Payable (Continued)

Vocational Education (“CCBVE”) and the County for non-educational administrative purposes; capitalized interest and any reserve funds, as may be necessary; and the costs of issuance with respect to the financing. Lease revenues to be received from the CCBVE and the related lease receivables from this property are pledged to the payment of debt service on the Bonds. The Bonds bear interest at 2.34%. Principal maturities range from \$65,000 in 2023 to \$965,000 in 2036. As of December 31, 2022 the outstanding balance is \$1,920,000.

Loans/Notes Payable

In December 2017, the Authority (“Borrower”) secured a term loan with TD Bank, N.A. (“Lender”) in the amount of \$7,357,350 at a fixed interest rate of 3.86%. The loan is secured by property located at E. Broad to Willow Streets, City of Bridgeton, Cumberland County, New Jersey to be used to fund a loan from the Borrower to the Investment Fund in connection with the NMTC Transaction and to pay costs and expenses incident to closing the Loan. Principal payments commenced in February of 2019. As of December 31, 2022 and 2021, the outstanding balance is \$4,689,698 and \$4,996,327 respectively.

In June 2018, the Authority entered into a Project Development and Management Agreement with the Cumberland Empowerment Zone Corp. (CEZC) for the Bridgeton Redevelopment Project and the Authority’s Administration Building Projects. The CEZC loaned the Authority \$1,000,000 for each of those projects with a 7-year term for the Bridgeton Redevelopment Project and a 5-year term for the Authority’s Administration Building Project. The Authority repaid \$1,000,000 for the Administration Building Project in 2019. The outstanding balance as of December 31, 2022 and 2021 is \$1,000,000.

In July 2018, the Authority secured financing for certain equipment acquisitions (via lease/purchase agreements) in the amount of \$3,000,000 related to the Compressed Natural Gas (CNG) Facility located at the Authority’s Solid Waste Complex, and \$700,000 related to one of the Authority’s leased facilities (51-71 W. Park Avenue, Vineland, New Jersey). The \$3,000,000 borrowing is for a 10-year term at 3.380% interest. Principal payments range from \$293,714 in 2023 to \$346,823 in 2028. The outstanding balance at December 31, 2022 and 2021 is \$1,918,084 and \$2,202,195 respectively. The \$700,000 borrowing is for a 7-year term at 3.240% interest. The balance of the loan at December 31, 2021 was \$419,010, which was paid off in 2022. As a result, the outstanding balance at December 31, 2022 and 2021 is \$0 and \$419,010 respectively.

In October 2019 the Authority secured a loan from TD Bank, NA. in the amount of \$200,000 in connection with the acquisition of certain vehicles. The equipment acquired with these proceeds are used as collateral to secure the outstanding loan balance. The loan is for a 5 year term bearing interest at a rate of 2.10%. Principal payments range from \$40,822 in 2023 to \$41,680 in 2024. The outstanding balance at December 31, 2022 and 2021 is \$82,502 and \$122,485 respectively.

In April 2020, the Authority secured a loan from TD Bank, NA. in the amount of \$725,000 in connection with the acquisition of certain equipment. The equipment acquired with these proceeds are used as collateral to secure the outstanding loan balance. The loan is for a 5

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)**

**LONG-TERM LIABILITIES (CONTINUED)**

Loans/Notes Payable (Continued)

year term bearing interest at a rate of 1.750%. Principal payments range from \$144,956 in 2023 to \$150,075 in 2025. The outstanding balance at December 31, 2022 and 2021 is \$442,524 and \$584,987 respectively.

In October 2020 the Authority secured a loan from TD Bank, NA. in the amount of \$1,650,000 in connection with the acquisition of certain equipment. The equipment acquired with these proceeds are used as collateral to secure the outstanding loan balance. The loan is for a 7 year term bearing interest at a rate of 1.450%. Principal payments range from \$232,249 in 2023 to \$246,016 in 2027. The outstanding balance at December 31, 2022 and 2021 is \$1,195,413 and \$1,424,342 respectively.

In December 2020 the Authority secured a loan from TD Bank, NA. in the amount of \$850,000 in connection with the acquisition of certain equipment. The equipment acquired with these proceeds are used as collateral to secure the outstanding loan balance. The loan is for a 5 year term bearing interest at a rate of 1.430%. Principal payments range from \$143,429 in 2023 to \$147,562 in 2025. The outstanding balance at December 31, 2022 and 2021 is \$436,471 and \$684,793 respectively.

In September 2021 the Authority secured a loan from TD Bank, NA. in the amount of \$2,400,000 in connection with the acquisition of certain equipment. The equipment acquired with these proceeds are used as collateral to secure the outstanding loan balance. The loan is for a 7 year term bearing interest at a rate of 2.680%. Principal payments range from \$324,739 in 2023 to \$370,649 in 2028. The outstanding balance at December 31, 2022 and 2021 is \$2,083,737 and \$2,400,000 respectively.

In March of 2022 the Authority issued its County-Guaranteed Subordinate Project Notes, Series 2022 to the New Jersey Infrastructure Bank (“I-Bank”) in the amount of \$5,635,189. The Notes represent a short-term construction Loan, with amounts being drawn down by the Authority as authorized expenditures are incurred. As of December 31, 2022, the Authority has expended \$5,083,014, which amount is being reported as loans payable. It is the intent of the Authority to convert the short-term financing to permanent financing upon completion of the project in 2023.

Accrued Closure and Postclosure Care Costs

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

The \$37,097,166 reported as accrued closure and postclosure care costs at December 31, 2022 represents the cumulative amount reported to date based on the use of approximately 65.58% of the estimated capacity of the landfill.

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)**

**LONG-TERM LIABILITIES (CONTINUED)**

Accrued Closure and Postclosure Care Costs (Continued)

The Authority will recognize the remaining \$19,474,772 of the total estimated cost of closure and postclosure care of \$56,571,938 as the remaining estimated capacity is filled.

These amounts are based on what it would cost to perform all closure and postclosure care in 2022. The Authority expects to close the landfill in the year 2042. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The Authority is required by state laws and regulations to make annual contributions to a trust to finance closure and postclosure care costs. The Authority is in compliance with these requirements, and at December 31, 2022, cash and investments of \$17,246,458 (\$19,637,850-cost), are held for these purposes. These are reported as restricted assets on the statements of net position. The Authority expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

The amounts reported above as accrued closure and postclosure care costs and remaining estimated cost of closure and postclosure care, percent of estimated capacity of the landfill used and the estimated date the Authority expects to close the landfill are based on the most recent report prepared by the Authority's Consulting Engineers. Based on that report the Authority reported an increase in the accrued closure postclosure cost from December 31, 2021 to 2022, resulting in an expense for 2022 in the amount of \$1,081,037. Note the expense for 2021 was \$1,832,613.

Net Pension Liability

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

Accrued Compensated Absences

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)**

**LONG-TERM LIABILITIES (CONTINUED)**

The following is a summary of changes in long-term liabilities for the year ended December 31, 2022:

Type of Debt:	Balance Jan. 1, 2022	Additions	Reductions	Balance Dec. 31, 2022	Amounts Due Within One Year
Revenue Bonds Payable:					
Solid Waste System					
Revenue Bonds:					
Series 2015A	\$ 8,870,000	\$ -	\$ 1,610,000	\$ 7,260,000	\$ 1,690,000
Series 2017	7,958,613		493,908	7,464,705	498,908
Lease/Other Revenue Bonds:					
Series 2015	2,930,000		255,000	2,675,000	260,000
Series 2014	14,745,000		580,000	14,165,000	610,000
Capital Bank Series 2017	11,261,000		6,765,000	4,496,000	121,000
Vld PD Series 2017	21,295,000		610,000	20,685,000	680,000
Capital Bank Series 2018	2,724,000		175,000	2,549,000	183,000
DOC Series 2018	63,740,000		670,000	63,070,000	705,000
Series 2019 County					
Guaranteed-Admin. Bldg.	4,800,000		90,000	4,710,000	90,000
Vineland Bd of Ed Series 2020	2,550,000		625,000	1,925,000	635,000
Bridgeton Fire Station Series 2021	7,495,000			7,495,000	145,000
Tech School Series 2022		1,990,000	70,000	1,920,000	65,000
Unamortized Debt Premium	5,509,977		213,153	5,296,824	
<b>Total Revenue Bonds Payable</b>	<b>153,878,590</b>	<b>1,990,000</b>	<b>12,157,061</b>	<b>143,711,529</b>	<b>5,682,908</b>
Loans Payable:					
CEZC	1,000,000			1,000,000	
Series 2017 Food					
Specialization Center	4,996,327		306,628	4,689,699	92,275
Equip. Loan-W. Park	419,010		419,010	-	
Equip. Loan-CNG Station	2,202,195		284,111	1,918,084	293,714
Equip. Loan-2019	122,485		39,983	82,502	40,822
Equip. Loan-2020 Food Spec.	1,424,342		228,929	1,195,413	232,249
Equip. Loan-2020 Solid Waste	1,269,780		390,785	878,995	288,386
Equip. Loan-2020 SIM	2,400,000		316,263	2,083,737	324,739
NJ IBank Short Term Const. Loan		5,083,014		5,083,014	5,083,014
<b>Total Loans Payable</b>	<b>13,834,139</b>	<b>5,083,014</b>	<b>1,985,709</b>	<b>16,931,444</b>	<b>6,355,199</b>
Accrued Closure and Postclosure Care Costs	36,016,129	1,081,037		37,097,166	
Net Pension Liability	6,779,248	1,499,477		8,278,725	
Accrued Liability-Pensions	335,091	10,798		345,889	
Net OPEB Obligation	4,134,487		132,601	4,001,886	
Accrued Comp Absences	197,498		1,821	195,677	
	<b>\$215,175,182</b>	<b>\$ 9,664,326</b>	<b>\$14,277,192</b>	<b>\$210,562,316</b>	<b>\$12,038,107</b>



**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)**

**LONG-TERM LIABILITIES (CONTINUED)**

The following is a summary of changes in long-term liabilities for the year ended December 31, 2021:

Type of Debt:	Balance Jan. 1, 2021	Additions	Reductions	Balance Dec. 31, 2021	Amounts Due Within One Year
Revenue Bonds Payable:					
Solid Waste System					
Revenue Bonds:					
Series 2015A	\$ 10,405,000	\$ -	\$1,535,000	\$ 8,870,000	\$1,610,000
Series 2017	8,447,521		488,908	7,958,613	493,908
Lease/Other Revenue Bonds:					
Series 2015	3,180,000		250,000	2,930,000	255,000
Series 2014	15,295,000		550,000	14,745,000	580,000
Capital Bank Series 2017	11,522,000		261,000	11,261,000	277,000
Vld PD Series 2017	21,935,000		640,000	21,295,000	610,000
Capital Bank Series 2018	2,891,000		167,000	2,724,000	175,000
DOC Series 2018	64,380,000		640,000	63,740,000	670,000
Series 2019 County					
Guaranteed-Admin. Bldg.	4,885,000		85,000	4,800,000	90,000
Vineland Bd of Ed Series 2020	3,165,000		615,000	2,550,000	625,000
Bridgeton Fire Station Series 2021		7,495,000		7,495,000	
Unamortized Debt Premium	4,748,980	994,115	233,118	5,509,977	
Total Revenue Bonds Payable	<u>150,854,501</u>	<u>8,489,115</u>	<u>5,465,026</u>	<u>153,878,590</u>	<u>5,385,908</u>
Loans Payable:					
CEZC	1,000,000			1,000,000	
Series 2017 Food					
Specialization Center	5,100,679		104,352	4,996,327	376,414
Equip. Loan-W. Park	515,676		96,666	419,010	99,797
Equip. Loan-CNG Station	2,477,017		274,822	2,202,195	284,111
Equip. Loan-2019	161,645		39,160	122,485	39,983
Equip. Loan-2020 Food Spec.	1,650,000		225,658	1,424,342	228,930
Equip. Loan-2020 Solid Waste	1,575,000		305,220	1,269,780	310,032
Equip. Loan-2020 SIM		2,400,000		2,400,000	316,263
Total Loans Payable	<u>12,480,017</u>	<u>2,400,000</u>	<u>1,045,878</u>	<u>13,834,139</u>	<u>1,655,530</u>
Accrued Closure and Postclosure Care Costs	<u>34,183,516</u>	<u>1,832,613</u>		<u>36,016,129</u>	
Net Pension Liability	<u>8,937,043</u>		<u>2,157,795</u>	<u>6,779,248</u>	
Accrued Liability-Pensions	<u>299,763</u>	<u>35,328</u>		<u>335,091</u>	
Net OPEB Obligation	<u>3,901,063</u>	<u>233,424</u>		<u>4,134,487</u>	
Accrued Comp Absences	<u>206,058</u>		<u>8,560</u>	<u>197,498</u>	
	<u>\$210,861,961</u>	<u>\$12,990,480</u>	<u>\$8,677,259</u>	<u>\$215,175,182</u>	<u>\$7,041,438</u>

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)**

**LONG-TERM LIABILITIES (CONTINUED)**

The annual debt service requirements to maturity, including principal and interest, for revenue bonds and loans payable as of December 31, 2022 are as follows:

Year Ending December 31,	Solid Waste Revenue Bonds		Lease Revenue Bonds		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 2,188,907	\$ 332,943	\$ 3,494,000	\$ 5,079,468	\$ 7,355,199	\$ 349,917
2024	2,288,907	240,694	3,630,000	4,936,712	1,302,803	305,310
2025	2,373,908	152,994	3,782,000	4,792,634	5,694,927	211,064
2026	2,448,908	80,594	3,335,000	4,651,812	918,568	70,143
2027	523,908	47,744	3,480,000	4,507,394	942,474	46,237
2028-2032	2,674,538	175,869	18,905,000	20,664,110	717,473	21,656
2033-2037	2,225,629	55,925	21,466,000	16,421,371	-	-
2038-2042	-	-	20,888,000	11,891,204	-	-
2043-2047	-	-	12,690,000	8,526,900	-	-
2048-2050	-	-	32,020,000	9,016,275	-	-
	<u>14,724,705</u>	<u>\$ 1,086,763</u>	<u>123,690,000</u>	<u>\$ 90,487,880</u>	<u>16,931,444</u>	<u>\$ 1,004,327</u>
Add:						
Unamortized Debt Premium	<u>227,734</u>		<u>5,069,090</u>			
	<u>\$ 14,952,439</u>		<u>\$ 128,759,090</u>		<u>\$ 16,931,444</u>	

**COMMITMENTS AND CONTINGENCIES**

As of December 31, 2022 and 2021 the Authority has entered into various commitments for construction related professional services and construction contracts in its Solid Waste Operation in the amount of \$5,232,111 and \$1,267,629 respectively. Costs incurred on those contracts to December 31, 2022 and 2021 totaled \$5,080,836 and \$935,787 respectively.

As described in Note 1, the Authority has undertaken a significant redevelopment portfolio that includes acquisition, construction, and property management of buildings occupied by state, county, municipal, not-for-profit and commercial tenants. These projects are included in the Authority's Other Operations. As of December 31, 2022 and 2021 the Authority has entered into various commitments for construction related professional services and construction contracts in its Other Operations in the amount of \$20,698,279 and \$25,923,927 respectively. Costs incurred on those contracts to December 31, 2022 and 2021 totaled \$18,939,084 and \$22,515,578 respectively.

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM**

**PENSIONS**

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

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

**Plan Descriptions**

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

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

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

**PENSIONS (CONTINUED)**

**Vesting and Benefit Provisions**

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

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

The following represents the membership tiers for PERS:

**Tier Definition**

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

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

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

**PENSIONS (CONTINUED)**

**Contributions**

**Defined Contribution Retirement Program** – The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Authority contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The number of employees participating in the DCRP for the years ended December 31, 2022, 2021 and 2020, were 12, 12 and 14, respectively. For the years ended December 31, 2022, 2021 and 2020, the Authority's contributions for covered employees were \$4,233, \$4,297 and \$4,657, respectively.

**Public Employees' Retirement System** – The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022, 2021 and 2020, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Covered Authority employees are required to contribute a percentage of their salary toward their pension benefits. P.L. 2011, c78, effective June 28, 2011, increased the active member contribution rate from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.50% in State fiscal years 2022 and 2021. Employee contributions were \$295,332, \$299,638 and \$302,578 for the years ended December 31, 2022, 2021, and 2020, respectively. The payroll subject to pension for the Authority's employees covered by PERS was \$3,865,336, \$3,944,189 and \$3,997,062 for the years ended December 31, 2022, 2021 and 2020, respectively.

The Authority is required by statute to contribute to the employee's pension benefits based on an annual actuarial calculation. The valuation is a determination of the financial condition of the retirement system. The Authority's required annual contributions to the PERS were \$691,778, \$670,181 and \$599,525 for the years ended December 31, 2022, 2021, and 2020, respectively, and is included in the accompanying financial statements. The percentage of employer's contribution rate as a percentage of covered payroll for 2022, 2021 and 2020 was 17.90%, 16.99% and 15.00%, respectively.

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

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

**PENSIONS (CONTINUED)**

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

At December 31, 2022 and 2021, the Authority reported a liability of \$8,278,735 and \$6,779,258, respectively for its proportionate share of the net pension liability. The net pension liability at December 31, 2022 and 2021 were measured as of June 30, 2022 and 2021, respectively. The total pension liability used to calculate the net pension liability on June 30, 2022 and 2021 was determined by an actuarial valuation as of July 1, 2021 and 2020, respectively. At June 30, 2022, the Authority's proportion was 0.0548573875%, which was an decrease of 0.0023684442% from its proportion measured as of June 30, 2021. At June 30, 2021, the Authority's proportion was 0.0572258317%, which was an increase of 0.0024221168% from its proportion measured as of June 30, 2020.

At December 31, 2022 and 2021, respectively, the Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Measurement Date</u> <u>June 30, 2022</u>		<u>Measurement Date</u> <u>June 30, 2021</u>	
	<u>Deferred</u> <u>Outflow of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflow of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>
Differences between Expected and Actual Experience	\$ 59,752	\$ 52,693	\$ 106,918	\$ 48,531
Changes of Assumptions	25,650	1,239,654	35,306	2,413,460
Net Difference between Projected and Actual Earnings on Pension Plan Investments	342,649	-	-	1,785,835
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	2,124,777	361,115	3,280,151	-
Authority Contributions Subsequent to the Measurement Date	345,889	-	335,091	-
	<u>\$ 2,898,717</u>	<u>\$ 1,653,462</u>	<u>\$ 3,757,466</u>	<u>\$ 4,247,826</u>

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

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

**PENSIONS (CONTINUED)**

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

Deferred outflows of resources related to pensions in the amount of \$345,889 and \$335,091 will be included as a reduction of the net pension liability in the year ending December 31, 2023 and 2022, respectively. This amount is based on an estimated April 1, 2023 and April 1, 2022 contractually required contribution. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending <u>Dec 31,</u></b>	<b><u>Amortization</u></b>
2022	\$ 738,957
2023	376,474
2024	183,599
2025	(400,543)
2026	879
	899,366
	\$ 899,366

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

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

**PENSIONS (CONTINUED)**

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

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

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	-	5.13
June 30, 2022	-	5.04
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2017	-	5.00
June 30, 2018	-	5.00
June 30, 2019	-	5.00
June 30, 2020	-	5.00
June 30, 2021	-	5.00
June 30, 2022	5.00	



**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

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

**PENSIONS (CONTINUED)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2022 and 2021 measurement dates were determined by actuarial valuations as of July 1, 2021 and 2020, respectively, which were rolled forward to June 30, 2022 and 2021, respectively.

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

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:		
Through 2026	2.75% - 6.55% Based on Years of Service	2.00% - 6.00% Based on Years of Service
Thereafter	2.75% - 6.55% Based on Years of Service	3.00% - 7.00% Based on Years of Service
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	Pub-2010	Pub-2010
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021	July 1, 2014 - June 30, 2018

For the June 30, 2021 and 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-2021.

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

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

**PENSIONS (CONTINUED)**

**Actuarial Assumptions (Continued)**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022 and 7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in PERS's target asset allocation as of June 30, 2022 and 2021 are summarized in the table below:

<u>Asset Class</u>	<u>June 30, 2022</u>		<u>June 30, 2021</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%	27.00%	8.09%
Non-U.S. Developed Market	13.50%	8.38%	13.50%	8.71%
Emerging Market Equities	5.50%	10.33%	5.50%	10.96%
Private Equity	13.00%	11.80%	13.00%	11.30%
Real Estate	8.00%	11.19%	8.00%	9.15%
Real Assets	3.00%	7.60%	3.00%	7.40%
High Yield	4.00%	4.95%	2.00%	3.75%
Private Credit	8.00%	8.10%	8.00%	7.60%
Investment Grade Credit	7.00%	3.38%	8.00%	1.68%
Cash Equivalents	4.00%	1.75%	4.00%	0.50%
U.S. Treasuries	4.00%	1.75%	5.00%	0.95%
Risk Mitigation Strategies	3.00%	4.91%	3.00%	3.35%
	<u>100.00%</u>		<u>100.00%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% and 7.00% as of June 30, 2022 and 2021, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on these assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

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

**PENSIONS (CONTINUED)**

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

The following presents the Authority's proportionate share of the net pension liability at June 30, 2022 and 2021, respectively, calculated using the discount rate as disclosed above, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<b>June 30, 2022</b>		
	<b>1% Decrease <u>6.00%</u></b>	<b>Current Discount Rate <u>7.00%</u></b>	<b>1% Increase <u>8.00%</u></b>
Authority's Proportionate Share of the Net Pension Liability	\$ 10,635,749	\$ 8,278,735	\$ 6,272,821
	<b>June 30, 2021</b>		
	<b>1% Decrease <u>6.00%</u></b>	<b>Current Discount Rate <u>7.00%</u></b>	<b>1% Increase <u>8.00%</u></b>
Authority's Proportionate Share of the Net Pension Liability	\$ 9,231,975	\$ 6,779,258	\$ 5,054,500

**DEFERRED COMPENSATION PLAN**

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Authority employees, permits them to defer a portion of their salary until future years.

Participation in the plan is optional and participants elect how their salary deferrals are invested. Investment options include the following: stock funds, bond funds, and money market accounts, including various risk alternatives. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Investments are managed by the plan trustees under one of various pools of investment options offered by the Lincoln Financial Group Deferred Compensation Program, who is a provider of deferred compensation services in good standing with the State of New Jersey Division of Local Government Services.

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

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

**POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**General Information about the OPEB Plan**

**Plan Description and Benefits Provided** - The self-insured plan will be administered through Southern Coastal Regional Employee Benefits Fund/PERMA. The plan provides fully paid health benefits to employees retiring with the minimum of fifteen (15) years of service with the Authority and has reached the threshold of sixty-two (62) years of age. The benefits would be available to the employee from the age of eligibility (62 years) until the employee reaches the age of sixty-five (65). At age 65, retirees can continue to participate in the plan but must contribute 100% of the premiums. The benefit provisions of the plan may be established or amended by the Board of the Authority. A separate financial report is not issued.

**Employees Covered by Benefit Terms** - At December 31, 2022 and 2021, the following employees were covered by the benefit terms:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Retired Employees Receiving Benefits	1	1
Active Employees Eligible to Retire and Receive Benefits	0	0
Active Employees	<u>54</u>	<u>55</u>
Total Participants	<u><u>55</u></u>	<u><u>56</u></u>

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

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

**POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Contributions** - Contributions to pay for the health premiums of participating retirees would be paid by the Authority on a monthly basis. For the years ended December 31, 2022, there was 1 active retiree with \$14,826 in current premiums paid. For the year ended December 31, 2021, there was 1 active retiree with \$5,857 in premiums paid . Plan members are not required to contribute to the cost of premiums upon retirement.

**Net OPEB Liability**

The Authority’s total OPEB liability of \$4,001,886 as of December 31, 2022 was measured as of December 31, 2022. The liabilities were determined by an actuarial valuation as of December 31, 2022. The Authority’s total OPEB liability of \$4,134,487 as of December 31, 2021 was measured as of December 31, 2021. The liabilities were determined by an actuarial valuation as of December 31, 2021.

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

Deferred outflows of resources related to OPEB in the amount of \$951,238 and deferred inflows of resources related to OPEB in the amount of \$625,910 at December 31, 2022 will be recognized in OPEB expense as follows:

<b>Year Ending <u>Dec 31,</u></b>	
2023	\$ 20,216
2024	20,216
2025	20,216
2026	20,216
2027	20,216
Thereafter	<u>224,248</u>
	<u><u>\$ 325,328</u></u>

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

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

**POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Actuarial Assumptions and Other Inputs** - The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified as of December 31, 2022 and 2021 are as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Mortality Rate Table	PUB 2010	RP-2000
Turnover	NJ State Pension Ultimate Withdrawal Rates	NJ State Pension Ultimate Withdrawal Rates
Assumed Retirement Age	At first eligibility after completing 15 years of service and attainment of age 62. At age 65, retirees must pay full premium to continue coverage.	At first eligibility after completing 15 years of service and attainment of age 62. At age 65, retirees must pay full premium to continue coverage.
Full Attribution Period	Service to Assumed Retirement Age	Service to Assumed Retirement Age
Discount Rate	3.72%	2.06%
CPI Increase	2.50%	2.50%
Salary Increase	2.50%	2.50%
Medical Trend	5.3% in 2022, reducing by 0.2% per year, leveling at 4.5% in 2026	5.5% in 2021, reducing by 0.2% per year, leveling at 4.55% in 2026
Prescription Trend	6.5% in 2022, reducing by 0.5% per year, leveling at 4.5% in 2026	7.0% in 2021, reducing by 0.5% per year, leveling at 4.5% in 2026

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

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

**POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Changes in the Total OPEB Liability**

The following table shows the changes in the total OPEB liability for the years ended December 31, 2022 and 2021:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Balance at Beginning of Year	\$4,134,487	\$3,901,063
Changes for the Year:		
Service Cost	\$ 207,136	\$ 426,648
Interest Cost	89,284	91,686
Difference Between Expected/Actual Experience	(286,549)	-
Change in Assumptions	(127,646)	(279,053)
Benefit Payments	(14,826)	(5,857)
 Net Changes	 (132,601)	 233,424
 Balance at End of Year	 \$4,001,886	 \$4,134,487

In the fiscal year ended December 31, 2022 and 2021, there were no changes of benefit terms.

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

<b>December 31, 2022</b>		
<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
<b>2.72%</b>	<b>3.72%</b>	<b>4.72%</b>
\$4,528,600	\$ 4,001,886	\$3,603,710
\$4,528,600	\$ 4,001,886	\$3,603,710
<b>December 31, 2021</b>		
<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
<b>1.06%</b>	<b>2.06%</b>	<b>3.06%</b>
\$4,246,555	\$ 4,134,487	\$4,029,790
\$4,246,555	\$ 4,134,487	\$4,029,790

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

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

**POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

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

<b>December 31, 2022</b>		
<b>1% Decrease</b>	<b>Health Care Cost Trend Rate</b>	<b>1% Increase</b>
<b>\$3,656,812</b>	<b>\$ 4,001,886</b>	<b>\$4,413,566</b>
<b>December 31, 2021</b>		
<b>1% Decrease</b>	<b>Health Care Cost Trend Rate</b>	<b>1% Increase</b>
<b>\$4,007,266</b>	<b>\$ 4,134,487</b>	<b>\$4,280,929</b>

**OPEB Expense**

For the year ended December 31, 2022 and 2021, the Authority recognized OPEB expense of \$316,636 and \$572,102, respectively.

**NOTE 6 DETAILED NOTES – NET POSITION**

**RESTRICTED NET POSITION**

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

	<b>2022</b>	<b>2021</b>
<u>Solid Waste Operation:</u>		
Operations	\$ 2,082,700	\$ 1,945,840
Debt Service	1,690,000	1,610,000
Equipment Renewal and Replacement	1,692,233	777,152
	5,464,933	4,332,992
<u>Other Operations:</u>		
Debt Service	548,222	525,500
<b>Total Restricted</b>	<b>\$ 6,013,155</b>	<b>\$ 4,858,492</b>



**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 6 DETAILED NOTES – NET POSITION (CONTINUED)**

**UNRESTRICTED NET POSITION**

Designated Net Position:

Solid Waste Operations

The Solid Waste Operation's unrestricted net position-designated for subsequent year's expenditures at December 31, 2022 and 2021 consists of \$774,866 and \$744,605, respectively; which has been appropriated and included as anticipated revenue in the Authority's 2023 and 2022 budgets respectively.

Other Operations

The Authority has, by resolution, designated a portion of its Other Operations unrestricted net position for Replacement Reserve for Economic Development Operations. The replacement reserve fund was established to receive transfers to anticipate necessary future major repairs and capital expenditures. The amount of net position designated for replacement reserve as of December 31, 2022 and 2021 is \$389,629 and \$395,820, respectively.

Undesignated Net Position:

Solid Waste Operations

The balance of unrestricted and undesignated net position (deficit) as of December 31, 2022 and 2021 of \$(17,751,756) and \$(13,538,142) respectively, is comprised of the following:

	<u>2022</u>	<u>2021</u>
Amount Related to Pensions (GASB 68 and 71)	\$ (7,438,143)	\$ (7,570,256)
Amount Related to OPEB (GASB 75)	(2,839,827)	(2,622,865)
Undesignated before GASB 68, 71 Pension and GASB 75 OPEB Related Items	<u>(7,473,786)</u>	<u>(3,345,021)</u>
	<u>\$ (17,751,756)</u>	<u>\$ (13,538,142)</u>

Other Operations

The balance of unrestricted and undesignated net position (deficit) as of December 31, 2022 and 2021 of \$(1,456,517) and \$(308,404) respectively, is comprised of the following:

	<u>2022</u>	<u>2021</u>
Amount Related to Pensions (GASB 68 and 71)	\$ (704,634)	\$ (704,634)
Amount Related to OPEB (GASB 75)	(751,883)	(751,883)
Undesignated before GASB 68, 71 Pension and GASB 75 OPEB Related Items	<u>-</u>	<u>1,148,113</u>
	<u>\$ (1,456,517)</u>	<u>\$ (308,404)</u>

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 7 INTEREST EXPENSE**

Interest expense consisted of the following:

	<u>2022</u>	<u>2021</u>
Interest on Bonds and Notes	\$ 5,850,568	\$ 6,138,425
Add: Amortization of Deferred Loss on Defeasance of Debt	46,129	58,272
Less: Amortization of Premium on Bonds	<u>(213,153)</u>	<u>(233,118)</u>
Net Interest Expense	<u>\$ 5,683,544</u>	<u>\$ 5,963,579</u>

**NOTE 8 RISK MANAGEMENT**

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

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

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

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

The Commission provides its own financial report for the year ended December 31, 2022, which can be obtained from:

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

Settled claims have not exceeded commercial insurance coverage in any of the past three years. In September 2016, the Authority switched to a self-insured health insurance fund, Southern Coastal Regional Employee Benefits Fund which is administered by PERMA.

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 9 MAJOR CUSTOMERS - CONCENTRATION**

In 2022, approximately sixty percent (60%) of the solid waste received by the Authority at its Solid Waste Complex was delivered by five (5) haulers. In 2021, the top five (5) haulers delivered approximately sixty-two percent (62%).

**NOTE 10 RELATED PARTY TRANSACTIONS**

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

**NOTE 11 SUBSEQUENT EVENTS**

COVID-19

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, and globally, economic uncertainties have arisen which could negatively impact the financial position of the Authority. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. While the impact that COVID-19 will have is currently expected to be temporary, Management does not expect the impact to be material in nature, however, as of the date of the financial statements, the related financial impact and duration cannot be reasonably estimated.

**NOTE 12 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES**

The significant disclosures of the discretely presented component unit, Cumberland Empowerment Zone Corp. ("the Corporation" or "CEZC" ) as of December 31, 2021 are as follows (CEZC was not a component unit for 2022) :

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 12 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

**Public Support and Revenue** - Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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

**Income Tax** - The organization is a nonprofit organization within the meaning of section 501(c) (3) of the Internal Revenue code and is not subject to income tax. The Corporation files information returns in the U.S. federal jurisdiction and the State of New Jersey. The Company is not subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years prior to 2018.

The Corporation follows a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority in its consideration of accounting for uncertainty in income taxes. Measurement of the uncertainty occurs if the recognition threshold has been met. Management believes that no uncertain income tax positions exist that have a material impact on the financial statements.

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 12 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent liabilities at the date the financial statements are available for issuance and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are based upon historical factors, current circumstances and the experience and judgment of the Company's management.

**Cash Equivalents** - For the statement of cash flows, all unrestricted investment instruments with original maturities of three months or less are cash equivalents. The Corporation deposits monies that are restricted by grant agreement or donor stipulations into a separate account. When the restriction expires, monies are transferred to the operating account for payment of related expenditures. At December 31, 2021 restricted cash was \$429,662.

The Corporation maintains cash balances in a financial institution located in Vineland, New Jersey. The balances at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Corporation requires the banks with which it does business to provide collateral for amounts exceeding federal coverage. Cash at December 31, 2021 exceeded the federally insured limits by \$7,151,383.

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

The Corporation loans money to the local community. These organizations are located in Cumberland County. Realization of these receivables is dependent upon the performance of the organizations, the economic conditions within this industry, as well as the general business climate. As a result, management continually monitors its receivables. Based on historical experience, the Corporation reserves 2% of new mortgages entered into during the year. The allowance for uncollectible mortgages at December 31, 2021 was \$320,585. Bad debt expense for the year ended December 31, 2021 was \$166,707.

**Property, Plant & Equipment & Depreciation** - Property, plant and equipment are stated at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Major replacements and betterments are capitalized. The useful lives of depreciable assets are estimated to be 10 years for office furniture and equipment. Maintenance and repairs are expensed as incurred. Depreciation Expense for the year ended December 31, 2021 was \$3,015. See *Note 12K*.

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 12 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition - (Continued)**

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

The Corporation has established an identifiable contract with their customer at the point that the contract is signed. Signing of the contractual agreement signifies both parties have agreed to the terms of the contract, and they become committed to perform their respective obligations. The obligations of the contract are clear and identifiable, with identifiable payment terms, and collectability of the contract is probable. Collections are assumed based on historical experience with each respective grantee.

The Corporation identifies all performance obligations within the contract. Typically, there are not multiple performance obligations within the contract and completion of the service is the sole obligation.

The Corporation determines the transaction prices identified within each contract. The transaction price is the fee stated on the fee schedule within the contract for services to be performed by the Corporation. The Corporation allocates the transaction price to the performance obligations within the contract. As stated, there is typically only one performance obligation for each contract. The transaction price is allocated to the project as a whole. The services provided are considered to be the sole obligation, which are performed over time. The Corporation will recognize revenue as related services are performed and the expenses are incurred.

The Corporation enters into contracts with various local non-profits to benefit the local community. Below is a description of programs entered into with grantors:

- CCSF - Grant provided for the Corporation to provide supportive family services for children and families through after school and summer camp programs. Monies received pay for salaries of administrative employees, direct service personnel, and program supplies.
- United Way - Grant provided for the Corporation to provide general operating support to middle school children in the Cumberland County area. Monies received pay for benefits for administrative employees and related program expenses.
- One Stop - Grant provided to the Corporation to cover the salary and expenses of the Career Center Coordinator, as well as health insurance telephone, travel and various other miscellaneous expenses.

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 12 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)**

**B. NET ASSETS WITH DONOR RESTRICTIONS**

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

**C. PROGRAM SERVICES/EXPENSES**

Represents amounts used to carry out projects specified by contract or restricted donation. Amounts expended are specifically identified to their respective grantor contract or donation.

**D. COMMITMENTS**

On January 10, 2007 the Empowerment Zone entered into an agreement with the Enterprise Zone Development Corp. of Vineland and Millville, NJ. The Corporation remitted \$500,000 for the sole purpose of creating a commercial loan program to promote economic development and job creation in the City of Vineland Urban Enterprise Zone. The balance as of December 31, 2021 was \$371,675 with \$128,325 lent to borrowers, and is recorded in Advanced Funding – Grants and Loans on the Statement of Financial Position.

**E. PROPERTY REPOSSESSED**

In 2003, CEZC approved a \$55,000 loan to assist Jackson in purchasing a building and starting a new salon. Jackson defaulted on the loan and CEZC advanced funds into the repossession and took ownership of the property. The Jacksons continued to use the property and paid CEZC rent, insurance, taxes, and utilities. A new lease has not been drawn up; however, the Jacksons continued making monthly payments. The CEZC will continue to hold the property until the debt is lower before transferring it back to the Jacksons. The Note Payable balance as of December 31, 2021 was \$33,841. The Company is owed \$4,500 for the years ended December 31, 2022 through 2025, and \$15,841 thereafter.

**F. RIVER GROVE PROJECT**

In 2012, CEZC entered into a joint venture with Gateway Community Action Agency to develop a 68-unit apartment building as part of an affordable housing project in the city of Bridgeton, NJ. Eastern Pacific Development Corporation joined the project as a development partner in 2015. The CEZC formed a non-profit entity (Cumberland Empowerment Housing Corporation) to facilitate the project. The Corporation loaned the new entity approximately \$481,000 and will be paid back with interest. As of December 31, 2021, the project is not complete. The balance at December 31, 2021 was \$60,417.

**G. JOINT VENTURES**

On May 1, 2016, superseded by an agreement on June 14, 2018, the CEZC entered into an agreement with the Cumberland County Improvement Authority (CCIA, a related party) to outsource employee services to CCIA for the purpose of buying, leasing and developing real

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 12 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)**

**G. JOINT VENTURES (Continued)**

estate: sharing resources to further economic development goals in Cumberland County and provide assistance to businesses in exchange for certain compensation. The cost of these services for December 31, 2021 was \$110,143.

**H. MORTGAGES RECEIVABLE**

Mortgages receivable consisted of the following at December 31, 2021.

	2021
Mortgage Receivable (HUD Projects)	\$ 844,113
Mortgage Receivable (2nd Generation Funds)	2,712,639
Mortgage Receivable (UEZ Loans)	128,325
Less: Allowance for Doubtful Accounts	(320,585)
	\$ 3,364,492

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

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

The 2<sup>nd</sup> generation mortgage receivable amount includes an amount due from the Cumberland County Improvement Authority (CCIA) in the amount of \$1,000,000 at 3% interest rate and maturity date of June 14, 2023. As of December 31, 2021, the Cumberland Empowerment Zone Corp. is considered a component unit of CCIA, and therefore a related party. See Note 7.



**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 12 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)**

**I. LIQUIDITY AND AVAILABILITY OF ASSETS**

The following reflects the Cumberland Empowerment Zone Corp.'s financial assets as of the balance sheet date, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the balance sheet date.

	<b>2021</b>
Financial Assets at Year End	\$ 7,502,752
<i>Less:</i> Those Unavailable for General Expenditures Within One Year	429,662
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<b>\$ 7,073,090</b>

**J. LITIGATION, RISKS AND UNCERTAINTIES**

Landis Theater Settlement

On May 18, 2010 the CEZ made an unsecured loan to USB Landis Investment Fund, LLC in the principal amount of \$750,000 to help fund the renovations of the Landis Theater in Vineland, NJ. On May 20, 2020 the Vineland Development Corporation ("VDC") sold the Landis Theater to Ghostlight Theatrical Productions. In February 2021, the VDC and CEZ came to agreement on a settlement for the outstanding note. Out of a sense of comity and joint purpose, and to obtain a release of any rights that the CEZ may have against any person or entity arising out of the original note, the VDC agreed to pay the CEZ \$450,000. As part of the agreement the CEZ will seek nothing further from the VDC or any person or entity by reason of the note and will not seek or assert any interest in the Landis Theater in the future.

Covid-19 Pandemic

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

**NOTE 12 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES (CONTINUED)**

**K. PROPERTY, PLANT AND EQUIPMENT (AT 12/31/2021)**

	Cost	Accumulated Depreciation	Book Value
Depreciable Assets			
Office Furniture & Equipment	\$ 30,145	\$ 9,044	\$ 21,102
Total Depreciable Assets	\$ 30,145	\$ 9,044	\$ 21,102
Depreciation Expense		Life	Depr./Amort. Expense
Office Furniture & Equipment		10 yrs.	\$ 3,015
Total Depreciable Assets			\$ 3,015

**L. SUBSEQUENT EVENTS**

The Corporation has evaluated subsequent events through June 8, 2022, the date which the financial statements were available to be issued.

On January 26, 2022 the Cumberland County Improvement Authority and the Cumberland Empowerment Zone Corporation terminated their Administrative and Managerial Services Agreement and Property Development and Management Agreement, effective January 1, 2022. Additionally, certain employees of the Cumberland County Improvement Authority shall terminate and resume full time employment with the Cumberland Empowerment Zone. The two sides also mutually released each other from any and all claims or obligations of whatever nature including but not limited to the payment of further expenses or revenues.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

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

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

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Authority's Proportion of the Net Pension Liability	0.0548573875%	0.0572258317%	0.0548037149%	0.0410251640%	0.0320508100%	0.0307909211%	0.0302375415%	0.0286952278%	0.0234671743%	0.0256294937%
Authority's Proportionate Share of the Net Pension Liability	\$ 8,278,735	\$ 6,779,258	\$ 8,937,053	\$ 7,392,112	\$ 6,310,645	\$ 7,167,634	\$ 8,955,493	\$ 6,441,504	\$ 4,393,697	\$ 4,898,305
Authority's Covered-Employee Payroll (Plan Measurement Year)	\$ 3,933,672	\$ 4,126,964	\$ 3,878,288	\$ 2,613,088	\$ 2,279,784	\$ 2,123,576	\$ 2,106,244	\$ 1,928,132	\$ 1,543,668	\$ 1,742,508
Authority's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	210.46%	164.27%	230.44%	282.89%	276.81%	337.53%	425.19%	334.08%	284.63%	281.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.91%	70.33%	79.18%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

**Schedule of Employer Contributions**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Contractually Required Contribution	\$ 691,778	\$ 670,181	\$ 599,525	\$ 399,054	\$ 318,802	\$ 285,245	\$ 268,626	\$ 246,702	\$ 193,460	\$ 193,113
Contributions in Relation to the Contractually Required Contribution	(691,778)	(670,181)	(599,525)	(399,054)	(318,802)	(285,245)	(268,626)	(246,702)	(193,460)	(193,113)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered-Employee Payroll	\$ 3,865,336	\$ 3,944,189	\$ 3,997,062	\$ 3,933,635	\$ 2,830,522	\$ 2,240,579	\$ 2,109,414	\$ 2,071,361	\$ 1,913,595	\$ 1,630,482
Contributions as a Percentage of Authority's Covered-Employee Payroll	17.90%	16.99%	15.00%	10.14%	11.26%	12.73%	12.73%	11.91%	10.11%	11.84%

**Notes**

*Changes in Benefit Terms* - There were no significant changes in benefits for the July 1, 2021 and 2020 actuarial valuation.

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

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
	7.00%	7.00%	7.00%	6.28%	5.66%	5.00%	3.98%	4.90%	5.39%	5.55%

*Schedule Presentation* - These schedules are presented to illustrate the requirement to show information for 10 years.

See accompanying independent auditors' report.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART III**

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>					
Service Cost	\$ 207,136	\$ 426,648	\$ 426,648	\$ 243,295	\$ 243,295
Interest on Total OPEB Liability - Over Measurement Period	89,284	91,686	90,340	85,868	72,904
Benefit Payments	(14,826)	(5,857)			
Recognition of Experience Changes	(286,549)				
Recognition of Assumption Changes	(127,646)	(279,053)	513,654	690,213	
<b>Net Change on Total OPEB Liability</b>	(132,601)	233,424	1,030,642	1,019,376	316,199
<b>Total OPEB Liability - Beginning</b>	<u>4,134,487</u>	<u>3,901,063</u>	<u>2,870,421</u>	<u>1,851,045</u>	<u>1,534,846</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 4,001,886</u>	<u>\$ 4,134,487</u>	<u>\$ 3,901,063</u>	<u>\$ 2,870,421</u>	<u>\$ 1,851,045</u>
<b>Covered-Employee Payroll</b>	\$ 3,865,336	\$ 3,994,189	\$ 3,997,062	\$ 3,933,635	\$ 2,830,522
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	103.53%	103.51%	97.60%	72.97%	65.40%

**Notes**

*Changes in Benefit Terms* - There were no significant changes in benefits for the December 31, 2022 actuarial valuation.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
	3.72%	2.06%	2.12%	2.74%	4.10%

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

See accompanying independent auditors' report.

## **SUPPLEMENTARY INFORMATION**

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -  
NET INVESTMENT IN CAPITAL ASSETS, RESTRICTED AND UNRESTRICTED  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	SOLID WASTE OPERATIONS							OTHER OPERATIONS			TOTAL		
	UNRESTRICTED			RESTRICTED				UNRESTRICTED		RESTRICTED	2022 (MEMO)	2021 (MEMO)	
	INVESTMENT IN CAPITAL ASSETS	UNDESIGNATED	DESIGNATED	OPERATING RESERVE	RENEWAL AND REPLACEMENT	DEBT SERVICE	CLOSURE AND POST- CLOSURE	INVESTMENT IN CAPITAL ASSETS	UNDESIGNATED	DESIGNATED			DEBT SERVICE
<b>OPERATING REVENUE:</b>													
Landfill Tipping Fees	\$	\$ 15,099,094	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 15,099,094	\$ 15,637,744
Lease/Rental Income									9,946,852			9,946,852	9,732,553
Interest Income on Leases									397,413			397,413	396,812
Project Management Fee									1,037,911			1,037,911	1,010,668
Renewable Energy Revenue		544,929										544,929	502,102
Recycle Revenue		1,042,875										1,042,875	635,309
Operating Grants		338,971							507,506			846,477	822,157
Project Income - Fleet Maintenance									176,003			176,003	285,166
Administrative Fees/Bond Transaction Fees/Real Estate Transactions									2,488			2,488	9,369
Property Management Fee									1,065,473			1,065,473	1,030,457
Other		65,375							1,258,491			1,323,866	742,961
	-	17,091,244	-	-	-	-	-	-	14,392,137	-	-	31,483,381	30,805,298
<b>OPERATING EXPENSES:</b>													
Cost of Providing Services		9,772,563							4,762,008			14,534,571	12,116,116
Administrative and General		3,084,660							1,146,420			4,231,080	4,149,051
Closure and Postclosure Costs		1,081,037										1,081,037	1,832,613
Depreciation		5,190,682							4,611,388			9,802,070	9,265,817
	-	19,128,942	-	-	-	-	-	-	10,519,816	-	-	29,648,758	27,363,597
<b>OPERATING INCOME (LOSS)</b>	-	(2,037,698)	-	-	-	-	-	-	3,872,321	-	-	1,834,623	3,441,701
<b>NON-OPERATING REVENUE (EXPENSES):</b>													
Interest Income		4,347			30,503	159,687	354,415		18,343		26,430	593,725	361,641
Interest Expense		(324,024)							(5,359,520)			(5,683,544)	(5,965,579)
Other Non-Operating Income		75,699							733,374			809,073	1,259,378
PILOT Program-Municipal Abandoned Projects									(9,334)			(9,334)	(694,105)
Appropriated to County		(744,605)										(744,605)	(190,019)
Premium Paid - Prepayment of Debt									(665,000)				
Debt Issue Costs Incurred		(4,505)							(60,714)			(65,219)	67,862
Gain on Disposal of Assets		798,773							692,623			1,491,396	
Net Decrease in Fair Value of Investments		(2,462,131)							(78,750)			(2,540,881)	(789,430)
	-	(2,656,446)	-	-	30,503	159,687	354,415	-	(5,546,985)	-	26,430	(6,149,389)	(5,950,252)
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>		(4,694,144)	-		30,503	159,687	354,415		(1,674,664)		26,430	(5,797,773)	(2,521,384)
<b>CONTRIBUTIONS AND TRANSFERS:</b>													
Capital Contributions		36,141							-			36,141	324,370
Other Transfers	(1,061,986)	444,389	30,261	136,860	884,578	(79,687)	(354,415)	(516,652)	526,551	(6,191)	(3,708)		
<b>INCREASE (DECREASE) IN NET POSITION</b>	(1,061,986)	(4,213,614)	30,261	136,860	915,081	80,000	-	(516,652)	(1,148,113)	(6,191)	22,722	(5,761,632)	(2,197,014)
<b>NET POSITION - JANUARY 1,</b>	35,917,277	(13,538,142)	744,605	1,945,840	777,152	1,610,000	-	7,227,838	(308,404)	395,820	525,500	35,297,486	37,494,500
<b>NET POSITION - DECEMBER 31,</b>	\$ 34,855,291	\$ (17,751,756)	\$ 774,866	\$ 2,082,700	\$ 1,692,233	\$ 1,690,000	\$ -	\$ 6,711,186	\$ (1,456,517)	\$ 389,629	\$ 548,222	\$ 29,535,854	\$ 35,297,486
<b>UNRESTRICTED NET POSITION (DEFICIT) - UNDESIGNATED-</b>													
Related to Pensions (GASB 68, 71)	\$	(7,438,143)						\$	(704,634)				
Related to OPEB (GASB 75)		(2,839,827)							(751,883)				
Before GASB 68, 71 Pension and GASB 75 OPEB Related Items		(7,473,786)							-				
	\$	(17,751,756)						\$	(1,456,517)				



**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY**  
**SCHEDULE OF NET POSITION**  
**DECEMBER 31, 2022 AND 2021**

	2022			2021		
	Solid Waste Operations	Other	Total	Solid Waste Operations	Other	Total
<b>ASSETS</b>						
<b>CURRENT ASSETS - UNRESTRICTED:</b>						
Cash	\$ 785,653	\$ 161,950	\$ 947,603	\$ 579,927	\$ 554,107	\$ 1,134,034
Investments	500,000		500,000			
Accounts Receivable	1,056,208	754,086	1,810,294	1,048,365	541,141	1,589,506
Loans Receivable	52,349	150,000	202,349	52,219	-	52,219
Interest Receivable - Loans	263	8,970	9,233	328	41,709	42,037
Grant Funds Receivable	151,954	40,481	192,435	97,406	356,447	453,853
Other Receivables	7,094	1,168,446	1,175,540	8,116	828,556	836,672
Lease Receivables		9,577,065	9,577,065		9,252,283	9,252,283
Due from NJ IBank	877,604		877,604			
Due from Restricted Assets	92,811		92,811	472,207		472,207
Inventories	142,611	148,516	291,127	49,391	110,021	159,412
Prepaid Expenses	52,834	39,409	92,243	74,055	37,816	111,871
<b>Total Current Assets - Unrestricted</b>	<b>3,719,381</b>	<b>12,048,923</b>	<b>15,768,304</b>	<b>2,382,014</b>	<b>11,722,080</b>	<b>14,104,094</b>
<b>CURRENT ASSETS - RESTRICTED:</b>						
Accounts Required by the Authority's Bond Resolutions/Loan Agreements:						
Cash	10,066,446	58,461,897	68,528,343	15,620,719	61,193,635	76,814,354
Cash Held by Fiscal Agent					300,558	300,558
Investments	1,679,266		1,679,266			
Other Restricted Accounts:						
Cash	439,468	537,652	977,120	396,151	1,197,761	1,593,912
Investments	718,420		718,420	2,322,647		2,322,647
Interest Receivable	115,200		115,200	91,029		91,029
Interfunds	3,131,229	(3,131,229)		5,351,680	(5,351,680)	
<b>Total Current Assets - Restricted</b>	<b>16,150,029</b>	<b>55,868,320</b>	<b>72,018,349</b>	<b>23,782,226</b>	<b>57,340,274</b>	<b>81,122,500</b>
<b>NONCURRENT ASSETS:</b>						
Investments - Accounts Required by Bond Resolutions	3,236,940		3,236,940			
Investments - Other Restricted Accounts	16,201,748		16,201,748	16,328,863	1,000,000	17,328,863
Investment in Redevelopment Sites		2,000,000	2,000,000		2,112,500	2,112,500
Lease Receivables - Noncurrent		197,001,916	197,001,916		201,047,384	201,047,384
Loans Receivable - Noncurrent	157,836	12,141,725	12,299,561	210,186	12,141,725	12,351,911
Prepaid Bond Insurance	13,515	285,467	298,982	18,019	290,552	308,571
Capital Assets, Net	53,992,471	92,041,385	146,033,856	52,391,316	102,320,082	154,711,398
<b>Total Noncurrent Assets</b>	<b>73,602,510</b>	<b>303,470,493</b>	<b>377,073,003</b>	<b>68,948,384</b>	<b>318,912,243</b>	<b>387,860,627</b>
<b>TOTAL ASSETS</b>	<b>93,471,920</b>	<b>371,387,736</b>	<b>464,859,656</b>	<b>95,112,624</b>	<b>387,974,597</b>	<b>483,087,221</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>						
Deferred Loss on Defeasance of Debt	62,073		62,073	108,201		108,201
Deferred Amount Relating to Pensions	2,484,078	414,639	2,898,717	3,040,917	716,549	3,757,466
Deferred Amount Relating to OPEB	616,783	334,455	951,238	691,212	330,687	1,021,899
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>3,162,934</b>	<b>749,094</b>	<b>3,912,028</b>	<b>3,840,330</b>	<b>1,047,236</b>	<b>4,887,566</b>

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY**  
**SCHEDULE OF NET POSITION**  
**DECEMBER 31, 2022 AND 2021**

	2022			2021		
	Solid Waste Operations	Other	Total	Solid Waste Operations	Other	Total
<b>CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED ASSETS:</b>						
Accounts Payable - Operations	\$ 801,419	\$ 630,088	\$ 1,431,507	\$ 1,659,283	\$ 357,283	\$ 2,016,566
Other Payables		1,038,507	1,038,507		2,184,327	2,184,327
Accrued Liabilities	96,246	48,044	144,290	96,272	1,200,183	1,296,455
Accrued Liabilities - Pension	533,448	158,330	691,778	519,444	150,737	670,181
Customer Deposits	154,400		154,400	149,400		149,400
Landfill Taxes Payable	177,517		177,517	185,084		185,084
Host Community Benefit Payable	50,167		50,167	53,181		53,181
Unearned Revenue	7,475	238,239	245,714	62,443	236,762	299,205
Unearned Grant Revenue	-	121,823	121,823	20,996	127,336	148,332
<b>Total Current Liabilities Payable From Unrestricted Assets</b>	<b>1,820,672</b>	<b>2,235,031</b>	<b>4,055,703</b>	<b>2,746,103</b>	<b>4,256,628</b>	<b>7,002,731</b>
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:</b>						
Loans Payable	5,371,400	983,799	6,355,199	310,033	1,345,497	1,655,530
Contracts Payable - Construction	195,196	944,625	1,139,821	301	282,549	282,850
Contracts Payable - Retainage	-	138,905	138,905	7,611	330,094	337,705
Revenue Bonds Payable	2,188,908	3,494,000	5,682,908	2,103,908	3,282,000	5,385,908
Accrued Interest Payable - Revenue Bonds and Loans	187,235	1,023,768	1,211,003	231,472	1,045,467	1,276,939
Due to Unrestricted Assets	92,811		92,811	472,207		472,207
License Agreement Escrow	-			43,702		43,702
<b>Total Current Liabilities Payable From Restricted Assets</b>	<b>8,035,550</b>	<b>6,585,097</b>	<b>14,620,647</b>	<b>3,169,234</b>	<b>6,285,607</b>	<b>9,454,841</b>
<b>LONG-TERM LIABILITIES:</b>						
Revenue Bonds Payable	12,763,531	125,265,090	138,028,621	15,070,134	133,422,548	148,492,682
Loan Payable	590,610	9,985,635	10,576,245	959,747	11,218,862	12,178,609
Accrued Closure and Postclosure Care Costs	37,097,166		37,097,166	36,016,129		36,016,129
Accrued Liability Pension	266,724	79,165	345,889	259,723	75,368	335,091
Net Pension Liability	7,526,792	751,933	8,278,725	6,554,486	224,762	6,779,248
Net OPEB Obligation	3,050,770	951,116	4,001,886	3,136,753	997,734	4,134,487
Accrued Compensated Absences	138,619	57,058	195,677	129,079	68,419	197,498
<b>Total Long-Term Liabilities</b>	<b>61,434,212</b>	<b>137,089,997</b>	<b>198,524,209</b>	<b>62,126,051</b>	<b>146,007,693</b>	<b>208,133,744</b>
<b>Total Liabilities</b>	<b>71,290,434</b>	<b>145,910,125</b>	<b>217,200,559</b>	<b>68,041,388</b>	<b>156,549,928</b>	<b>224,591,316</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Deferred Amount Relating to Pensions	1,595,246	58,216	1,653,462	3,277,509	970,317	4,247,826
Deferred Amount Relating to OPEB	405,840	220,070	625,910	177,325	84,835	262,160
Deferred Amount Relating to Arts & Innovation Project		3,784,375	3,784,375		3,784,375	3,784,375
Deferred Amount Relating to Leases		215,971,524	215,971,524		219,791,624	219,791,624
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,001,086</b>	<b>220,034,185</b>	<b>222,035,271</b>	<b>3,454,834</b>	<b>224,631,151</b>	<b>228,085,985</b>
<b>NET POSITION:</b>						
Net Investment in Capital Assets	34,855,291	6,711,186	41,566,477	35,917,277	7,227,838	43,145,115
Restricted:						
Operations	2,082,700		2,082,700	1,945,840		1,945,840
Debt Service	1,690,000	548,222	2,238,222	1,610,000	525,500	2,135,500
Equipment Renewal and Replacement	1,692,233		1,692,233	777,152		777,152
Unrestricted (Deficit)	(16,976,890)	(1,066,888)	(18,043,778)	(12,793,537)	87,416	(12,706,121)
<b>Total Net Position</b>	<b>\$ 23,343,334</b>	<b>\$ 6,192,520</b>	<b>\$ 29,535,854</b>	<b>\$ 27,456,732</b>	<b>\$ 7,840,754</b>	<b>\$ 35,297,486</b>

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022			2021		
	Solid Waste Operations	Other	Total	Solid Waste Operations	Other	Total
<b>OPERATING REVENUE:</b>						
Landfill Tipping Fees	\$ 15,099,094	\$	\$ 15,099,094	\$ 15,637,744	\$	\$ 15,637,744
Lease/Rental Income		9,946,852	9,946,852		9,732,553	9,732,553
Interest Income on Leases		397,413	397,413		396,812	396,812
Project Management Fee		1,037,911	1,037,911		1,010,668	1,010,668
Renewable Energy Revenue	544,929		544,929	502,102		502,102
Recycle Revenue	1,042,875		1,042,875	635,309		635,309
Operating Grants	338,971	507,506	846,477	294,210	527,947	822,157
Project Income - Fleet Maintenance		176,003	176,003		285,166	285,166
Admin. Fees/ Bond Transaction Fee/ Real Estate Transactions		2,488	2,488		9,369	9,369
Property Management Fee		1,065,473	1,065,473		1,030,457	1,030,457
Other Operating Income	65,375	1,258,491	1,323,866	67,217	675,744	742,961
<b>Total Operating Revenue</b>	<u>17,091,244</u>	<u>14,392,137</u>	<u>31,483,381</u>	<u>17,136,582</u>	<u>13,668,716</u>	<u>30,805,298</u>
<b>OPERATING EXPENSES:</b>						
Cost of Providing Services	9,772,563	4,762,008	14,534,571	7,663,094	4,453,022	12,116,116
Administrative and General	3,084,660	1,146,420	4,231,080	3,260,145	888,906	4,149,051
Closure and Postclosure Costs	1,081,037		1,081,037	1,832,613		1,832,613
Depreciation	5,190,682	4,611,388	9,802,070	4,713,049	4,552,768	9,265,817
<b>Total Operating Expenses</b>	<u>19,128,942</u>	<u>10,519,816</u>	<u>29,648,758</u>	<u>17,468,901</u>	<u>9,894,696</u>	<u>27,363,597</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(2,037,698)</u>	<u>3,872,321</u>	<u>1,834,623</u>	<u>(332,319)</u>	<u>3,774,020</u>	<u>3,441,701</u>
<b>NON-OPERATING REVENUE (EXPENSES):</b>						
Interest Income	548,952	44,773	593,725	353,469	8,172	361,641
Interest Expense	(324,024)	(5,359,520)	(5,683,544)	(398,983)	(5,564,596)	(5,963,579)
Net Increase (Decrease) in Fair Value of Investments	(2,462,131)	(78,750)	(2,540,881)	(789,433)	3	(789,430)
Abandoned Projects		(818,007)	(818,007)			
Appropriated to County	(744,605)		(744,605)	(694,105)		(694,105)
Premium Paid - Prepayment of Debt		(665,000)	(665,000)			-
Debt Issue Costs Incurred	(4,505)	(60,714)	(65,219)	(4,505)	(185,514)	(190,019)
Gain/Loss on Disposal of Assets	798,773	692,623	1,491,396	67,862		67,862
PILOT Program - Municipal		(9,334)	(9,334)		(14,833)	(14,833)
Other Non-Operating Income	75,699	733,374	809,073	134,090	1,125,288	1,259,378
<b>Total Non-Operating Revenue (Expenses)</b>	<u>(2,111,841)</u>	<u>(5,520,555)</u>	<u>(7,632,396)</u>	<u>(1,331,605)</u>	<u>(4,631,480)</u>	<u>(5,963,085)</u>
<b>LOSS BEFORE CAPITAL CONTRIBUTIONS</b>	<u>(4,149,539)</u>	<u>(1,648,234)</u>	<u>(5,797,773)</u>	<u>(1,663,924)</u>	<u>(857,460)</u>	<u>(2,521,384)</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>36,141</u>	<u>-</u>	<u>36,141</u>	<u>158,294</u>	<u>166,076</u>	<u>324,370</u>
<b>CHANGE IN NET POSITION</b>	<u>(4,113,398)</u>	<u>(1,648,234)</u>	<u>(5,761,632)</u>	<u>(1,505,630)</u>	<u>(691,384)</u>	<u>(2,197,014)</u>
<b>NET POSITION-BEGINNING</b>	<u>27,456,732</u>	<u>7,840,754</u>	<u>35,297,486</u>	<u>28,962,362</u>	<u>8,532,138</u>	<u>37,494,500</u>
<b>TOTAL NET POSITION-ENDING</b>	<u>\$ 23,343,334</u>	<u>\$ 6,192,520</u>	<u>\$ 29,535,854</u>	<u>\$ 27,456,732</u>	<u>\$ 7,840,754</u>	<u>\$ 35,297,486</u>

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

**YEAR ENDED DECEMBER 31, 2022**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2022 BUDGET</u>	<u>2022 ACTUAL</u>	<u>2021 ACTUAL</u>
<b>REVENUE:</b>			
Closure Postclosure Escrow Funds Utilized	\$	\$ 16,095	\$ 16,617
User Charges and Fees	15,238,763	15,099,094	15,637,744
Recycle Revenue	1,565,000	1,042,875	635,309
Methane Gas Project Revenue	407,000	544,929	502,102
Operating Grants	345,539	338,970	294,210
Interest Income	5,000	34,842	4,609
Rental Income		27,706	29,035
Miscellaneous Revenues		113,368	172,272
<b>Total Revenue</b>	<u>17,561,302</u>	<u>17,217,879</u>	<u>17,291,898</u>
<b>EXPENSES:</b>			
Costs of Providing Services:			
Salaries and Wages - Operations	2,154,285	2,157,151	2,176,871
Fringe Benefits	1,268,685	1,170,410	1,300,443
Consultant Services - Operations	616,491	777,551	633,191
Fuel	322,592	462,686	320,387
Equipment Maintenance Agreements	167,344	159,258	174,120
Tires	82,616	39,541	71,969
Replacement Parts	234,150	224,105	280,898
Repairs and Maintenance	179,032	171,325	143,719
Truck Wash Parts & Supplies	26,438	25,845	21,118
Tire Repair	6,000	41,335	3,594
Lawn Maintenance	46,500	38,374	35,774
Utilities	312,013	413,496	317,812
Recycle Rebate	12,750	21,956	11,026
Materials and Supplies	51,029	40,413	57,363
Road & Slope Maintenance	50,000	12,828	2,881
Gas Well Maintenance	75,000	148,451	32,895
Uniforms	60,868	41,893	54,464
Landfill Parts & Supplies	59,000	54,425	53,330
Security Services	11,920	12,188	11,413
Equipment Rental	238,800	210,215	82,692
Leachate Treatment	307,549	188,106	173,596
Leachate Hauling	485,012	762,514	666,092
Treatment Facility - Replacement Parts	176,155	349,697	147,291
Treatment Facility - Repairs and Maintenance	171,065	359,194	172,763
Groundwater Sampling and Analysis	60,000	66,233	67,562
Flare	68,000	53,725	65,314
Telephone	20,720	20,540	17,986
Disposal Fees	1,431,976	1,478,495	274,518
REA Grant	121,024	80,393	110,559
Promotional Materials	17,973	29,256	19,433
Public Awareness & Advertising	29,066	29,977	12,490
Other Operating Costs	36,788	38,265	41,283
	<u>8,900,841</u>	<u>9,679,841</u>	<u>7,554,847</u>

(Continued)

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY**  
**SCHEDULE OF REVENUES AND COSTS FUNDED BY**  
**REVENUES COMPARED TO BUDGET - BUDGETARY BASIS**  
**SOLID WASTE OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2022**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2022</u> <u>BUDGET</u>	<u>2022</u> <u>ACTUAL</u>	<u>2021</u> <u>ACTUAL</u>
<b>EXPENSES (CONTINUED):</b>			
<b>Administrative and General Expenses:</b>			
Salaries and Wages	\$ 1,039,361	\$ 980,696	\$ 1,077,577
Fringe Benefits	573,802	544,691	556,334
Administrative Payroll Expense	10,392	10,596	10,257
Building Rent	304,088	304,087	301,756
Security	693	467	467
Office Supplies and Expense	32,250	24,737	37,705
Professional Services	345,325	296,751	345,569
Professional Services - Closure Related	17,200	16,095	16,617
Insurance	379,239	420,348	376,878
Travel, Conferences and Meetings	9,225	4,298	6,548
Dues and Subscriptions	7,784	5,179	3,466
Utilities	44,029	31,676	40,281
Telephone	21,064	20,246	19,949
Licenses, Permits, Penalties and Assessments	183,737	99,502	152,377
Other Administrative Expenses	129,368	129,782	148,866
Training Programs	23,850	37,178	8,859
Repairs and Maintenance	31,779	53,335	21,125
Public Awareness and Advertising	40,500	29,231	13,330
REA Grant	32,579	33,325	36,275
Public Relations	19,500		
Automotive Supplies and Expenses	6,000	12,163	11,621
Litter Abatement Program	43,560	59,406	20,797
	<u>3,295,325</u>	<u>3,113,789</u>	<u>3,206,654</u>
<b>Interest Expense</b>	<u>436,952</u>	<u>395,591</u>	<u>486,982</u>
<b>OTHER COSTS FUNDED BY REVENUES:</b>			
Principal Maturities	2,695,942	2,494,693	2,023,908
Capital Outlays	300,000	1,120,423	277,834
Reserve for Equipment Renewal and Replacement	824,600	922,010	954,938
Reserve for Operating and Maintenance	149,071	136,860	216,110
Debt Service Coverage Requirements	313,289		
Appropriated to County	744,605	744,605	694,105
	<u>5,027,507</u>	<u>5,418,591</u>	<u>4,166,895</u>
<b>TOTAL COSTS FUNDED BY REVENUES</b>	<u>17,660,625</u>	<u>18,607,812</u>	<u>15,415,378</u>

(Continued)

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY**  
**SCHEDULE OF REVENUES AND COSTS FUNDED BY**  
**REVENUES COMPARED TO BUDGET - BUDGETARY BASIS**  
**SOLID WASTE OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2022**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>2022 BUDGET</b>	<b>2022 ACTUAL</b>	<b>2021 ACTUAL</b>
<b>REVENUES OVER (UNDER) COSTS FUNDED BY REVENUES</b>	<b>\$ (99,323)</b>	<b>\$ (1,389,933)</b>	<b>\$ 1,876,520</b>
<b>Reconciliation of Budgetary Basis to Change in Net Position:</b>			
Adjustments to Budgetary Basis:			
Interest Income not used for Operations		514,109	348,860
Capital Outlays		1,120,423	277,834
Principal Maturities		2,494,693	2,023,908
Transfers to Renewal and Replacement Reserves		922,010	954,938
Increase in Reserve for Operating and Maintenance		136,860	216,110
Increase (Decrease) in Fair Value of Investments		(2,462,131)	(789,433)
Closure Postclosure Escrow Funds Utilized		(16,095)	(16,617)
Amortization Charged to Interest Expense		71,569	87,999
Depreciation		(5,190,682)	(4,713,049)
Gain on Disposal of Assets		798,773	67,862
Closure Post Closure Expenses per GAAP		(1,081,037)	(1,832,613)
Debt Issuance Costs Incurred		(4,505)	(4,505)
Capital Contributions		36,141	158,294
OPEB - Difference of GAAP vs. Budgetary Basis		(195,703)	(383,003)
Pension Expense - Difference of GAAP vs. Budgetary Basis		132,110	221,265
<b>CHANGE IN NET POSITION PER SCHEDULE 3</b>		<b>\$ (4,113,398)</b>	<b>\$ (1,505,630)</b>

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

**YEAR ENDED DECEMBER 31, 2022**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2022 BUDGET</u>	<u>2022 ACTUAL</u>	<u>2021 ACTUAL</u>
<b>REVENUE:</b>			
Lease/Rental Income	\$ 10,275,784	\$ 10,344,265	\$ 10,129,365
Project Management Fee	1,959,490	1,037,911	1,010,668
Admin. Fees/ Bond Transaction Fee/ Real Estate Transactions	330,328	2,488	9,369
Fuel Income (Gas & CNG)	435,240	536,458	516,639
Fleet Maintenance	105,000	176,003	285,166
Property Management Fee	1,065,473	1,065,473	1,030,457
Other Operating Income	225,962	924,604	600,166
Miscellaneous Income	166,836	530,803	684,227
Operating Grants	5,000	507,506	527,947
Interest Income		44,773	8,171
<b>Total Revenue</b>	<u>14,569,113</u>	<u>15,170,284</u>	<u>14,802,175</u>
<b>EXPENSES:</b>			
Costs of Providing Services:			
Salaries	1,364,936	1,528,738	1,434,105
Employee Benefits	920,846	895,379	850,187
Building Services	1,072,306	1,209,160	967,885
Repairs and Maintenance	50,000	168,065	236,069
Garage Lease	4,116	11,616	4,116
Grant Expenses	5,000	475,934	494,669
Fuel and CNG	338,000	322,409	321,332
Other Operating Expenses	147,922	64,736	74,859
	<u>3,903,126</u>	<u>4,676,037</u>	<u>4,383,222</u>
Administrative and General Expenses:			
Salaries	184,981	198,270	151,053
Employee Benefits	69,052	124,998	69,586
Professional Services	177,635	476,079	287,980
Property Management	189,504	185,504	185,504
Insurance	21,064	21,335	25,509
Marketing and Advertising	48,916	35,387	46,958
Sponsorships	12,450		
Other Administrative Expenses	124,103	156,342	127,182
	<u>827,705</u>	<u>1,197,915</u>	<u>893,772</u>
Interest Expense	<u>5,165,195</u>	<u>5,454,977</u>	<u>5,651,443</u>

(Continued)

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

**YEAR ENDED DECEMBER 31, 2022**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2022 BUDGET</u>	<u>2022 ACTUAL</u>	<u>2021 ACTUAL</u>
<b>OTHER COSTS FUNDED BY REVENUES:</b>			
Principal Maturities	\$ 4,009,599	\$ 4,782,925	\$ 3,948,657
Capital Outlays	140,000	47,138	65,584
Replacement Reserve	52,118	50,284	70,284
PILOT Program - Municipal		9,334	14,833
	<u>4,201,717</u>	<u>4,889,681</u>	<u>4,099,358</u>
<b>TOTAL COSTS FUNDED BY REVENUES</b>	<u>14,097,743</u>	<u>16,218,610</u>	<u>15,027,795</u>
<b>REVENUES OVER (UNDER) COSTS FUNDED BY REVENUES</b>	<u>\$ 471,370</u>	\$ (1,048,326)	\$ (225,620)
<b>Reconciliation of Budgetary Basis to Change in Net Position:</b>			
Adjustments to Budgetary Basis:			
Abandoned Projects		(818,007)	
Capital Outlays		47,138	65,584
Transfers to Renewal and Replacement Reserves		50,284	70,284
Principal Maturities		4,782,925	3,948,657
Capital Contributions			166,076
Debt Issue Costs Incurred		(60,714)	(185,514)
Amortization Charged to Interest Expense		95,457	86,848
Increase (Decrease) in Fair Value of Investments		(78,750)	3
Gain on Disposal of Assets		692,623	
Premium Paid - Prepayment of Debt		(665,000)	
OPEB - Difference of GAAP vs. Budgetary Basis		(106,106)	(170,793)
Pension Expense - Difference of GAAP vs. Budgetary Basis		71,630	105,859
Depreciation		<u>(4,611,388)</u>	<u>(4,552,768)</u>
<b>CHANGE IN NET POSITION PER SCHEDULE 3</b>		<u>\$ (1,648,234)</u>	<u>\$ (691,384)</u>



**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY**  
**SCHEDULE OF RECONCILIATION OF BUDGETARY REVENUES AND**  
**COSTS FUNDED BY REVENUES TO CHANGE IN NET POSITION**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>Revenues Over (Under) Costs Funded By Revenues:</b>		
Solid Waste Operations - Schedule 4A	\$ (1,389,933)	\$ 1,876,520
Other Operations - Schedule 4B	(1,048,326)	(225,620)
	(2,438,259)	1,650,900
<b>Adjustments to Budgetary Basis:</b>		
Abandoned Projects	\$ (818,007)	\$ -
Interest Income not used for Operations	514,109	348,860
Capital Outlays	1,167,561	343,418
Principal Maturities	7,277,618	5,972,565
Transfers to Renewal and Replacement Reserves	972,294	1,025,222
Increase (Decrease) in Fair Value of Investments	(2,540,881)	(789,430)
Increase in Reserve for Operating and Maintenance	136,860	216,110
Closure Postclosure Escrow Funds Utilized	(16,095)	(16,617)
Amortization Charged to Interest Expense	167,026	174,847
Depreciation	(9,802,070)	(9,265,817)
Gain on Disposal of Assets	1,491,396	67,862
Closure Post Closure Expenses per GAAP	(1,081,037)	(1,832,613)
Debt Issue Costs Incurred	(65,219)	(190,019)
Premium Paid - Prepayment of Debt	(665,000)	
OPEB - Difference of GAAP vs. Budgetary Basis	(301,809)	(553,796)
Pension Expense - Difference of GAAP vs. Budgetary Basis	203,740	327,124
Capital Contributions	36,141	324,370
<b>Change in Net Position Per Exhibit B</b>	<u>\$ (5,761,632)</u>	<u>\$ (2,197,014)</u>

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
 SCHEDULE OF REVENUE BONDS PAYABLE  
 DECEMBER 31, 2022

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES		INTEREST RATE	BALANCE JANUARY 1, 2022	PRINCIPAL ADDITIONS 2022	PRINCIPAL MATURITIES 2022	ADDITIONAL PAID 2022	DEFEASED 2022	BALANCE DECEMBER 31, 2022
			DATE	AMOUNT							
<b>2014 County Guaranteed Facilities Acquisition Project Revenue Bonds</b>	\$ 17,955,000	5/29/2014	5/1/2023	\$ 610,000	5.000%	\$ 14,745,000	\$ -	\$ 580,000		\$ -	\$ 14,165,000
			5/1/2024	640,000	5.000%						
			5/1/2025	665,000	3.000%						
			5/1/2026	690,000	3.130%						
			5/1/2027	710,000	3.130%						
			5/1/2028	730,000	3.250%						
			5/1/2029	755,000	3.500%						
			5/1/2030	785,000	3.750%						
			5/1/2031	815,000	3.750%						
			5/1/2032	845,000	3.750%						
			5/1/2033	875,000	3.750%						
			5/1/2034	915,000	3.750%						
			5/1/2035	945,000	4.000%						
			5/1/2036	985,000	4.000%						
			5/1/2037	1,025,000	4.000%						
			5/1/2038	1,065,000	4.000%						
5/1/2039	1,110,000	4.000%									
<b>2015A County Guaranteed Solid Waste Revenue Refunding Bonds</b>	14,595,000	5/29/2015	1/1/2023	1,690,000	5.000%	8,870,000		1,610,000			7,260,000
			1/1/2024	1,780,000	5.000%						
			1/1/2025	1,860,000	4.000%						
			1/1/2026	1,930,000	3.000%						
<b>2015 Lease Revenue Bonds - State Office Buildings Project</b>	3,975,000	8/25/2015	6/15/2023	260,000	3.690%	2,930,000		255,000			2,675,000
			6/15/2024	265,000	3.690%						
			6/15/2025	275,000	3.690%						
			6/15/2026	355,000	3.690%						
			6/15/2027	365,000	3.690%						
			6/15/2028	375,000	3.690%						
			6/15/2029	385,000	3.690%						
			6/15/2030	395,000	3.690%						

(Continued)

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
 SCHEDULE OF REVENUE BONDS PAYABLE  
 DECEMBER 31, 2022

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES		INTEREST RATE	BALANCE JANUARY 1, 2022	PRINCIPAL ADDITIONS 2022	PRINCIPAL MATURITIES 2022	ADDITIONAL PAID 2022	DEFEASED 2022	BALANCE DECEMBER 31, 2022
			DATE	AMOUNT							
2017 New Jersey Environmental Infrastructure Trust Loan	\$ 2,510,000	5/25/2017	9/2/2023	\$ 110,000	5.000%	\$ 2,125,000	\$ -	\$ 105,000		\$ -	\$ 2,020,000
			9/2/2024	120,000	5.000%						
			9/2/2025	125,000	5.000%						
			9/2/2026	130,000	3.000%						
			9/2/2027	135,000	3.000%						
			9/1/2028	140,000	3.000%						
			9/1/2029	140,000	3.000%						
			9/1/2030	145,000	3.000%						
			9/1/2031	150,000	3.000%						
			9/1/2032	155,000	3.000%						
			9/1/2033	160,000	3.125%						
			9/1/2034	165,000	3.250%						
			9/1/2035	170,000	3.250%						
			9/1/2036	175,000	3.375%						
2017 New Jersey Environmental Infrastructure Fund Loan	7,648,515	5/25/2017	2023	388,908	N/A	5,833,613		388,908			5,444,705
			2024	388,908							
			2025	388,908							
			2026	388,908							
			2027	388,908							
			2028	388,908							
			2029	388,908							
			2030	388,908							
			2031	388,908							
			2032	388,908							
			2033	388,908							
			2034	388,908							
			2035	388,908							
			2036	388,901							

(Continued)

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
SCHEDULE OF REVENUE BONDS PAYABLE  
DECEMBER 31, 2022**

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES		INTEREST RATE	BALANCE JANUARY 1, 2022	PRINCIPAL ADDITIONS 2022	PRINCIPAL MATURITIES 2022	ADDITIONAL PAID 2022	DEFEASED 2022	BALANCE DECEMBER 31, 2022
			DATE	AMOUNT							
<b>2017 Revenue Bonds</b>	\$ 12,000,000	10/4/2017	10/4/2023	121,000	4.375%	\$ 11,261,000	-	\$ 113,000	\$ 6,652,000	-	\$ 4,496,000
			10/4/2024	128,000	4.375%						
			10/4/2025	136,000	4.375%						
			10/4/2026	144,000	4.375%						
			10/4/2027	153,000	4.375%						
			10/4/2028	162,000	4.375%						
			10/4/2029	172,000	6.950%						
			10/4/2030	182,000	6.950%						
			10/4/2031	194,000	6.950%						
			10/4/2032	206,000	6.950%						
			10/4/2033	219,000	6.950%						
			10/4/2034	232,000	6.950%						
			10/4/2035	246,000	6.950%						
			10/4/2036	261,000	6.950%						
			10/4/2037	277,000	6.950%						
			10/4/2038	294,000	6.950%						
			10/4/2039	312,000	6.950%						
			10/4/2040	332,000	6.950%						
			10/4/2041	352,000	6.950%						
			10/4/2042	373,000	6.950%						
<b>Series 2017 City of Vineland Public Safety Project</b>	21,935,000	12/12/2017	12/15/2023	680,000	5.000%	21,295,000		610,000			20,685,000
			12/15/2024	715,000	5.000%						
			12/15/2025	750,000	5.000%						
			12/15/2026	785,000	5.000%						
			12/15/2027	825,000	5.000%						
			12/15/2028	865,000	4.000%						
			12/15/2029	900,000	4.000%						
			12/15/2030	935,000	4.000%						
			12/15/2031	975,000	4.000%						
			12/15/2032	1,015,000	4.000%						
			12/15/2033	1,055,000	3.250%						
			12/15/2034	1,090,000	3.250%						
			12/15/2035	1,125,000	3.250%						
			12/15/2036	1,160,000	3.250%						
			12/15/2037	1,200,000	3.250%						
			12/15/2038	1,235,000	3.375%						
			12/15/2039	1,280,000	3.375%						
			12/15/2040	1,320,000	3.375%						
			12/15/2041	1,365,000	3.375%						
			12/15/2042	1,410,000	3.375%						

(Continued)

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
 SCHEDULE OF REVENUE BONDS PAYABLE  
 DECEMBER 31, 2022

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES		INTEREST RATE	BALANCE JANUARY 1, 2022	PRINCIPAL ADDITIONS 2022	PRINCIPAL MATURITIES 2022	ADDITIONAL PAID 2022	DEFEASED 2022	BALANCE DECEMBER 31, 2022
			DATE	AMOUNT							
<b>2018 Revenue Bonds</b>	\$ 3,200,000	9/15/2018	12/31/2023	183,000	4.980%	\$ 2,724,000	-	\$ 175,000	-	\$ 2,549,000	
			12/31/2024	192,000	4.980%						
			12/31/2025	201,000	4.980%						
			12/31/2026	211,000	4.980%						
			12/31/2027	222,000	4.980%						
			12/31/2028	231,000	4.980%						
			12/31/2029	240,000	4.980%						
			12/31/2030	249,000	6.950%						
			12/31/2031	259,000	6.950%						
			12/31/2032	275,000	6.950%						
			12/31/2033	286,000	6.950%						
<b>2018 Revenue Bonds County Correctional Facility Project</b>	64,990,000	12/13/2018	10/1/2023	705,000	5.00%	63,740,000		670,000		63,070,000	
			10/1/2024	740,000	5.00%						
			10/1/2025	780,000	5.00%						
			10/1/2026	815,000	5.00%						
			10/1/2027	860,000	5.50%						
			10/1/2028	905,000	5.00%						
			10/1/2029	950,000	5.50%						
			10/1/2030	1,000,000	5.00%						
			10/1/2031	1,050,000	5.00%						
			10/1/2032	1,100,000	5.00%						
			10/1/2033	1,155,000	5.00%						
			10/1/2034	1,215,000	5.00%						
			10/1/2035	1,275,000	5.00%						
			10/1/2036	1,340,000	5.00%						
			10/1/2037	1,405,000	5.00%						
			10/1/2038	1,475,000	5.00%						
			10/1/2039	1,550,000	4.00%						
			10/1/2040	1,610,000	4.00%						
			10/1/2041	1,675,000	4.00%						
			10/1/2042	1,740,000	4.00%						
			10/1/2043	1,810,000	4.00%						
			10/1/2044	1,885,000	4.00%						
			10/1/2045	1,960,000	4.00%						
			10/1/2046	2,040,000	4.00%						
			10/1/2047	2,120,000	4.00%						
			10/1/2048	2,205,000	4.00%						
			10/1/2049	2,290,000	4.00%						
			10/1/2050	2,385,000	4.00%						
			10/1/2051	2,480,000	4.00%						
			10/1/2052	2,580,000	4.00%						
			10/1/2053	2,680,000	4.00%						
			10/1/2054	2,790,000	4.00%						
			10/1/2055	2,900,000	5.00%						
			10/1/2056	3,045,000	5.00%						
			10/1/2057	3,200,000	5.00%						
			10/1/2058	3,355,000	5.00%						

(Continued)

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
 SCHEDULE OF REVENUE BONDS PAYABLE  
 DECEMBER 31, 2022

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES		INTEREST RATE	BALANCE JANUARY 1, 2022	PRINCIPAL ADDITIONS 2022	PRINCIPAL MATURITIES 2022	ADDITIONAL PAID 2022	DEFEASED 2022	BALANCE DECEMBER 31, 2022
			DATE	AMOUNT							
<b>2019 County Guaranteed- Administration Building</b>	\$ 4,970,000	4/4/2019	3/15/2023	\$ 90,000	3.00%	\$ 4,800,000	\$ -	\$ 90,000		\$ -	\$ 4,710,000
			3/15/2024	95,000	3.00%						
			3/15/2025	100,000	5.00%						
			3/15/2026	100,000	5.00%						
			3/15/2027	105,000	5.00%						
			3/15/2028	110,000	5.00%						
			3/15/2029	120,000	5.00%						
			3/15/2030	125,000	5.00%						
			3/15/2031	130,000	5.00%						
			3/15/2032	135,000	5.00%						
			3/15/2033	145,000	5.00%						
			3/15/2034	150,000	5.00%						
			3/15/2035	160,000	5.00%						
			3/15/2036	165,000	5.00%						
			3/15/2037	175,000	5.00%						
			3/15/2038	185,000	5.00%						
			3/15/2039	195,000	5.00%						
			3/15/2040	200,000	3.50%						
			3/15/2041	210,000	3.50%						
			3/15/2042	215,000	3.50%						
			3/15/2043	225,000	3.50%						
			3/15/2044	235,000	3.50%						
			3/15/2045	240,000	5.00%						
			3/15/2046	255,000	5.00%						
			3/15/2047	270,000	5.00%						
			3/15/2048	280,000	5.00%						
			3/15/2049	295,000	5.00%						
<b>2020 Vineland Board of Education Bus Depot Project</b>	3,165,000	4/28/2020	4/15/2023	635,000	1.52%	2,550,000		625,000		-	1,925,000
			4/15/2024	640,000	1.52%						
			4/15/2025	650,000	1.52%						

(Continued)

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
 SCHEDULE OF REVENUE BONDS PAYABLE  
 DECEMBER 31, 2022

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES		INTEREST RATE	BALANCE JANUARY 1, 2022	PRINCIPAL ADDITIONS 2022	PRINCIPAL MATURITIES 2022	ADDITIONAL PAID 2022	DEFEASED 2022	BALANCE DECEMBER 31, 2022
			DATE	AMOUNT							
<b>Bridgeton Fire Station Series 2021</b>	\$ 7,495,000	12/22/2021	12/31/2023	145,000	4.00%	\$ 7,495,000					\$ 7,495,000
			12/31/2024	150,000	4.00%						
			12/31/2025	160,000	4.00%						
			12/31/2026	165,000	4.00%						
			12/31/2027	170,000	4.00%						
			12/31/2028	175,000	4.00%						
			12/31/2029	185,000	4.00%						
			12/31/2030	190,000	4.00%						
			12/31/2031	200,000	4.00%						
			12/31/2032	210,000	4.00%						
			12/31/2033	215,000	4.00%						
			12/31/2034	225,000	4.00%						
			12/31/2035	235,000	4.00%						
			12/31/2036	245,000	4.00%						
			12/31/2037	255,000	3.00%						
			12/31/2038	260,000	3.00%						
			12/31/2039	270,000	3.00%						
			12/31/2040	275,000	3.00%						
			12/31/2041	285,000	3.00%						
			12/31/2042	295,000	4.00%						
			12/31/2043	305,000	4.00%						
			12/31/2044	315,000	4.00%						
			12/31/2045	330,000	4.00%						
			12/31/2046	345,000	4.00%						
			12/31/2047	355,000	3.00%						
			12/31/2048	365,000	3.00%						
			12/31/2049	380,000	3.00%						
			12/31/2050	390,000	3.00%						
			12/31/2051	400,000	3.00%						
<b>Tech School Series 2022</b>	\$ 1,990,000	2/28/2022	12/15/2023	65,000	2.34%	-	1,990,000	70,000			1,920,000
			12/15/2024	65,000	2.34%						
			12/15/2025	65,000	2.34%						
			12/15/2026	70,000	2.34%						
			12/15/2027	70,000	2.34%						
			12/15/2028	70,000	2.34%						
			12/15/2029	75,000	2.34%						
			12/15/2030	75,000	2.34%						
			12/15/2031	75,000	2.34%						
			12/15/2032	80,000	2.34%						
			12/15/2033	80,000	2.34%						
			12/15/2034	80,000	2.34%						
			12/15/2035	85,000	2.34%						
			12/15/2036	965,000	2.34%						
						<u>\$ 148,368,613</u>	<u>\$ 1,990,000</u>	<u>\$ 5,291,908</u>	<u>\$ 6,652,000</u>	<u>\$ -</u>	<u>\$ 138,414,705</u>

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
 SCHEDULE OF LOANS PAYABLE  
 DECEMBER 31, 2022

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES		INTEREST RATE	BALANCE JANUARY 1, 2022	ISSUED 2022	PAID 2022	REFUNDED 2022	BALANCE DECEMBER 31, 2022
			DATE	AMOUNT						
<b>2017 TD Loan Payable</b>	\$ 7,357,350	12/29/2017	12/1/2023	92,275	3.860%	\$ 4,996,327	\$ -	\$ 306,628	\$ -	\$ 4,689,699
			12/1/2024	95,449						
			12/1/2025	4,501,975						
<b>CEZC</b>	1,000,000	6/14/2018	6/14/2023	1,000,000	NA	1,000,000				1,000,000
<b>Equipment Loan - W. Park</b>	700,000	7/31/2018			3.240%	419,010		419,010	-	-
<b>Equipment Loan - CNG Station</b>	3,000,000	7/31/2018	7/31/2023	293,714	3.380%	2,202,195		284,111		1,918,084
			7/31/2024	303,642						
			7/31/2025	313,905						
			7/31/2026	324,515						
			7/31/2027	335,485						
			7/31/2028	346,823						
<b>Equipment Loan - 2019</b>	200,000	10/10/2019	10/10/2023	40,822	2.100%	122,485		39,983		82,502
			10/10/2024	41,680						
<b>Equipment Loan - Food</b>	1,650,000	10/30/2020	10/30/2023	232,249	1.450%	1,424,342		228,929		1,195,413
			10/30/2024	235,617						
			10/30/2025	239,033						
			10/30/2026	242,499						
			10/30/2027	246,016						

(Continued)



CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
 SCHEDULE OF LOANS PAYABLE  
 DECEMBER 31, 2022

	ORIGINAL ISSUE	DATE OF ISSUE	MATURITIES		INTEREST RATE	BALANCE JANUARY 1, 2022	ISSUED 2022	PAID 2022	REFUNDED 2022	BALANCE DECEMBER 31, 2022
			DATE	AMOUNT						
Equipment Loan - Gas Wells	\$ 725,000	4/30/2020	4/30/2023 4/30/2024 4/30/2025	144,956 147,493 150,075	1.750%	\$ 584,987		\$ 142,463		\$ 442,524
Equipment Loan - Generators	850,000	12/18/2020	12/18/2023 12/18/2024 12/18/2025	143,429 145,480 147,562	1.430%	684,793		248,322		436,471
TD Equipment Loan - SIM	2,400,000	9/30/2021	9/30/2023 9/30/2024 9/30/2025 9/30/2026 9/30/2027 9/30/2028	324,739 333,442 342,378 351,554 360,975 370,649	2.680%	2,400,000		316,263		2,083,737
Solid Waste NJIB Slide Slope - Interim Construction Loan	5,083,014	2/8/2022			Various		5,083,014			5,083,014
						<u>\$ 13,834,139</u>	<u>\$ 5,083,014</u>	<u>\$ 1,985,709</u>	<u>\$ -</u>	<u>\$ 16,931,444</u>

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
SCHEDULE OF CONDUIT DEBT  
DECEMBER 31, 2022**

ISSUE	DATE OF ISSUE	ISSUED AMOUNT	BALANCE JANUARY 1, 2022	BONDS ISSUED 2022	PRINCIPAL MATURITIES 2022	BONDS DEFEASED 2022	BALANCE DECEMBER 31, 2022
<b>Guaranteed by Other Governmental Entities:</b>							
Local Unit Program Bonds - City of Vineland Electric Utility Project, Series 2009B (1)	10/1/2009	\$ 53,555,000	\$ 25,000,000	\$ -	\$ 12,000,000	\$ -	\$ 13,000,000
Cumberland County General Obligation Revenue Bonds Technical High School Project, Series 2019	1/16/2019	21,035,000	19,885,000		575,000		19,310,000
Cumberland County General Obligation Bonds Technical High School Project, Series 2014	10/30/2014	63,890,000	27,320,000		2,100,000		25,220,000
Cumberland County General Obligation Revenue Refunding Bonds Technical High School Project, Series 2020	7/15/2020	31,335,000	<u>30,510,000</u>		<u>400,000</u>		<u>30,110,000</u>
			<u>\$ 102,715,000</u>	<u>\$ -</u>	<u>\$ 15,075,000</u>	<u>\$ -</u>	<u>\$ 87,640,000</u>

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
ROSTER OF OFFICIALS  
AS OF DECEMBER 31, 2022**

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

George M. Olivio	Chairman (to 2/22/22 and from 4/27/22 to 12/31/22) Assistant Treasurer (2/23/22 from 4/27/22)
Robert P. Nedohon, Jr.	Vice Chairman (to 2/22/22) Treasurer (from 4/27/22)
Albert B. Kelly	Secretary (to 2/22/22) Vice Chairman (from 2/23/22)
Dale K. Jones	Treasurer (to 2/22/22) Secretary (from 2/23/22)
Andre Lopez	Assistant Treasurer (to 4/26/22) Chairman (2/23/22 to 4/26/22)
Shelly Schneider	Assistant Treasurer (from 4/27/22)
Gerard Velazquez, III	President, CEO
Archer & Greiner, P.C.	Solicitor
Phoenix Advisors	Financial Advisors

CRIME POLICY/EMPLOYEE DISHONESTY

Traveler's Insurance Company

## **SINGLE AUDIT SECTION**

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

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Cumberland County Improvement Authority, County of Cumberland's, compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major Federal programs for the year ended December 31, 2022. The Authority's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Cumberland County Improvement Authority, County of Cumberland complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Cumberland County Improvement Authority, County of Cumberland and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Cumberland County Improvement Authority, County of Cumberland's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Cumberland County Improvement Authority, County of Cumberland's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Cumberland County Improvement Authority, County of Cumberland's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Cumberland County Improvement Authority, County of Cumberland's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Cumberland County Improvement Authority, County of Cumberland's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Cumberland County Improvement Authority, County of Cumberland's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Cumberland County Improvement Authority, County of Cumberland's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

## Report on Internal Control over Compliance (Continued)

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

ROMANO, HEARING, TESTA & KNORR

*Romano, Hearing, Testa & Knorr*

Certified Public Accountants

September 22, 2023

CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2022

State Grantor/Program Title	CFDA Number	State Project Number	Award Amount	Grant Period		Balance	Revenue Recognized	Cash Received	Budgetary Expenditures	Balance		
				From	To	Dec. 31, 2021				Dec. 31, 2022		
						(Unearned Revenue)/			Accounts	(Unearned		
						Accounts Receivable			Receivable	Revenue)		
U.S. Department of Environmental Protection:												
Passed-through New Jersey Department of Environmental Protection												
Capitalization Grants of Clean Water State Revolving Funds												
New Jersey Infrastructure Bank												
	66.458	S342015-04	\$ 2,400,195	3/2/2022	Open	\$ -	\$ 2,186,656	\$ 1,809,121	\$ 2,186,656	\$ 377,535	\$ -	
U.S. Federal Emergency Management Agency:												
Passed-through New Jersey State Police,												
Public Assistance Grants - FEMA-4488-DR-NJ (#2)												
	97.036	2020-100-C50-6120	17,891	11/3/2020	5/27/2022	-	17,891	17,891	17,891	-	-	
Public Assistance Grants - FEMA-4488-DR-NJ (#4)												
	97.036	2020-100-C50-6120	18,612	3/22/2022	6/6/2022	-	18,612	18,612	18,612	-	-	
Public Assistance Grants - FEMA-4488-DR-NJ (#5)												
	97.036	2020-100-C50-6120	13,427	8/5/2022	12/26/2022	-	13,427	-	13,427	13,427	-	
U.S. Department of Housing and Urban Development (HUD):												
Passed through the State of New Jersey Dept. of Community Affairs												
Passed through the County of Cumberland, NJ												
CDBG-COVID-19 CV2 2020												
	14.228	2021-100-022-8020-2001-CV-20-6130	848,431	1/21/2020	12/31/2022	81,447	387,089	468,536	387,089	-	-	
U.S. Department of Treasury:												
Passed through the County of Cumberland, NJ,												
Coronavirus Local Fiscal Recovery Fund - American Rescue Plan Act												
	21.027	N/A	400,000	11/1/2021	12/31/2024	-	37,634	37,634	37,634	-	-	
U.S. Economic Development Administration												
Public Works and Economic Development Facilities												
	11.300	01-01-14761	\$ 2,500,000	9/28/2017	12/28/2020	250,000		250,000		-	-	
						<u>\$ 6,198,556</u>	<u>\$ 331,447</u>	<u>\$ 2,661,309</u>	<u>\$ 2,601,794</u>	<u>\$ 2,661,309</u>	<u>\$ 390,962</u>	<u>\$ -</u>

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



**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2022**

**NOTE 1 BASIS OF PRESENTATION**

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

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

Construction in Progress	\$ 2,186,656
Operating Expenses	<u>474,653</u>
	<u>\$ 2,661,309</u>

**NOTE 4 RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

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

**NOTE 5 MAJOR PROGRAMS**

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

**NOTE 6 INDIRECT COST RATE**

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

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2022**

**Section 1 - Summary of Auditor's Results**

**Financial Statement Section**

Type of auditor's report issued :	_____	Unmodified
Internal control over financial reporting :		
Material weakness(es) identified ?	_____ yes	_____ X _____ no
Significant deficiency(ies) identified?	_____ yes	_____ X _____ none reported
Noncompliance material to the financial statements noted?	_____ yes	_____ X _____ no

**Federal Awards**

Internal control over compliance:		
Material weaknesses identified?	_____ yes	_____ X _____ no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ yes	_____ X _____ none reported
Type of auditor's report on compliance for major programs	_____	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> (Uniform Guidance)?	_____ yes	_____ X _____ no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
_____	
66.458	Capitalization Grants of Clean Water State Revolving Funds
_____	

Dollar threshold used to determine Type A programs	_____	\$750,000
Auditee qualified as low-risk auditee?	_____ yes	_____ X _____ no

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

**Section 2 – Schedule of Financial Statement Findings**

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

**None**

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

**Section 3 – Schedule of Federal Awards Findings and Questioned Costs**

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

**None**

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

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

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

**This section is Not Applicable**

**CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2022**

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

**FINANCIAL STATEMENT FINDINGS**

None

**FEDERAL AWARDS**

None

**STATE FINANCIAL ASSISTANCE PROGRAMS**

Not Applicable

**APPENDIX D**  
**FORM OF INDENTURE**

TRUST INDENTURE

This TRUST INDENTURE ("Indenture"), dated as of December 1, 2023, between THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY, a public body corporate and existing under the Act (as hereinafter defined) and created pursuant to a resolution of the Board of Chosen Freeholders of the County of Cumberland, New Jersey ("County") adopted on December 30, 1980, and any successor to its duties and functions ("Authority"), is authorized by the County Improvement Authorities Law, constituting Chapter 183 of the Laws of 1960 of the State of New Jersey, as amended and supplemented (N.J.S.A. 40:37A-44 et seq.) ("Act"), to provide within the County or any beneficiary county, of a public facility for a combination of governmental and nongovernmental uses; provided that not more than 50% of the usable space in any such facility shall be made available for nongovernmental use under a lease or other agreement by or with the Authority; and

WITNESSETH:

WHEREAS, The Cumberland County Improvement Authority, a public body corporate and politic and a political subdivision of the State of New Jersey ("State"), organized and existing under the Act (as hereinafter defined) and created pursuant to a resolution of the Board of Chosen Freeholders of the County of Cumberland, New Jersey ("County") adopted on December 30, 1980, and any successor to its duties and functions ("Authority"), is authorized by the County Improvement Authorities Law, constituting Chapter 183 of the Laws of 1960 of the State of New Jersey, as amended and supplemented (N.J.S.A. 40:37A-44 et seq.) ("Act"), to provide within the County or any beneficiary county, of a public facility for a combination of governmental and nongovernmental uses; provided that not more than 50% of the usable space in any such facility shall be made available for nongovernmental use under a lease or other agreement by or with the Authority; and

WHEREAS, the New Jersey State Police Barracks, currently located in Port Norris, in the Township of Commercial ("Township"), was originally constructed in 1977 and is, due to its age, size, physical and operational limitations, no longer adequate to serve the needs and requirements of State police men and women; and

WHEREAS, recognizing the myriad of issues associated with the present facility, officials of the State, the Township and the Authority have undertaken a careful review of the best options to bring the barracks up to date and to provide a facility that will last for the more than 50 years; and

WHEREAS, to accomplish these aims, and to assist the State in its provision of policing services in the County, the Authority has determined that the replacement of the existing facilities (presently owned by the Township) with a new facility is the most cost efficient approach; and

WHEREAS, as a result of the foregoing, the Authority has determined to develop and construct a new, approximately 11,400 square foot state-of-the-art barracks facility to serve the New Jersey State police ("New Facility"); and

WHEREAS, the New Facility will be developed and constructed on a vacant, five-acre site on Mauricetown Bypass Road in the Township ("Project Site"), immediately adjacent to the existing facility; and

TRUST INDENTURE

between

THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION  
as Trustee

Dated as of December 1, 2023

Relating to

[\$6,300,000]

The Cumberland County Improvement Authority  
County Guaranteed Revenue Bonds  
(State Police Barracks Project), Series 2023

WHEREAS, the Authority has determined pursuant to the Act to finance: (i) the costs of the development and construction of the New Facility; (ii) the completion of such other improvements and work and acquisition of equipment and materials as may be necessary or appropriate in connection with the construction of the New Facility (items (i) and (ii) shall collectively be referred to herein as the "Construction Project"); (iii) capitalized interest on the Bonds through and including the period of construction of the New Facility; and (iv) the costs and expenses incurred by the Authority in connection with the issuance and delivery of the Bonds (items (i) through (iv) shall collectively be referred to herein as, the "2023 Project"); and

WHEREAS, in furtherance thereof, the Authority has determined to issue and sell up to \$6,300,000 aggregate principal amount of its County Guaranteed Revenue Bonds (State Police Barracks Project), Series 2023 ("Series 2023 Bonds") to finance the costs of the 2023 Project; and

WHEREAS, the Authority has, pursuant to a Bond Resolution adopted on September 27, 2023, entitled "BOND RESOLUTION OF THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF UP TO \$6,300,000 AGGREGATE PRINCIPAL AMOUNT OF THE AUTHORITY'S COUNTY GUARANTEED LEASE REVENUE BONDS (STATE POLICE BARRACKS PROJECT), SERIES 2023, IN ONE OR MORE SERIES; MAKING CERTAIN DETERMINATIONS AND APPROVALS WITH RESPECT TO SAID BONDS; AND AUTHORIZING CERTAIN ACTIONS", ("Bond Resolution"), authorized, *inter alia*, the issuance of the Series 2023 Bonds to finance the costs of the 2023 Project; and

WHEREAS, in recognition of the importance of the 2023 Project, and to induce the prospective purchasers of the Series 2023 Bonds to purchase the same and provide additional security to the holders thereof, the County has determined, in accordance with an ordinance duly and finally adopted on May 24, 2022, pursuant to Section 37 of the Act, N.J.S.A. 40:37A-80, to unconditionally and irrevocably guaranty the punctual payment of the principal of and interest on the Series 2023 Bonds, when due, by the adoption of a guaranty ordinance ("County Guaranty"); and

WHEREAS, the Authority has applied to the Local Finance Board of the State Department of Community Affairs, Division of Local Government Services ("Local Finance Board"), pursuant to N.J.S.A. 40A:5A-6 and N.J.S.A. 40:37A-80, for positive findings for the undertaking and completion of the 2023 Project, the issuance of the Series 2023 Bonds to finance the costs thereof and for approval for the provision of the County Guaranty by the County and has received the requisite positive findings and approval from the Local Finance Board on May 11, 2022, with a supplemental application heard and approved by the Local Finance Board on July 12, 2023; and

WHEREAS, the Bonds shall be special, limited obligations of the Authority, payable solely from and secured by its interest in the Pledged Property (as defined herein), which shall include: (i) available revenues of the Authority, not previously pledged as security for any existing series bonds or which are hereafter pledged to any future series of bonds, and which available revenues are deposited by the Authority with the Trustee; (ii) the Funds and Accounts (each as hereinafter defined) established hereunder (other than the Rebate Fund (as hereinafter defined)), including Investment Securities (as hereinafter defined) held in any such Funds or Accounts; and (iii) all other moneys, securities or funds pledged for the payment of the principal or redemption price of and interest on the Series 2023 Bonds in accordance with the terms and provisions

hereof; and

WHEREAS, all things necessary to make the Series 2023 Bonds, when authenticated by the Trustee and issued as provided in this Indenture, the valid, legal and binding obligations of the Authority and to constitute this Indenture a valid, legal and binding agreement and pledge of the property, rights, interests and revenues herein pledged and assigned, have been done and performed, and the execution and delivery of this Indenture and the issuance and delivery of the Series 2023 Bonds, subject to the terms hereof, have in all respects been duly authorized; and

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds (as defined herein) by the Owners (as defined herein) thereof, and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to secure the payment of the principal of, redemption premium, if any, and interest on all of the Bonds issued and Outstanding (as defined herein) under this Indenture from time to time according to their tenor and effect, and to secure the performance and observance by the Authority of all the covenants, agreements and conditions herein and in the Bonds contained, the Authority does hereby transfer, pledge and assign to the Trustee and its successors and assigns in trust forever, and does hereby grant a security interest unto the Trustee and its successors in trust and its assigns, in the Pledged Property, including any and all other property (real, personal or mixed) of every kind and nature from time to time hereafter by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security hereunder by the Authority or by anyone in its behalf or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof; and

TO HAVE AND TO HOLD, with all rights and privileges hereby transferred, pledged, assigned and/or granted or agreed or intended so to be, to the Trustee and its successors and assigns in trust forever; and

IN TRUST NEVERTHELESS, for the equal and ratable benefit and security of all present and future Owners of the Bonds, without preference, priority or distinction as to participation in the lien, benefit and protection hereof of one bond over or from the others, by reason of priority in the issue or negotiation or maturity thereof, or for any other reason whatsoever, except as herein otherwise expressly provided; and

PROVIDED, NEVERTHELESS, and these presents are upon the express condition that, if the Authority or its successors or assigns shall well and truly pay or cause to be paid the principal of such Bonds with interest, according to the provisions set forth in the Bonds or shall provide for the payment or redemption of such Bonds by depositing or causing to be deposited with the Trustee the entire amount of funds or securities requisite for payment or redemption thereof when and as authorized by the provisions hereof, and shall also pay or cause to be paid all other sums payable hereunder by the Authority then these presents and the estate and rights hereby granted shall cease, determine and become void, and thereupon the Trustee, on payment of its lawful charges and disbursements then unpaid, on demand of the Authority and upon the payment of the costs and expenses thereof, shall duly execute, acknowledge and deliver to the Authority such instruments of satisfaction or release as may be necessary or proper to discharge this Indenture of record, and if necessary shall grant, reassign and deliver to the Authority, its successors or assigns, all the property, rights, privileges and interests by it hereby granted,



conveyed and assigned, and all substitutes therefor, or any part thereof, not previously disposed of or released as herein provided; otherwise this Indenture shall be and remain in full force and effect; and

NOW, THEREFORE, it is hereby expressly declared, covenanted and agreed by and between the parties hereto, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and that all the Pledged Property is to be held and applied under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Authority does hereby agree and covenant with the Trustee and with the respective Owners from time to time of the Bonds, as their interests may appear, as follows.

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## ARTICLE I

### DEFINITIONS AND STATUTORY AUTHORITY

**Section 101. Definitions.** The following terms shall, for all purposes of this Indenture, have the following meanings:

**Account** or **Accounts** shall mean, as the case may be, each or all of the Accounts established and created under Article V of this Indenture.

**Accountant's Certificate** shall mean a certificate signed by an independent certified public accountant of recognized standing or a firm of independent certified public accountants of recognized standing, selected by the Authority, who may be the accountant or firm of accountants who regularly audit the books of the Authority.

**Acquisition Fund** shall mean the Fund so designated, created and established pursuant to Section 502(1) of this Indenture.

**Act** shall mean the County Improvement Authorities Law, constituting Chapter 183 of the Laws of 1960 of the State (*N.J.S.A. 40:37A-44 et seq.*), as amended and supplemented from time to time.

**Article** shall mean a specified Article hereof, unless otherwise indicated.

**Authority** shall have the meaning set forth in the Recitals to this Indenture.

**Authorized Authority Representative** shall mean any Person or Persons authorized to act on behalf of the Authority by a written certificate signed on behalf of the Authority by the Chairman or Vice Chairman of the Authority containing the specimen signature of each such Person.

**Authorized County Representative** shall mean any Person or Persons authorized to act on behalf of the County as shall be set forth in a written certificate signed on behalf of the County by the County Commissioner Director, County Administrator or County Chief Financial Officer/Treasurer, which form of certificate is set forth as **Exhibit "A"** hereto.

**Authorized Denominations** shall mean \$5,000 or any integral multiple thereof.

**Authorized Newspaper** shall mean *The Bond Buyer*, or any successor thereto, or any financial newspaper customarily published at least once a day for at least five (5) days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, County and State of New York.

**Bond** or **Bonds** shall mean, collectively: (i) the Series 2023 Bonds issued pursuant to Sections 201, 202 and 203 of this Indenture to provide funds to finance the Costs of the 2023 Project; and (ii) Refunding Bonds, if any.

**Bond Counsel** shall mean the law firm of Parker McCay P.A., Mount Laurel, New Jersey, or any other lawyer or firm of lawyers with experience and nationally recognized

expertise in the field of municipal finance selected by the Authority and acceptable to the Trustee.

**Bondholder, Holder, Holder of Bonds** or **Owner** shall mean any Person who shall be the Registered Owner of any Bond or Bonds.

**Bond Registrar** shall mean the Trustee, its successors and assigns, or any other commercial bank or trust company organized under the laws of any state of the United States of America or national banking association appointed by the Authority to perform the duties of the Bond Registrar enumerated in Section 305 of this Indenture.

**Bond Resolution** shall mean the resolution adopted by the Authority on September 27, 2023, entitled, "BOND RESOLUTION OF THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF UP TO \$6,300,000 AGGREGATE PRINCIPAL AMOUNT OF THE AUTHORITY'S COUNTY GUARANTEED LEASE REVENUE BONDS (STATE POLICE BARRACKS PROJECT), SERIES 2023, IN ONE OR MORE SERIES; MAKING CERTAIN DETERMINATIONS AND APPROVALS WITH RESPECT TO SAID BONDS; AND AUTHORIZING CERTAIN ACTIONS", as the same may be amended, modified and supplemented in accordance with the provisions hereof.

**Bond Year** shall mean, with respect to the Series 2023 Bonds, each one (1) year period that ends on the day that is selected by the Authority. The first and last Bond Years may be short periods. If no day is selected by the Authority before the earlier of the final maturity date of the Series 2023 Bonds or the date that is five (5) years after the Issue Date, Bond Years shall end on each anniversary of the Issue Date and on the final maturity date of the Series 2023 Bonds. For each Series of Refunding Bonds, Bond Year shall be designated in the Supplemental Indenture pursuant to which such Series of Bonds is issued.

**Business Day** shall mean any day that is not a Saturday, a Sunday or a legal holiday in the State or the State of New Jersey or a day on which the Trustee, the Bond Registrar, any Paying Agent, the County or the Authority is legally authorized to close.

**Cede** shall have the meaning set forth in Section 204(a) hereof.

**Code** shall mean the Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations promulgated thereunder.

**Completion Certificate** shall mean the certificate executed by the Authority, wherein, with respect to the Construction Project, the Authority certifies as to such matters in satisfaction of the requirements of Section 503(4) hereof.

**Completion Date** shall mean the date of completion of the Construction Project as stated in the Completion Certificate.

**Construction Project** shall mean: (i) the acquisition of the Project Site; (ii) the costs of the development and construction of the New Facility on the Project Site; (iii) the completion of such other improvements and work and acquisition of equipment and materials as may be necessary or appropriate in connection with the construction of the New Facility.

**Continuing Disclosure Agreement** shall have the meaning set forth in Section 715 of this Indenture.

**Cost** or **Costs** shall mean and shall be deemed to include, with respect to the 2023 Project or any portion thereof, together with any other proper and reasonable item of cost not specifically mentioned herein, whether incurred prior to or after the date hereof: (i) the costs of payment of, or reimbursement for, the acquisition, improvement, installation and financing of such 2023 Project including, but not limited to, environmental or remediation costs, advances or progress payments, appraisals, engineering, design, site work, surveys, title insurance, demolition, construction and equipment costs, installation costs, administrative costs and capital expenditures relating to the 2023 Project, capitalized interest, financing payments, sales taxes, excise taxes, property taxes, costs of feasibility, environmental and other reports, inspection costs, permit fees, filing and recordation costs, printing costs for all documents, reproduction and binding costs, fees and charges of the Trustee pursuant to this Indenture, financing documents, legal fees and charges, financial, accounting and other professional consultant fees, all professional and consulting fees and charges of the Authority and the County, costs of rating agencies, bond insurance, bond insurers or credit ratings, fees for the printing, execution, transportation and safekeeping of the Bonds, and any charges and fees in connection with any of the foregoing; (ii) all other costs which the Authority shall be required to pay under the terms of any contract or contracts for the acquisition of the Construction Project including, but not limited to, the cost of insurance; (iii) any sums required to reimburse the Authority for advances made for any of the above items, or for any other costs incurred and for work done, which is properly chargeable to the Construction Project; (iv) deposits in any Fund or Account under this Indenture, all as shall be provided in herein; and (v) such other expenses not specified herein as may be necessary or incidental to the construction of the Construction Project, the financing thereof and the placing of the same in use and operation.

**County** shall mean the County of Cumberland, New Jersey.

**County Guaranty** shall mean the County's unconditional and irrevocable guaranty of the punctual payment when due of the principal of and interest on the Series 2023 Bonds duly adopted on May 24, 2022, pursuant to Section 37 of the Act (*N.J.S.A. 40:37A-80*), and entitled "AN ORDINANCE OF THE COUNTY OF CUMBERLAND, NEW JERSEY, AUTHORIZING THE GUARANTY OF THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON NOT EXCEEDING \$6,300,000 AGGREGATE PRINCIPAL AMOUNT OF COUNTY GUARANTEED LEASE REVENUE BONDS (STATE POLICE BARRACKS PROJECT), SERIES 2022, ISSUED BY THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY FOR THE PURPOSE OF PROVIDING ADDITIONAL SECURITY THEREFOR AND DETERMINING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH," as the same may be amended and supplemented in connection with the issuance of any Series of Refunding Bonds pursuant to the provisions hereof.

**Debt Retirement Fund** shall mean the Fund so designated, created and established pursuant to Section 502(5) of this Indenture.

**Debt Service** for any period shall mean, as of any date of calculation, with respect to a particular Series of Bonds, including the Series 2023 Bonds, an amount equal to the sum of:

(i) the interest accruing during such period on such Series of Bonds except to the extent such interest is to be paid from deposits made from Bond proceeds into the applicable Account in the Debt Service Fund; and (ii) that portion of each Principal Installment which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the immediately preceding Principal Installment due date or, if there should be no preceding Principal Installment due date, from a date one year (or such lesser period as shall be appropriate if Principal Installments shall become due more frequently than annually) preceding the due date of such Principal Installment or from the date of original issuance of a particular Series of Bonds, whichever is later. Such interest and Principal Installments for such Series of Bonds shall be calculated on the assumption that no Bonds Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof. The calculations in the preceding sentence shall be made on the basis of a 30-day month and a 360-day year.

**Debt Service Fund** shall mean the Fund so designated, created and established pursuant to Section 502(4) of this Indenture.

**Debt Service Requirement** with respect to the next Interest Payment Date for any Series of Bonds shall mean: (i) in the case of an Interest Payment Date on which interest only shall be due, interest accrued and unpaid and to accrue to such date; and (ii) in the case of an Interest Payment Date on which interest and/or a Principal Installment or Installments shall be due, interest accrued and unpaid and to accrue to such date, if any, plus the Principal Installment or Installments due on such date. The calculations in the preceding sentence shall be made on the basis of a thirty (30) day month and a three hundred sixty (360) day year.

**Default Interest** shall have the meaning given to such term in Section 308(2) hereof.

**Default Interest Payment Date** shall have the meaning given to such term in Section 308(2) hereof.

**DTC** shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as securities depository for any Series of Bonds authorized as book-entry Bonds pursuant to Section 204 hereof.

**Event of Default** shall have the meaning given to such term in Section 801 hereof.

**Favorable Opinion of Bond Counsel** shall mean an opinion of Bond Counsel, addressed to the Authority, the County and the Trustee, to the effect that the action proposed to be taken is authorized or permitted by this Indenture, any Supplemental Indenture and the Act and will not adversely affect the exclusion of interest on such Series of Bonds from gross income for purposes of Federal income taxation under Section 103 of the Code.

**Fiduciary** or **Fiduciaries** shall mean the Trustee, the Paying Agent, the Bond Registrar, the dissemination agent pursuant to the Continuing Disclosure Agreement, or any or all of them, as may be appropriate.

**Fiscal Year** shall mean the respective twelve (12) month fiscal periods of the County or the Authority, as applicable.

**Fitch** shall mean Fitch Ratings, a corporation organized and existing under the laws of the State of New York, and its successors and assigns, if any.

**Fund** or **Funds** shall mean, as the case may be, each or all of the Funds created and established in Section 502 of this Indenture; provided, however, that such Funds do not constitute "funds" in accordance with generally accepted accounting principles.

**Government Obligations** shall mean:

(a) direct obligations of, or obligations and the principal of and interest on which are unconditionally guaranteed as to full and timely payment by, the United States of America;

(b) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of and interest on which is fully and unconditionally guaranteed as a full faith and credit obligation of the United States of America (including any securities described in clause (a) above issued or held in book-entry form in the name of the Trustee only on the books of the Department of Treasury of the United States of America);

(c) any certificates or any other evidence of an ownership interest in obligations or specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in clause (a) or (b) above, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian;

(d) stripped obligations of interest issued by the Resolution Funding Corporation pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), the interest on which, to the extent not paid from other specified sources, is payable when due by the Secretary of the Treasury pursuant to FIRREA; and

(e) obligations of any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision, provided that cash, obligations described in clauses (a), (b), (c) or (d) above, or a combination thereof have been irrevocably pledged to and deposited into a segregated escrow account for the payment when due of the principal or purchase, such obligations are rated AAA by Fitch, Aaa by Moody's or AAA by S&P.

**Indenture** shall mean this Trust Indenture, dated as of April 1, 2019, between the Authority and the Trustee, as amended, modified and supplemented in accordance with the provisions hereof.

**Insurer** shall mean \_\_\_\_\_, or any successor thereto.]

**Interest Payment Date** shall mean: (i) with respect to the Series 2023 Bonds, each May 1 and November 1, commencing May 1, 2024; and (ii) such other dates as shall be established by a Supplemental Indenture authorizing any Series of Refunding Bonds. In the

event an Interest Payment Date is not a Business Day, interest shall be paid on the next succeeding Business Day for interest accrued to the Interest Payment Date.

**Investment Securities** shall mean with respect to moneys in any Funds, Accounts or Subaccounts invested under this Indenture, any of the following securities, if and to the extent the same are at the time of purchase legal for investment of Authority funds pursuant to the provisions of the Local Fiscal Affairs Law, specifically *N.J.S.A. 40A:5-14* (legal depositories for public moneys) and *N.J.S.A. 40A:5-15.1* (securities which may be purchased by local units), as same may be amended and supplemented from time to time:

As of the date of adoption of this Indenture, the following investments and securities are currently permitted investments under the laws of the State for investment of the Authority's funds when authorized by a cash management plan approved pursuant to *N.J.S.A. 40A:5-14*:

a. The public depositories (as defined in *N.J.S.A. 17:9-41*) designated by the Authority in an approved cash management plan shall be authorized pursuant to *N.J.S.A. 40A:5-14(i)* to purchase certificates of deposit in accordance with the following conditions: (1) the funds are initially invested through the designated public depository; (2) the designated public depository arranges for the deposit of the funds in certificates of deposit in one or more federally insured banks or savings and loan associations, for the account of the Authority; (3) one hundred percent (100%) of the principal and accrued interest of each certificate of deposit is insured by the Federal Deposit Insurance Corporation; (4) the designated public depository acts as custodian for the Authority with respect to the certificates of deposit issued for the Authority's accounts; and (5) at the same time that the Authority's funds are deposited and the certificates of deposit are issued, the designated public depository receives an amount of deposits from customers of other banks and savings and loan associations, wherever located, equal to the amount of funds initially invested by the Authority through the designated public depository.

b. Pursuant to *N.J.S.A. 40A:5-15.1*, the following securities may be purchased which, if suitable for registry, may be registered in the name of the Authority:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) 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;

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," P.L.1983, c.313 (*N.J.S.A. 40A:5A-1 et seq.*). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;

(6) Local government investment pools;

(7) Deposits with the State Cash Management Fund established pursuant to Section 1 of P.L. 1977, c.281 (*N.J.S.A. 52:18A-90.4*); or

(8) Agreements for the repurchase of fully collateralized securities, if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of subsection b. hereof or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," P.L.1983, c.313 (*N.J.S.A. 40A:5A-1 et seq.*);

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than thirty (30) days;

(d) the underlying securities are purchased through a public depository as defined in Section 1 of P.L. 1970, c.236 (*N.J.S.A. 17:9-41*); and

(e) a master repurchase agreement providing for the custody and security of collateral is executed

c. Any investment instruments in which the security is not physically held by the local unit shall be covered by a third party custodial agreement which shall provide for the designation of such investments in the name of the local unit and prevent unauthorized use of such investments.

d. Purchase of investment securities shall be executed by the "delivery versus payment" method to ensure that securities are either received by the local unit or a third party custodian prior to or upon the release of the local unit's funds.

e. Any investments not purchased and redeemed directly from the issuer, government money market mutual fund, local government investment pool, or the State of New Jersey Cash Management Fund, shall be purchased and redeemed

through the use of a national or State bank located within this State or through a broker-dealer which, at the time of purchase or redemption, has been registered continuously for a period of at least two years pursuant to section 9 of P.L.1967, c.93 (*N.J.S.A. 49:3-56*) and has at least \$25 million in capital stock (or equivalent capitalization if not a corporation), surplus reserves for contingencies and undivided profits, or through a securities dealer who makes primary markets in U.S. Government securities and reports daily to the Federal Reserve Bank of New York its position in and borrowing on such U.S. Government securities.

f. For the purposes of this definition:

(1) a "government money market mutual fund" means an investment company or investment trust:

(a) which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. s.80a-1 *et seq.*, and operated in accordance with 17 C.F.R. s.270.2a-7, except that a government money market mutual fund may not impose liquidity fees or redemption gates regardless of whether permitted to do so under 17 C.F.R. s.270.2a-7;

(b) the portfolio of which is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. s.270.2a-7, securities that have been issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," P.L.1983, c.313 (*N.J.S.A. 40A:5A-1 et seq.*) that meet the definition of an eligible security pursuant to 17 C.F.R. s.270.2a-7, and repurchase agreements that are collateralized by such securities in which direct investment may be made pursuant to paragraphs (1), (3), and (5) of subsection b. hereof; and

(c) which is rated by a nationally recognized statistical rating organization.

(2) a "local government investment pool" means an investment pool:

(a) which is managed in accordance with generally accepted accounting and financial reporting principles for local government investment pools established by the Governmental Accounting Standards Board;

(b) which is rated in the highest category by a nationally recognized statistical rating organization;

(c) which is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. s.270.2a-7, securities that have been issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," P.L.1983, c.313 (*N.J.S.A. 40A:5A-1 et seq.*) that

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meet the definition of an eligible security pursuant to 17 C.F.R. 270.2a-7 and repurchase agreements that are collateralized by such securities in which direct investment may be made pursuant to paragraphs (1), (3), and (5) of subsection b. hereof;

(d) which is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. s.270.2a-7, securities that have been issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," P.L.1983, c.313 (*N.J.S.A. 40A:5A-1 et seq.*) that meet the definition of an eligible security pursuant to 17 C.F.R. 270.2a-7 and repurchase agreements that are collateralized by such securities in which direct investment may be made pursuant to paragraphs (1), (3), and (5) of subsection b. hereof;

(e) which does not permit investments that: are subject to high price volatility with changing market conditions; cannot reasonably be expected, at the time of interest rate adjustment, to have a market value that approximates their par value; or utilize an index that does not support a stable net asset value;

(f) which purchases and redeems investments directly from the issuer, government money market mutual fund, or the State of New Jersey Cash Management Fund, or through the use of a national or State bank located within this State, or through a broker-dealer which, at the time of purchase or redemption, has been registered continuously for a period of at least two years pursuant to section 9 of P.L.1967, c.93 (*N.J.S.A. 49:3-56*) and has at least \$25 million in capital stock (or equivalent capitalization if not a corporation), surplus reserves for contingencies and undivided profits, or through a securities dealer who makes primary markets in U.S. Government securities and reports daily to the Federal Reserve Bank of New York its position in and borrowing on such U.S. Government securities; and

(g) which does not impose liquidity fees or redemption gates.

g. Investments in, or deposits or purchases of financial instruments made pursuant to this Indenture shall not be subject to the requirements of the "Local Public Contracts Law", P.L. 1971, c.198 (*N.J.S.A. 40A:11-1 et seq.*).

**Issue Date** shall mean, the date on which the Trustee authenticates the applicable Series of Bonds and on which such Bonds are delivered to the purchasers thereof upon original issuance.

**Month** shall mean a calendar month.

**Moody's** shall mean Moody's Investors Services, Inc., a corporation organized and existing under the laws of the State of New York, and its successors and assigns, if any.

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**Operating Fund** shall mean the Fund so designated, created and established pursuant to Section 502(3) of this Indenture.

**Opinion of Counsel** means an opinion in writing signed by legal counsel acceptable to the Authority who may be an employee of or counsel to the Authority.

**Outstanding** when used with reference to Bonds, shall mean, as of any date, Bonds theretofore or thereupon being authenticated and delivered under this Indenture except:

- (i) Bonds canceled by the Trustee at or prior to such date;
- (ii) Bonds (or portions of Bonds) for the payment of which moneys, equal to the principal amount or Redemption Price thereof, as the case may be, together with interest to accrue thereon to the date of maturity or redemption date, shall be held in an irrevocable trust under this Indenture and set aside for such payment or redemption (whether at or prior to the maturity date); provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as specified in Article IV hereof;
- (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Article III, Section 406 or after any action taken as provided in Articles XI and XII hereof and as described in Section 1005 hereof; and
- (iv) Bonds deemed to have been paid as provided in Section 1101 hereof.

**Paving Agent** or **Paving Agents** shall mean any bank or trust company organized under the laws of any state of the United States or any national banking association designated as paying agent for the Bonds, and its successors and assigns appointed in the manner provided in this Indenture.

**Person** or **Persons** shall mean any individual, corporation, partnership, limited liability company, joint venture, trust or unincorporated organization or a governmental agency or any political subdivision thereof.

**Pledged Property** shall mean: (i) the Revenues; (ii) the Funds and Accounts established hereunder (other than the Rebate Fund), including Investment Securities held in any such Funds or Accounts; and (iii) all other moneys, securities or funds pledged for the payment of the principal or Redemption Price of and interest on the Bonds in accordance with the terms and provisions of this Indenture.

**Policy** shall mean the [Municipal Bond] Insurance Policy issued by the Insurer that guarantees the scheduled payment of principal of and interest on the Series 2023 Bonds when due.

**Principal Installment** shall mean, as of any date of calculation, and with respect to a particular Series of Bonds, so long as any Bonds thereof are Outstanding: (i) the principal amount of such Series of Bonds due on a certain future date for which no Sinking Fund Installments have been established plus any applicable redemption premium thereon; and (ii) any

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Sinking Fund Installments due on a certain future date for such Series of Bonds, if any, plus the amount of the sinking fund redemption premium, if any, which would be applicable upon redemption of such Series of Bonds on such future date in a principal amount equal to such Sinking Fund Installments.

**Principal Installment Date** shall mean: (i) with respect to the Series 2023 Bonds, each November 1, commencing November 1, 2024, on which any Principal Installment shall become due and payable by the Authority; or (ii) such other date as set forth in a Supplemental Indenture authorizing any other Series of Refunding Bonds. In the event a Principal Installment Date is not a Business Day, principal shall be paid on the next succeeding Business Day for the Principal Installment payable on the Principal Installment Date.

**Proceeds** shall mean any insurance, condemnation, performance bond, letter of credit or any other financial guaranty proceeds paid with respect to the Construction Project remaining after payment therefrom of all expenses incurred in the collection thereof; and, with respect to insurance.

**Project Site** shall mean certain real property located in the Township of Commercial, County of Cumberland, New Jersey.

**Rebate Fund** shall mean the Fund so designated, created and established pursuant to Section 502(6) of this Indenture.

**Record Date** shall mean: (i) with respect to the Series 2023 Bonds, April 15 and October 15 immediately preceding any Interest Payment Date; or (ii) such other dates as set forth in a Supplemental Indenture authorizing any other Series of Refunding Bonds.

**Redemption Price** shall mean, with respect to any Bond, the principal amount thereof plus the applicable redemption premium thereon, if any, payable upon redemption thereof pursuant to such Bond or this Indenture or the applicable Supplemental Indenture whether such Redemption Price is expressed as a percentage of the principal amount of the Bond or otherwise.

**Refunding Bonds** shall mean any Bonds authenticated and delivered on original issuance pursuant to Section 205 hereof and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III, Section 406 or after any action taken as provided in Articles XI and XII hereof and as described in Section 1005 hereof.

**Registered Owner** shall mean the Owner of any Bond which is issued in fully registered form, as determined on the Record Date, as reflected on the registration books of the Authority which shall be kept and maintained on behalf of the Authority at the principal corporate trust office of the Bond Registrar.

**Revenue Fund** shall mean the Fund so designated, created and established pursuant to Section 502(2) of this Indenture.

**Revenues** shall mean: (i) available revenues of the Authority, not previously pledged as security for any existing series of bonds or which are hereafter pledged to any future series of bonds, and which available revenues are deposited by the Authority with the Trustee; (ii)

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any moneys or securities held pursuant to this Indenture and paid or required to be paid into the Debt Service Fund; (iii) any payments made by the County to the Authority pursuant to the County Guaranty and Section 508(2) hereof; (iv) interest received on any moneys or Investment Securities held under this Indenture (other than in the Rebate Fund) and required to be paid into the Revenue Fund pursuant to this Indenture; and (v) any other amounts received from any other source by the Authority and pledged by the Authority as security for the payment of a particular Series of Bonds pursuant to a Supplemental Indenture.

**Security Documents** shall mean the Bond Resolution, this Indenture and/or any additional or supplemental document executed in connection with the Series 2023 Bonds.

**Series** shall mean all of the Bonds authenticated and delivered upon original issuance at one or more times pursuant to this Indenture and any Supplemental Indenture authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III, Section 406 or after any action taken as provided in Articles XI and XII hereof and as described in Section 1005 of this Indenture, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

**Series 2023 Bonds** shall mean all of the County Guaranteed Revenue Bonds (State Police Barracks Project), Series 2023, in the aggregate principal amount of \$6,300,000.

**Sinking Fund Installment** shall mean that designated amount on deposit in the Debt Service Fund which shall be applied by the Trustee to the redemption of Bonds of any Series.

**Special Record Date** shall have the same meaning given to such term in Section 308 hereof.

**Standard & Poor's or S&P** shall mean S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, a corporation organized and existing under the laws of the State of New York, and its successors and assigns, if any.

**State** shall mean the State of New Jersey or any successor to its duties and functions.

**Supplemental Indenture** shall mean any indenture of trust supplemental to or amendatory of the Indenture entered into by the Authority and the Trustee in accordance with Section 10 hereof.

**Trustee** shall mean, with respect to the Series 2023 Bonds and any other Series of Bonds issued hereunder, U.S. Bank Trust Company, National Association, Edison, New Jersey and its successors and assigns or any other bank, trust company or national banking association that at any time may be substituted in its place pursuant to this Indenture or appointed trustee pursuant to a Supplemental Indenture.

**2023 Project** shall mean, collectively, the Costs of: (i) the Construction Project; (ii) capitalized interest on any Bonds issued by the Authority pursuant to this Indenture to

finance the costs thereof; and (iii) the costs of issuance with respect to the issuance and delivery of the Series 2023 Bonds.

**Underwriter** shall mean the underwriter named in the bond purchase contract between the Authority and the Underwriter, dated the date of sale of the Series 2023 Bonds.

**Yield** shall mean that yield which when used in computing the present worth of all payments of principal of and interest on an obligation produces an amount equal to its purchase price. The Yield for the Bonds is to be computed in accordance with Treasury Regulations Section 1.148-4. The Yield on an investment is to be computed in accordance with Treasury Regulations Section 1.148-5.

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, words importing persons shall include firms, associations, corporations, districts, agencies and bodies, and words of the masculine gender shall mean and include correlative words of the feminine and neuter gender and vice versa. All times referenced herein shall be to prevailing Eastern time unless otherwise specifically noted.

**Section 1.02 Rules of Construction.** For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction apply in construing the provisions of this Indenture:

- (a) The terms defined in this Article I include the plural as well as the singular.
- (b) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with GASB to the extent applicable.
- (c) The words "herein," "hereof," "hereunder," "hereto" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.
- (d) The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.
- (e) Whenever an item or items are listed after the word "including," such listing is not intended to be a listing that excludes items not listed.

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## ARTICLE II

### AUTHORIZATION AND ISSUANCE OF BONDS

**Section 201. Authorization of Bonds.** 1. In accordance with the Act and pursuant to the provisions of this Indenture, there is hereby authorized to be issued a Series of Bonds of the Authority in an aggregate principal amount of \$6,300,000 designated as "County Guaranteed Revenue Bonds (State Police Barracks Project), Series 2023". The Bonds shall be special and limited obligations of the Authority payable solely from Revenues and secured by the Pledged Property. All Bonds issued hereunder shall be guaranteed by the County and each Bond certificate shall bear upon its face such designation. The Series 2023 Bonds shall be substantially in the form set forth in Section 1201 of this Indenture, with appropriate insertions, omissions and variations.

2. The Bonds may, if and when authorized by the Authority pursuant to this Indenture and one or more Supplemental Indentures, be issued in one or more Series at one or more times, and the designation thereof, in addition to the name "County Guaranteed Revenue Bonds", shall include such further appropriate particular designation including, but not limited to "(Authority Administration Building Project)" added to or incorporated in such title for the Bonds of any particular Series as the Authority shall determine herein and in any Supplemental Indenture with respect to such Series of Bonds. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

3. Nothing contained in this Indenture shall be deemed to preclude or restrict the consolidation pursuant to a Supplemental Indenture of any Bonds of two (2) or more separate Series authorized pursuant to such Supplemental Indenture to be issued pursuant to any of the provisions of Sections 202, 203 and 205 hereof into a single Series of Bonds for purposes of sale and issuance; provided that each of the tests, conditions and other requirements contained in Sections 202, 203, 204 and 205 hereof as applicable to each such separate Series shall be met and complied with. Except as otherwise provided in this subsection or in such Supplemental Indenture, such a consolidated Series shall be treated as a single Series for all purposes of this Indenture.

4. The Bonds shall not be in any way a debt or liability of the State or of any political subdivision thereof other than the Authority (limited solely to the Pledged Property) and, as applicable under and limited by the County Guaranty, the County, and shall not create or constitute any indebtedness, liability or obligation of the State or of any political subdivision thereof other than the Authority (limited solely to the Pledged Property) and, as applicable under and limited by the County Guaranty, the County, or be or constitute a pledge of the faith and credit of the State or of any political subdivision thereof other than, as applicable under and limited by the County Guaranty, the County.

**Section 202. General Provisions for Issuance of Bonds.** 1. All of the Bonds of each Series, including the Series 2023 Bonds, shall be executed by the Authority for issuance under this Indenture and shall be delivered to the Trustee. Thereupon the Trustee shall authenticate and shall deliver the Bonds to the Authority or upon its order, but only upon the receipt by the Trustee of:

- (a) An opinion of Bond Counsel (dated the date the Bonds of such Series are initially issued and addressed to the Authority, together with a reliance letter addressed to the Trustee) to the effect that, *inter alia*, except insofar as it may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights generally and the availability of any particular remedy: (i) the Authority has the right and the power under the Act, as amended to the date of such opinion, to enter into this Indenture; this Indenture has been duly and lawfully executed and delivered by the Authority, is in full force and effect, is valid and binding upon the Authority and is enforceable in accordance with its terms and no other authorization for the execution and delivery of this Indenture is required; (ii) this Indenture creates the valid pledge that it purports to create on the Pledged Property; and (iii) the Bonds of such Series are valid, binding, special and limited obligations of the Authority as provided in this Indenture, enforceable in accordance with their terms and the terms of this Indenture and entitled to the benefits of this Indenture and of the Act, as amended to the date of such opinion, and such Bonds have been duly and validly authorized and issued in accordance with applicable law, including the Act as amended to the date of such opinion, and in accordance with this Indenture;
- (b) A written order as to the delivery of such Series of Bonds signed by an Authorized Authority Representative, which order shall: (i) direct the application of the proceeds of such Series of Bonds; and (ii) set forth the maturity schedule for said Series of Bonds and the interest rate or rates payable with respect thereto;
- (c) A copy, duly certified by an Authorized Authority Representative, of the Bond Resolution authorizing *inter alia*, the execution of this Indenture (or any Supplemental Indenture), and the bond purchase contract with the Underwriter;
- (d) A fully executed copy of this Indenture (or any supplement or amendment thereto);
- (f) Certified copies of the County Guaranty, along with certified copies of the authorization proceedings related thereto;
- (g) A certified copy of the Continuing Disclosure Agreement;
- (h) A fully executed copy of the contract of purchase, private placement agreement or other similar instrument prepared in connection with the competitive or negotiated sale of such Series of Bonds executed by and between the Authority and the Underwriter of such Bonds;
- (i) An executed copy of Form 8038-G as required by Section 149(e) of the Code with respect to any Series of Tax-Exempt Obligations;

- (j) Except in the case of the Series 2023 Bonds, a certificate of an Authorized Authority Representative stating that the Authority is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Indenture;
- (k) For any Series of Refunding Bonds, prior to the authentication and delivery of such Series of Refunding Bonds, provision shall have been made for an amendment of the County Guaranty to provide for the guaranty by the County of the timely payment when due of the principal of and interest on such Series of Refunding Bonds, in the same manner as set forth in the County Guaranty with respect to the Series 2023 Bonds. Evidence of such guaranty shall be printed on each of the Refunding Bond certificates, as the case may be, and shall be in substantially the form set forth in Section 1203 hereof and shall be duly executed and attested by the manual or facsimile signature of an Authorized County Representative. Any payments which are made by the County pursuant to the terms of such guaranty shall be made to the Trustee and shall thereafter be deposited by the Trustee in the Debt Service Fund in accordance with the terms of Section 508(3) hereof;
- (l) An opinion of County Counsel and/or County Bond Counsel (dated the date the Bonds are initially issued) to the effect that (i) the County has the right and power under the Act to adopt the County Guaranty and the County Guaranty has been duly and lawfully adopted by the County, is in full force and effect and is valid and binding upon the County enforceable in accordance with its terms and no other authorization for the County Guaranty is required; (ii) the County Guaranty is the valid binding, general obligation of the County enforceable in accordance with its terms and payments thereunder are payable out of the first funds becoming legally available to the County for such purpose and if such funds are not available, the County has the power and is obligated to levy *ad valorem* taxes upon all the taxable real property within the jurisdiction of the County for the purpose of making payments under the County Guaranty, without limitation as to rate or amount; and (iii) the County Guaranty has been duly and validly authorized and issued in accordance with applicable law, including the Act and the Local Bond Law (*N.J.S.A. 40A:2-1 et seq.*), and is in full force and effect on the date of issuance of the Bonds, provided that such opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization or other laws and equitable principles affecting creditors' rights generally and that no opinion is being rendered as to the availability of any particular remedy; and
- (m) Such further documents, moneys and securities as are required by the provisions of Sections 203, 205 or Article X or any Supplemental Indenture entered into pursuant to Article X hereof.

2. All of the Bonds of each Series of like maturity shall be identical in all respects, except as to such further name designation incorporated in the title for the Bonds of each Series, denominations, maturity date, interest rates, numbers and letters. After the original issuance of the Bonds of any Series, no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to Article III, Section 406 or after any action taken as provided in Articles XI and XII hereof and as described in Section 1005 hereof.

**Section 203. The Series 2023 Bonds.** 1. The Series 2023 Bonds shall be issued, authenticated and delivered to finance the Costs of the 2023 Project.

2. Pursuant to the provisions of this Indenture, the Series 2023 Bonds are entitled to the benefit, protection and security of the provisions hereof and are hereby authorized to be issued in an aggregate principal amount of \$6,300,000. The Series 2023 Bonds shall be designated as and shall be distinguished from the Bonds of all other Series by the title "County Guaranteed Revenue Bonds (State Police Barracks Project), Series 2023".

3. The Series 2023 Bonds are hereby authorized to be issued and secured hereunder and shall bear interest payable semiannually on May 1 and November 1 of each year, commencing on May 1, 2024, at the rates per annum set forth below and shall mature on November 1 (subject to prior redemption as provided in Article III) of each year in the years and in the principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2024	\$	%	2034	\$	%
2025			2035		
2026			2036		
2027			2037		
2028			2038		
2029			2039		
2030			2040		
2031			2041		
2032			2042		
2033			2043		

4. The Series 2023 Bonds shall be issued in fully registered, book-entry only form in Authorized Denominations. Unless the Authority shall otherwise direct the Bond Registrar, the Series 2023 Bonds shall be lettered and numbered from one upward in order of maturities preceded by the letter "R," and/or such other letter or letters as determined by the Trustee, prefixed to the number. Subject to the provisions of this Indenture, the form of the Series 2023 Bonds and the Trustee's certificate of authentication and evidence of the Guaranty of the County shall be substantially in the form set forth in Sections 1301 and 1302, respectively, hereof.

5. The principal of the Series 2023 Bonds shall be payable, upon presentation and surrender thereof, at the principal corporate trust office of the Paying Agent for the Series 2023 Bonds. The principal or Redemption Price of the Series 2023 Bonds shall also be payable on the applicable Principal Installment Date at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by this

Indenture. Interest on the Series 2023 Bonds shall be payable by check of the Trustee, mailed or transmitted, on each applicable Interest Payment Date or the maturity date, as the case may be, to the Registered Owners thereof as the same appear as of the Record Date on the books of the Authority maintained by the Trustee; provided, however, that a Registered Owner of \$1,000,000 or more in principal amount of the Series 2023 Bonds shall be entitled, upon three (3) Business Days' written notice to the Trustee in advance of the applicable Record Date, to receive interest payments by wire transfer of immediately available funds.

6. The proceeds of the Series 2023 Bonds shall be paid to the Trustee and applied in accordance with an order of the Authority simultaneously with the delivery thereof as follows:

- (a) an amount equal to \$ \_\_\_\_\_ for the payment of the costs of issuance related to the issuance and sale of the Series 2023 Bonds shall be deposited in the Operating Fund and paid in accordance with Section 505(2) hereof;
- (b) an amount equal to \$ \_\_\_\_\_ shall be deposited into the Capitalized Interest Sub-Account in the Debt Service Fund which Debt Service Fund (and the Capitalized Interest Sub-Account therein) is created and established pursuant to Section 502(4) hereof; and
- (c) the balance of the proceeds of the Series 2023 Bonds in the amount of \$ \_\_\_\_\_ shall be deposited into the Acquisition Fund, which Fund is created and established pursuant to Section 502(1) hereof.

**Section 204. Book-Entry System.**

- (a) With respect to the Series 2023 Bonds and each other Series of Bonds for which the authorizing resolution so provides, except as provided in subsection (c) of this Section 204, the registered Holder of all of the Bonds shall be, and the Bonds shall be registered in the name of, Cede & Co. ("Cede"), as nominee of DTC. With respect to all Bonds for which Cede shall be the registered Holder, payment of semiannual interest on such Bonds shall be made by wire transfer of same day funds to the account of Cede on the Interest Payment Dates for the Bonds at the address indicated for Cede in the registration books of the Authority kept by the Bond Registrar.
- (b) The Bonds shall be initially issued in the form of a separate fully registered bond in the amount of each separate serial or term maturity of each Series of Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the registration books of the Authority kept by the Bond Registrar in the name of Cede, as nominee of DTC. With respect to Bonds so registered in the name of Cede, the Authority and the Trustee shall have no obligation or responsibility to any DTC participant, indirect DTC participant or any beneficial owner of the Bonds. Without limiting the generality of the foregoing, the Authority and the Trustee shall

have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC participant or indirect DTC participant with respect to any beneficial ownership interest in the Bonds, (ii) the delivery to any DTC participant, indirect DTC participant, beneficial owner or any other Person, other than DTC or Cede, of any notice with respect to such Bonds, or (iii) the payment to any DTC participant, indirect DTC participant, beneficial owner or any other Person, other than DTC or Cede, of any amount with respect to the principal of, redemption premium, if any, or interest on such Bonds. The Authority and the Trustee may treat as, and deem DTC to be, the absolute registered Holder of each such Bond for the purpose of (i) payment of the principal of, redemption premium, if any, and interest on each such Bond, (ii) giving notices with respect to such Bonds, (iii) registering transfers with respect to the Bonds and (iv) for all other purposes whatsoever. The Trustee shall pay the principal of, redemption premium, if any, and interest on such Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to such principal of, redemption premium, if any, and interest to the extent of the sum or sums so paid. No Person other than DTC shall receive a Bond certificate evidencing the obligation of the Authority to make payments of principal thereof, redemption premium, if any, and interest thereon pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the transfer provisions hereof, the word "Cede" in this Indenture shall refer to such new nominee of DTC.

- (c) (1) DTC may determine to discontinue providing its services with respect to any Series of Bonds at any time by giving written notice to the Authority and discharging its responsibilities with respect thereto under applicable law. Upon receipt of such notice, the Authority shall promptly deliver a copy of same to the Trustee.
- (2) The Authority, (i) in its sole discretion and without the consent of any other Person, may terminate the services of DTC with respect to any Series of Bonds, and (ii) shall terminate the services of DTC with respect to such Bonds upon receipt by the Authority and the Trustee of written notice from DTC to the effect that DTC has received written notice from DTC participants or indirect DTC participants having interests, as shown in the records of DTC, of not less than fifty percent (50%) of the aggregate principal amount of the then Outstanding Bonds so registered in the name of Cede to the effect, that (A) DTC is unable to discharge its responsibilities with respect to such Bonds; or (B) a continuation of the requirement that all such Outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC, is not in the best interest of the beneficial owners of such Bonds.

(3) Upon the termination of the services of DTC with respect to all or any portion of such Bonds pursuant to subsection (c)(2)(i) or (c)(2)(ii)(A) hereof, or upon the discontinuance or termination of the services of DTC with respect to all or any portion of such Bonds pursuant to subsection (c)(1) or subsection (c)(2)(ii)(B) hereof, after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Authority, is willing and able to undertake such functions upon reasonable and customary terms, such Bonds (or the applicable portion thereof) shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC, but may be registered in whatever name or names Bondholders transferring or exchanging such Bonds, as the case may be, shall designate, in accordance with the provisions of this Indenture. Upon the determination by any party authorized herein that such Bonds (or any portion thereof) shall no longer be limited to book-entry form, the Authority shall immediately advise the Trustee, in writing, of the procedures for transfer of such Bonds from such book-entry form to a fully registered form.

(d) Notwithstanding any other provision of this Indenture to the contrary, so long as any Series of Bonds is registered in the name of Cede, as nominee of DTC, all payments with respect to the principal of, redemption premium, if any, and interest on, and all notices with respect to, such Bonds shall be made and given, respectively, to DTC as provided in the Letter of Representations of the Authority and the Trustee, addressed to DTC, with respect to such Bonds.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by Bondholders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

**Section 205. Refunding Bonds.** 1. One or more Series of Refunding Bonds may be authorized and delivered upon original issuance to refund all or any portion (as determined by the Authority) of the callable maturities of any portion of any Outstanding Bonds or any Series thereof, including one or more maturities within such Series of Bonds, upon compliance with the terms and conditions set forth in subsection 2 of this Section 205 and in Section 202 hereof.

2. Prior to or simultaneously with the delivery of each such Series of Refunding Bonds pursuant to subsection 1 of this Section 205, the Trustee shall receive, in addition to the items required by Section 202 hereof:

(a) irrevocable written instructions to the Trustee, satisfactory to it, to give due notice of redemption of all or any portion of the Outstanding Bonds

(or any Series thereof), if any, to be redeemed on a redemption date specified in such instructions;

(b) if the Bonds to be refunded are not by their terms subject to redemption within the next succeeding sixty (60) days, irrevocable written instructions to the Trustee, satisfactory to it, to make due provision for the notice provided for in Section 405 to the Holders of such Bonds being refunded, except in the case where any Series of Bonds is not by its terms subject to redemption;

(c) either: (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the those Bonds, if any, to be refunded and redeemed or the principal amount of those Bonds, if any, to be refunded and paid at maturity, together with accrued interest on such Bonds to be refunded to the redemption or maturity date, which moneys shall be held by the Trustee, or any one or more of the Paying Agents, in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded; or (ii) Investment Securities in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to comply with the provisions of subsection 2 of Section 1101, and any moneys required pursuant to said subsection 2, which Investment Securities and moneys shall be held in trust and used only as provided in said subsection 2 and including a verification report to the same effect;

(d) a certified copy of the ordinance or resolution authorizing the County Guaranty for such Series of Refunding Bonds along with duly certified copies of the authorization proceedings related thereto.

3. The proceeds, including accrued interest, of the Refunding Bonds of such Series shall be applied simultaneously with the delivery of such Refunding Bonds, as provided in the Supplemental Indenture authorizing such Refunding Bonds.

4. Upon the defeasance of the Bonds being refunded, the refunded Bonds shall no longer be entitled to the benefit of the County Guaranty for the refunded Bonds and such Guaranty shall be released and extinguished with respect to such refunded Bonds.

**Section 206. Determination of Interest Payable.** The Bonds shall bear interest from the most recent Interest Payment Date next preceding the date of such Bonds to which interest has been paid, unless the date of such Bond is an Interest Payment Date, in which case interest shall be payable from such date, or unless the date of such Bond is prior to the first Interest Payment Date of the Bonds, in which case interest shall be payable from the dated date of the Bonds, or unless the date of such Bond is between a Record Date, and the next succeeding interest payment date, in which case from such interest payment date.

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**ARTICLE III**

**GENERAL TERMS AND PROVISIONS OF BONDS**

**Section 301. Obligation of Bonds; Medium of Payment; Form and Date.**

1. The Bonds shall be special and limited obligations of the Authority payable, with respect to principal or Redemption Price and interest, solely from Revenues and secured by the Pledged Property, which under the Act and this Indenture may be used for the payment of principal or Redemption Price of and interest on the Bonds.

2. The Bonds shall be payable with respect to principal and interest in any coin or currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts.

3. All Bonds of each Series shall be issued in the form of fully registered Bonds. The Bonds of each Series shall be substantially in the form required by Article XII hereof or substantially in the form set forth in the Supplemental Indenture authorizing such Series.

4. Each Bond shall be lettered and numbered as provided in this Indenture or the Supplemental Indenture authorizing the Series of which such Bond is a part so as to be distinguished from every other Bond.

5. The Series 2023 Bonds upon original issuance shall be dated as provided in this Indenture. Refunding Bonds shall be dated as provided in a Supplemental Indenture. Principal of the Bonds shall be payable at maturity upon presentation and surrender thereof at the office of the Paying Agent. Bonds shall bear interest as provided herein or in the Supplemental Indenture authorizing such Series of Bonds, payable by check, except as provided in Section 204 hereof, to Registered Owners of such Bonds as of the Record Date provided for such Bonds at their addresses on file with the Trustee who shall be designated the Bond Registrar hereunder. After original issuance, all Bonds exchanged or transferred shall bear an authentication date that shall be the date authenticated. Interest on Bonds shall accrue from the Interest Payment Date to which interest has been paid next preceding the authentication date unless: (i) the date of authentication is also an Interest Payment Date to which interest has been paid, in which event such Bonds shall be dated and shall bear interest from the date of authentication; or (ii) the date of authentication is prior to the first Interest Payment Date, in which event such Bonds shall bear interest from the original dated date of such Bonds; provided however that if, as shown on the records of the Trustee, interest on the Bonds of any Series shall be in default, Bonds of such Series issued in lieu of Bonds surrendered for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered.

**Section 302. Legends.** 1. The Bonds of each Series may contain or may have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture or a Supplemental Indenture as may be necessary or desirable to comply with the custom or rules of any securities exchange or commission or brokerage board or otherwise as may be determined by the Authority prior to the authentication and the delivery thereof.

2. Each Series of Bonds shall bear thereon evidence of the County Guaranty in the form set forth in Section 1201 of this Indenture, which shall be executed by an Authorized County Representative as set forth therein. The County Guaranty upon any Bond duly executed by an Authorized County Representative shall be conclusive evidence that the Holder thereof is entitled to the benefits of the County Guaranty.

**Section 303. Execution of Bonds.** The Bonds shall be executed in the name of the Authority by the manual or facsimile signature of its Chairman or Vice Chairman and its corporate seal shall be thereunto affixed, imprinted or otherwise reproduced and attested by the manual or facsimile signature of the Secretary or Assistant Secretary of the Authority. In the event any officer who shall have signed, sealed or attested any of the Bonds shall cease to be such officer of the Authority before the Bonds so signed, sealed or attested shall have been authenticated and delivered by the Trustee or by the Bond Registrar, such Bonds nevertheless may be authenticated and delivered as herein provided as if the Person who so signed, sealed or attested such Bonds had not ceased to be such officer. Any Bond of a Series may be signed, sealed or attested on behalf of the Authority by any Person who shall hold the proper office at the date of such act, notwithstanding at the date of such Bonds such Person may not have held such office.

**Section 304. Authentication of Bonds.** The Bonds of each Series shall bear thereon a certificate of authentication, substantially in the form set forth in Section 1202 hereof, duly executed upon issuance by the Trustee or the Bond Registrar. Only such Bonds as shall bear thereon such certificate of authentication, duly executed, shall be entitled to any right or benefit under this Indenture. No Bond shall be valid or obligatory for any purpose unless such certificate of authentication upon such Bond shall have been duly executed by the Trustee, or by the Bond Registrar, as the case may be. Such certificate of authentication by the Trustee or by the Bond Registrar, as the case may be, upon any Bond executed on behalf of the Authority shall be conclusive and the only evidence that the Bond so authenticated has been duly authenticated and delivered under this Indenture and that the Holder thereof is entitled to the benefit of this Indenture.

**Section 305. Transfer, Exchange and Registry of Bonds and Agency Therefor.** 1. The Authority shall cause and hereby appoints the Bond Registrar as its agent to maintain and to keep books for the registration, the exchange and the transfer of Bonds. Upon presentation of Bonds for transfer or exchange at the designated office of the Bond Registrar, together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Holder or by his attorney duly authorized in writing, the Bond Registrar shall register or shall cause to be registered and shall permit to be transferred thereon or to be exchanged any Bond entitled to registration, transfer or exchange. Upon the transfer or exchange of any Bond, the Authority shall execute, and the Trustee or the Bond Registrar shall authenticate and shall deliver a new Bond or Bonds of such Series in any Authorized Denomination registered in the name of the Holder or transferee of the same aggregate principal amount, Series designation and maturity as the surrendered Bond.

2. The Authority and each Fiduciary may deem and treat the Person in whose name any Bond shall be registered upon the books of the Authority as the absolute Owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of and interest on such Bond and all such

payments so made to any such Registered Owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Authority nor any Fiduciary shall be affected by any notice to the contrary. The Authority agrees to indemnify and save each Fiduciary harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without gross negligence or willful misconduct under this Indenture, in so treating such Registered Owner.

3. All Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Bond Registrar and canceled or retained by the Bond Registrar. For every such exchange or transfer of Bonds, whether temporary or definitive, the Authority or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Authority nor the Bond Registrar shall be required: (i) to exchange or transfer the Bonds of any Series for a period beginning on the Record Date next preceding an Interest Payment Date for Bonds of a particular Series and ending on such Interest Payment Date, or for a period of fifteen (15) days next preceding the date (as determined by the Trustee) of any selection of Bonds to be redeemed and thereafter until after the mailing of the notice of redemption; or (ii) to transfer or exchange any Bonds called for redemption.

**Section 306. Reissuance of Mutilated, Destroyed, Stolen or Lost Bonds.**

In case any Outstanding Bond shall be mutilated, destroyed, stolen or lost, the Authority shall execute and the Trustee or the Bond Registrar, as the case may be, shall authenticate and shall deliver a new Bond, of like tenor, number, Series designation and amount as the Bond so mutilated, destroyed, stolen or lost in exchange and in substitution for and upon surrender of such mutilated Bond or in lieu of and in substitution for the Bond, if any, destroyed, stolen or lost upon filing with the Trustee and the Bond Registrar evidence satisfactory to the Authority, the Trustee and the Bond Registrar that such Bond had been destroyed, stolen or lost and proof of ownership thereof, upon furnishing the Authority, the Trustee and the Bond Registrar with indemnity satisfactory to them, upon paying such expenses as the Authority, the Trustee and the Bond Registrar may incur in connection therewith and upon complying with such other reasonable regulations as the Authority, the Trustee and the Bond Registrar may prescribe. In lieu of reissuing a mutilated, destroyed, lost or stolen Bond that is due and payable, the Trustee and the Bond Registrar may pay the amount due on such Bond to the Owner or the Holder thereof, provided all the other requirements of this Section 306 have been met. Any Bond surrendered for transfer shall be canceled by the Trustee. Any such new Bonds issued pursuant to this Section 306 in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Authority, whether or not the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under this Indenture, in any moneys or securities held by the Authority or any Fiduciary for the benefit of the Bondholders.

**Section 307. Temporary Bonds.**

Until the definitive Bonds are prepared, the Authority may execute in the same manner as is provided in Section 303 hereof and, upon the request of the Authority, the Trustee or Bond Registrar shall authenticate and shall deliver in lieu of definitive Bonds but subject to the same provisions, limitations and conditions as the definitive Bonds except as to the denominations thereof and as to exchangeability for registered Bonds, one or more temporary Bonds of the tenor of the definitive Bonds in lieu of which such

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temporary Bond or Bonds are issued, in Authorized Denominations and with such omissions, insertions and variations as may be appropriate to temporary Bonds for notation thereon of the payment of such interest. The Authority at its own expense shall prepare and shall execute and, upon the surrender for exchange and for cancellation of such temporary Bonds, the Trustee or the Bond Registrar shall authenticate and shall deliver in exchange therefor definitive Bonds of the Authority without charge to the Holder thereof.

**Section 308. Payment of Interest on Bonds; Interest Rights Preserved. 1.**

Interest on any Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Bond is registered at the close of business on the Record Date or any date which is the fifteenth (15th) day immediately preceding an Interest Payment Date as shall be provided in a Supplemental Indenture authorizing any Series of Bonds.

**2.**

Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (hereinafter "Default Interest") shall forthwith cease to be payable to the Registered Owner on the relevant Record Date by virtue of having been such Owner; and such Default Interest shall be paid by the Authority to the Persons in whose names the Bonds are registered at the close of business on a date (hereinafter the "Special Record Date") for the payment of such Default Interest, which shall be fixed in the following manner. The Authority shall notify the Trustee, in writing, of the amount of Default Interest proposed to be paid on each Bond and the date of the proposed payment ("Default Interest Payment Date") (which date shall be not less than twenty-five (25) days after such notice), and at the same time the Authority shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Default Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Default Interest herein provided. Thereupon, the Trustee shall fix a Special Record Date for the payment of such Default Interest, which Special Record Date shall be not more than fifteen (15) nor less than ten (10) days prior to the Default Interest Payment Date, and which Special Record Date shall be fixed by the Trustee within ten (10) days after the receipt by the Trustee of the notice of the proposed payment from the Authority. The Trustee shall promptly notify the Authority of such Special Record Date and Default Interest Payment Date and, in the name and at the expense of the Authority, shall cause notice of the proposed payment of such Default Interest and the Special Record Date and Default Interest Payment Date therefor to be mailed, first class postage prepaid, to each Bondholder at his address as it appears in the registry books, not less than ten (10) days prior to such Special Record Date.

Subject to the foregoing provisions of this Section 308, each Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

**Section 309. Cancellation and Destruction of Bonds.**

All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment is made, and such Bonds shall thereupon be promptly canceled. Bonds so canceled may at any time be destroyed by the Trustee, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the Bonds so destroyed, and one executed certificate shall be filed with the Authority and the other executed certificate shall be retained by the Trustee.

**ARTICLE IV**

**REDEMPTION OF BONDS**

**Section 401. Privilege of Redemption and Redemption Price.**

Bonds subject to redemption prior to maturity pursuant to this Indenture or a Supplemental Indenture shall be redeemable, upon notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms, in addition to the terms contained in this Article IV, as may be specified in the Supplemental Indenture authorizing such Refunding Bonds. The written direction of the Authority to effectuate a redemption of any Series of Bonds, except for the redemption of Bonds pursuant to mandatory sinking fund redemption, shall be received by the Trustee prior to the mailing of the notice of redemption in accordance with Section 405 hereof. Except as may be otherwise provided in a Supplemental Indenture authorizing a Series of Refunding Bonds, any Series of Bonds may be redeemed in whole or in part on any date by the Authority in accordance with this Indenture or a Supplemental Indenture, as applicable.

**Section 402. Redemption at the Election or Direction of the Authority.**

In the case of any redemption of Bonds (including any Series thereof) by the Authority, the Authority shall give written notice to the Trustee, except for the redemption of Bonds pursuant to mandatory sinking fund redemption, in accordance herewith, of the redemption date, of the Series, and of the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the Authority, subject to any limitations with respect thereto contained in this Indenture). Such notice shall be given at least forty-five (45) days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 405 provided, there shall be paid on or prior to the redemption date to the appropriate Paying Agents an amount in cash or non-callable Investment Securities which, in addition to other moneys, if any, available therefor held by such Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued thereon and unpaid to the redemption date, all of the Bonds to be so redeemed. The Authority shall promptly notify the Trustee, in writing, of all such payments by it to such Paying Agents.

**Section 403. Redemption Otherwise Than at the Authority's Election or Direction.**

Whenever by the terms of this Indenture the Trustee is required or authorized to redeem Bonds otherwise than at the election or direction of the Authority, the Trustee shall: (i) select the Bonds or portions of Bonds to be redeemed; (ii) give the notice of redemption; and (iii) pay out of moneys available therefor the Redemption Price thereof, plus interest accrued thereon and unpaid to the redemption date, to the appropriate Paying Agents in accordance with the terms of this Article IV.

**Section 404. Selection of Bonds to be Redeemed.**

Unless otherwise provided in this Indenture, if less than all of the Bonds of a Series of like maturity shall be called for prior redemption, the particular Bonds or portions of Bonds of a Series to be redeemed shall be selected at random by the Trustee; provided, however, that the portion of any Bond of a Series of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof, and that, in selecting portions of such Bonds of a Series for redemption, the Trustee shall treat each such Bond of a Series as representing that number of Bonds of such

Series of \$5,000 denomination which is obtained by dividing by \$5,000 the principal amount of such Bond of the Series to be redeemed in part.

**Section 405. Notice of Redemption.** When the Trustee shall receive notice from the Authority of its election or direction to redeem Bonds pursuant to Section 402 hereof, except for the redemption of Bonds pursuant to mandatory sinking fund redemption, and when redemption of Bonds is authorized or required pursuant to Section 403 hereof, the Trustee shall give notice, in the name of the Authority, of the redemption of such Bonds, which notice shall specify the Series designation and maturities of the Bonds to be redeemed, the Redemption Price, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal amount thereof in the case of Bonds to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be mailed by the Trustee, via first class mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, to the Registered Owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses appearing upon the registry books. Failure to give notice by mail, or any defect in the notice to the Registered Owner of any Bonds which are to be redeemed, shall not affect the validity of the proceedings for the redemption of any other Bonds.

Any notice of redemption of the Bonds may state that it is conditioned upon there being available on the redemption date an amount of money sufficient to pay the Redemption Price, together with interest accrued and unpaid to the redemption date, and any conditional notice so given may be rescinded at any time to and including the redemption date if such condition so specified is not satisfied. If a redemption does not occur after a conditional notice is given due to an insufficient amount of funds being on deposit with the Paying Agent to pay the Redemption Price on the redemption date, the corresponding conditional notice of redemption shall be deemed to have been revoked *nunc pro tunc* and shall be deemed to be null and void as if never given and such Bonds or portions thereof shall continue to bear interest until paid at maturity at the same rate as they would have borne had they not been called for redemption.

The Trustee shall comply with any notice or other requirements of DTC to effectuate a redemption of Bonds. Any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the Holder receives the notice.

**Section 406. Payment of Redeemed Bonds.** Notice having been given in the manner provided in Section 405 hereof, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued thereon and unpaid to the redemption date and, upon presentation and surrender thereof at the office specified in such notice, such Bonds, or portions thereof, shall be paid at the Redemption Price, plus interest accrued thereon and unpaid to the redemption date. If there shall be called for redemption less than all of a Bond of like Series, the Authority shall execute and the Trustee shall authenticate and the Paying Agent shall deliver,

upon the surrender of such Bond, without charge to the Owner thereof, for the unredeemed balance of the principal amount of the Bonds so surrendered, fully registered Bonds of like Series and maturity in any Authorized Denominations.

If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest thereon to the redemption date, shall be held by the Paying Agent so as to be available therefor on said date and if a notice of redemption shall have been given as aforesaid, then from and after the redemption date interest on the Bonds or portions thereof of such Series and maturity so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such notice of redemption shall be rescinded by the Trustee, and shall be deemed to be null and void as if never given and such Bonds or portions thereof shall continue to bear interest until paid at maturity at the same rate as they would have borne had they not been called for redemption.

**Section 407. Redemption of Series 2023 Bonds.**

(a) **Optional Redemption.** The Series 2023 Bonds maturing prior to November 1, 20\_\_ are not subject to optional redemption prior to maturity. The Series 2023 Bonds maturing on or after November 1, 20\_\_ are subject to redemption prior to maturity at the option of the Authority, on or after November 1, 20\_\_ in whole or in part at any time, and, if in part, in such order of maturity as the Authority may direct and, within a maturity, by lot (or other customary method of selection determined by the Trustee), at a Redemption Price equal to one hundred percent (100%) of the principal amount of Series 2023 Bonds to be redeemed, plus accrued interest to the redemption date.

(b) **Mandatory Sinking Fund Redemption.** The Series 2023 Bonds maturing on November 1, 20\_\_ are subject to scheduled mandatory sinking fund redemption by the Authority on November 1 of the years and in the amounts set for the below at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof together with interest accrued to the redemption date:

Redemption Date (November 1)	Principal Amount
	\$
*	

\*Final Maturity

The Series 2023 Bonds maturing on November 1, 20\_\_ are subject to scheduled mandatory sinking fund redemption by the Authority on November 1 of the years and in the amounts set for the below at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof together with interest accrued to the redemption date:

Redemption Date

(November 1)	Principal Amount
	\$
*	

\*Final Maturity

The Series 2023 Bonds maturing on November 1, 20\_\_ are subject to scheduled mandatory sinking fund redemption by the Authority on November 1 of the years and in the amounts set for the below at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof together with interest accrued to the redemption date:

Redemption Date (November 1)	Principal Amount
	\$
*	

\*Final Maturity

(c) **Credits against Scheduled Mandatory Redemption Obligations.** At the option of the Authority, to be exercised by delivery of a Certificate to the Trustee on or before the 45<sup>th</sup> day next preceding any scheduled mandatory redemption date, if any, it may: (i) deliver to the Trustee for cancellation Bonds subject to scheduled mandatory redemption on that date or portions thereof in Authorized Denominations; or (ii) specify a principal amount of Bonds or portions thereof in Authorized Denominations which prior to said date have been purchased or redeemed (otherwise than pursuant to this Section) and cancelled by the Trustee at the request of the Authority and not theretofore applied as a credit against any scheduled mandatory redemption payment. Each Bond or portion thereof so delivered or previously redeemed shall be credited by the Trustee at the principal amount thereof against the obligation of the Authority to redeem Bonds on the scheduled mandatory redemption date or dates designated in writing to the Trustee by the Authorized Authority Representative occurring at least 45 days after the delivery of such designation to the Trustee, provided that if no such designation is made, such credit shall not be credited against such obligation.

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**ARTICLE V**

**ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF**

**Section 501. The Pledge Effected by This Indenture and Security for the Bonds.** 1. There is hereby pledged and assigned as security for the payment of the principal of, redemption premium, if any, and interest on the Bonds issued in anticipation thereof in accordance with their terms and the provisions of this Indenture, subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Indenture, all of the Pledged Property.

2. All Pledged Property shall immediately be subject to the lien of the pledge made herein for the benefit of the Bondholders without any physical delivery thereof or further act, or any filing, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof.

3. The Bonds shall not be in any way a debt or liability of the State or of any political subdivision thereof other than the Authority (limited solely to the Pledged Property) and, as applicable under and limited by the County Guaranty, the County, and shall not create or constitute any indebtedness, liability or obligation of the State or of any political subdivision thereof other than the Authority (limited solely to the Pledged Property) and, as applicable under and limited by the County Guaranty, the County, or be or constitute a pledge of the faith and credit of the State or of any political subdivision thereof other than, as applicable under and limited by the County Guaranty, the County. Neither the State nor any political subdivision thereof other than the Authority (limited solely to the Pledged Property) and, as applicable under and limited by the County Guaranty, the County, is obligated to pay the principal of and interest on the Bonds and neither the full faith and credit nor the taxing power of the State or any political subdivision thereof other than, as applicable under and limited by the County Guaranty, the County, is pledged to the payment of the principal of and interest on the Bonds, but all Bonds shall be payable solely from Revenues or funds pledged or available for their payment, including any funds available under the County Guaranty, as authorized in the Act.

4. The Authority hereby assigns its right to all Revenues to the Trustee for the benefit of the Bondholders. The Authority additionally covenants that all moneys paid by the County pursuant to the County Guaranty shall be paid directly to the Trustee for deposit in accordance with Section 506 hereof.

5. Nothing contained in this Section 501 shall be deemed a limitation upon the authority of the Authority to issue bonds, notes or other obligations under the Act secured by revenues and funds other than the Pledged Property including, without limitation, bonds, notes or other obligations secured by Federal or State grants.

**Section 502. Establishment of Funds.** The following Funds are hereby created and established:

- (1) Acquisition Fund, including Accounts established therein to be held by the Trustee, on behalf of the Authority;



- (2) Revenue Fund, including Accounts established therein to be held by the Trustee, on behalf of the Authority;
- (3) Operating Fund, including Accounts established therein to be held by the Trustee, on behalf of the Authority;
- (4) Debt Service Fund, including Accounts established therein for the Series 2023 Bonds (and within the Debt Service Fund, a "Capitalized Interest Sub-Account") and for any other Series of Refunding Bonds, to be held by the Trustee;
- (5) Debt Retirement Fund, including Accounts established therein for the Series 2023 Bonds and for any other Series of Refunding Bonds, to be held by the Trustee; and
- (6) Rebate Fund, including Accounts established therein for each Series of the Series 2023 Bonds and for any other Series of Refunding Bonds, to be held by the Trustee, on behalf of the Authority.

The Trustee may designate for each Fund or Account established hereunder such number, letter or symbol as may be necessary to distinguish such Funds or Accounts from other Funds and Accounts of the Authority held by the Trustee for any Series of Bonds.

**Section 503. Acquisition Fund.** 1. There shall be established within the Acquisition Fund a separate Account for the Series 2023 Bonds and the Construction Project.

2. There shall be paid into such Account: (i) the amounts required to be so paid by the provisions of this Indenture or applicable Supplemental Indenture, including any proceeds from the issuance of the Series 2023 Bonds in accordance with Section 203(7)(b) hereof; and (ii) at the option of the Authority, any moneys received by the Authority for, or in connection with, the Construction Project from any other source, unless required to be otherwise applied in accordance with this Indenture. All amounts in the Acquisition Fund shall be applied in the following order and priority: (i) to pay the Costs of the Construction Project or to reimburse the Authority for the Costs of the Construction Project paid by it in accordance with a reimbursement resolution adopted by the Authority; and (ii) to the extent not otherwise utilized, moneys in the Acquisition Fund shall be transferred to the Debt Service Fund and applied by the Trustee in accordance with subsection (4) of this Section 503.

3. The Authority shall authorize the Trustee to make payments from the Acquisition Fund for the Cost of the Construction Project in the amounts, at the times, in the manner, and on the other terms and conditions set forth in this subsection (3). Before any such payment shall be made, there shall be filed by the Authority with the Trustee: a requisition therefor, which requisition shall be substantially in the form set forth in Exhibit "B" hereto, signed by an Authorized Authority Representative, stating in respect of each payment to be made: (i) the requisition number; (ii) that such payment is to be made from the Acquisition Fund; (iii) the name and address of the Person to whom payment is to be made by the Trustee, or if payment is to be made to the Authority for a reimbursable advance, the name and address of the Person to whom such advance was made together with proof of payment by the Authority; (iv) the amount to be paid, which amount represents the payment due to the Person referenced in

clause (iii) above, or 100% of the payment previously made by the Authority; (v) the particular item of Cost to be paid to which the requisition relates; (vi) that each obligation, item of Cost or expense mentioned therein has been properly incurred, is an item of Cost of the Construction Project, is unpaid or unreimbursed, and is a proper charge against the Acquisition Fund and has not been the basis of any previously paid withdrawal or requisition; (vii) that the public contracts bidding laws applicable to the contract pursuant to which payment is being requested have been complied with, if any; (viii) if such payment is a reimbursement to the Authority for Costs or expenses incurred by reason of work performed or supervised by officers or employees of the Authority, that the amount to be paid does not exceed the actual cost thereof to the Authority; (ix) that no unsecured Event of Default has occurred under this Indenture and everything then required to be performed by the Authority has been performed; (x) the Authority has not received notice of any lien, right to lien or attachment upon, or other claim affecting the right to receive payment of, any of the moneys payable under such requisition to any of the Persons named therein or, if any of the foregoing has been received, it has been released or discharged or will be released or discharged upon payment of the requisition; and (xi) in the event there are not sufficient funds available to pay such requisition from the maturity of any Investment Securities, instructions specifying the Investment Security or Securities which should be liquidated for the payment thereof. The Trustee shall issue its check for each payment required by such requisition or shall by interbank transfer or other method, arrange to make the payment required by such requisition. The Trustee shall have no obligations hereunder and may rely on the requisition if properly signed.

4. The completion of the Construction Project by the Authority shall be evidenced by a certificate or certificates signed by an Authorized Authority Representative, which shall be in substantially the form set forth in Exhibit "C" hereto, and which shall be delivered and filed with the Trustee, stating: (i) that such Construction Project is complete or has been substantially completed; (ii) the date of completion of the Construction Project; (iii) the Cost of all labor, services, materials and supplies used in the Construction Project have been paid or will be paid from amounts retained by the Trustee, at the Authority's direction, for any Cost of the Construction Project and the amount, if any, required, in the opinion of the signer or signers, for the payment of any remaining part of the Cost of the Construction Project or any portion thereof, not then due and payable or, if due and payable, not yet paid; (iv) the Construction Project is an authorized "project" under the Act; and (v) all permits, including a Certificate of Occupancy, if required, necessary for the utilization of the Construction Project have been obtained and are in effect. Upon the filing of such Completion Certificate, the balance in the Acquisition Fund in excess of the amount, if any, stated in such Completion Certificate shall be transferred by the Trustee for deposit at the written direction of an Authorized Authority Representative, in either: (i) the Debt Retirement Fund for application to the retirement of Series 2023 Bonds or applicable series of Refunding Bonds by purchase or redemption; or (ii) the Debt Service Fund. If, subsequent to the filing of such certificate, it shall be determined that any amounts specified in such certificate as being required for the payment of any remaining part of the Cost of the Construction Project are no longer so required, such fact shall be evidenced by a certificate or certificates signed by an Authorized Authority Representative delivered and filed with the Trustee stating such fact and the amount no longer required to be paid, and any amount shown therein as no longer being required shall be transferred to the Trustee for application as provided in the preceding sentence. Notwithstanding the foregoing, such Completion Certificate shall state that it is given without prejudice to any rights against third parties which exist as of the date of such certificate or which may subsequently come into being.

5. Any damages or other moneys from any contractor, subcontractor, manufacturer, supplier or any party to any contract for the Construction Project or its surety due and owing to the Authority shall be paid to the Trustee for deposit in the Acquisition Fund (in accordance with written instructions from the Authority) to complete the Construction Project.

6. (a) In the event the Cost to complete the Construction Project shall exceed the amount available to the Authority from the portion of the proceeds of the Series 2023 Bonds allocable thereto and in the event the Authority desires to undertake such remaining portions of the Construction Project, the Authority and the County shall be permitted to pay such sums as may be required to pay the Cost of the Construction Project in excess of the amount available to the Authority from the portion of the proceeds of the Series 2023 Bonds allocable thereto out of funds legally available therefor. Payment of such additional amounts shall be made by the Authority or the County, as applicable, at the time or times and in the amount or amounts required for the payment of such excess Cost as the same becomes due and payable. Such additional moneys shall be paid by the Authority or the County, as the case may be, to the Trustee for deposit in the Acquisition Fund and the Trustee shall pay the Cost thereof in accordance with the procedures outlined in subsection (3) of this Section 503.

(b) In the event the Authority or the County pays to the Trustee sums needed to fund the balance of the Cost of the Construction Project, the Authority or the County, as the case may be shall complete Exhibit B attached hereto to reflect: (i) the amount of moneys to be withdrawn from the Acquisition Fund to pay the Cost of the Construction Project; (ii) the amount of money forwarded to the Trustee by the Authority or the County for deposit in the Acquisition Fund to make up the deficiency in such Cost of the Construction Project; and (iii) the total Cost of the item being requisitioned, which certificate shall be signed by an Authorized Authority Representative or an authorized representative of the County, as the case may be, and delivered and filed with the Trustee.

7. Prior to the completion of the Construction Project, the Trustee shall, upon receipt of a requisition signed by an Authorized Authority Representative, advance moneys on deposit in the Acquisition Fund to provide for working capital. Such requisition by an Authorized Authority Representative shall include a certification that the working capital expense complies with the definition of "restricted working capital" within the meaning of the Code. The Trustee shall advance such moneys only to the extent that such moneys are not needed to make payment on requisitions for the Construction Project within the following one hundred twenty (120) days and there are no other funds available to the Authority for working capital as certified by an Authorized Authority Representative. Repayment by the Authority to the Trustee for each such advance is due no later than one hundred twenty (120) days from the date of such advance and the Trustee shall deposit the Authority's repayment of any such advance in the Acquisition Fund.

**Section 504. Revenue Fund.** Except as set forth in Sections 505 and 603 hereof, all Revenues shall be promptly deposited by the Trustee upon receipt thereof into the Revenue Fund and shall be applied as set forth in Section 506 hereof. All moneys at any time deposited in the Revenue Fund shall be held in trust for the benefit of the Holders but shall nevertheless be disbursed and applied solely for the uses and purposes set forth in this Article V.

**Section 505. Operating Fund.** 1. Pursuant to an order of the Authority delivered to the Trustee on the Issue Date of the Series 2023 Bonds, any proceeds of the Series 2023 Bonds and Authority moneys, as the case may be, representing costs of issuance shall be immediately deposited in the Operating Fund. Such amounts shall be paid by the Trustee in accordance with subsection (2) of this Section 505.

2. Amounts deposited in the Operating Fund shall be paid out by the Trustee pursuant to written direction of the Authority from time to time for costs of issuance upon requisition therefor submitted to the Trustee and signed by an Authorized Authority Representative stating: (i) the name of the Person to whom each such payment is due; (ii) the respective amounts to be paid; (iii) the purpose by general classification for which each obligation in the stated amounts has been or will be incurred; and (iv) each obligation in the stated amount has been or will be incurred by or on behalf of the Authority and that each item thereof is a proper charge against the Operating Fund and has not been previously paid. To the extent such amounts deposited therein are not spent within ninety (90) days of the Issue Date of the Series 2023 Bonds and any other Series of Refunding Bonds, the Trustee shall, without further direction, deposit in the applicable Account of the Debt Service Fund for such Series of Bonds any balance then remaining for such Series of Bonds unless the Authority requests, in writing, that such balance remain in the Operating Fund for an additional period of time as specified in such request.

**Section 506. Payments From the Revenue Fund Into Certain Funds.** 1. To the extent funds are available, the Authority shall deposit sufficient funds to meet the Debt Service Requirement for the next succeeding Principal Installment Date or Interest Payment Date with the Trustee as soon as practicable, but in any case no later than 3:00 p.m. on the fifteenth Business Day immediately preceding such Principal Installment Date or Interest Payment Date, as applicable. As soon as practicable after the deposit of Revenues into the Revenue Fund, but in any case no later than 3:00 p.m. on the thirtieth (30<sup>th</sup>) Business Day immediately preceding either a Principal Installment Date or Interest Payment Date, as applicable, the Trustee shall credit, but only to the extent the amount in the Revenue Fund shall be sufficient therefor, such Revenues as follows: (i) Revenues shall be deposited in the Debt Service Fund in accordance with Section 508 hereof or, in the case of any purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established, to the Debt Retirement Fund; (ii) moneys paid by the Authority pursuant to the County Guaranty in accordance with Section 508(3) hereof shall be immediately deposited in the applicable Accounts in the Debt Service Fund; (iii) Revenues representing amounts received by the Authority from the conveyance or exchange of facilities and/or equipment constituting part of the Construction Project previously acquired with the proceeds of the Series 2023 Bonds shall immediately be deposited with the Trustee and thereafter shall be immediately deposited in the Debt Service Fund and applied in accordance with the provisions of Section 508 hereof; and (iv) any investment earnings on any moneys held in any Fund and required to be transferred to the Revenue Fund pursuant to the provisions of this Indenture, such that the total balance in the Debt Service Fund shall equal the Debt Service Requirement on each such Series of Bonds for the next respective succeeding Interest Payment Date and Principal Installment Date, as applicable, provided that, for the purposes of computing the amount to be deposited in said Fund, there shall be included in the balance of the Debt Service Fund that amount of such proceeds to be applied in accordance with this Indenture to the payment of interest accrued and unpaid and to accrue on such Series of Bonds to the next Interest Payment Date as set forth in an order of the Authority to the Trustee; provided, however, that so

long as there shall be held in the Debt Service Fund an amount sufficient and available to pay in full all Outstanding Bonds of a particular Series in accordance with their terms (including principal thereof and interest thereon) no transfers shall be required to be made from the Revenue Fund to the Debt Service Fund.

2. Revenues consisting of proceeds representing damages or other moneys from any contractor, subcontractor, manufacturer, supplier or surety shall be immediately credited in accordance with Section 503(5) hereof.

3. All interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment and net of any losses suffered) earned or any gain realized on any moneys or investments in such Funds shall be transferred upon receipt to the Revenue Fund, except that: (i) such net interest earned on any moneys or investments in the Debt Service Fund shall be held in such Fund for the purposes thereof and shall be paid into such Fund in accordance with the provisions of Section 603(2) hereof and shall be applied in accordance with the provisions hereof; and (ii) interest earned on any moneys or investments in the Acquisition Fund shall be held in the Acquisition Fund until delivery of a Completion Certificate for the Construction Project as required by Section 503(4) of this Indenture at which time such moneys shall be applied in accordance with Section 603(2) hereof.

**Section 508. Debt Service Fund.**

1. The amount deposited in the Debt Service Fund pursuant to Section 203(7)(b) hereof representing capitalized interest on the Series 2023 Bonds shall be set aside in a separate subaccount within the Debt Service Fund created herewith and referred to as the "Capitalized Interest Subaccount" and applied in accordance with subsection (2) of this Section 508 to the payment of interest due thereon on each Interest Payment Date for the period of time specified therein.

2. Monies deposited in the Capitalized Interest Subaccount of the Debt Service Fund pursuant to Section 203(7)(b) and Section 508(1) hereof shall be applied to the payment of interest due on the Series 2023 Bonds on the next ensuing Interest Payment Date; provided, however, to the extent such moneys cannot be used to pay interest on the Series 2023 Bonds within thirteen (13) months of deposit, such moneys shall be transferred to the Capitalized Interest Account in the Proceeds Fund and applied in accordance with the provisions of Section 507(4) hereof. The application of monies deposited in the Capitalized Interest Subaccount of the Debt Service Fund shall be transferred for the payment of interest on each Interest Payment Date for the Series 2023 Bonds through and including [May 1][November] 1, 20\_\_ or until such moneys are exhausted, whichever is earlier.

3. Pursuant to Section 506(1)(a) hereof, Revenues deposited in the Revenue Fund on shall be transferred to and deposited in the Debt Service Fund not later than 3:00 p.m. on the thirtieth (30<sup>th</sup>) Business Day immediately preceding either a Principal Installment Date or Interest Payment Date, as applicable, by the Trustee. Not later than 3:00 p.m. on the twentieth (20<sup>th</sup>) Business Day immediately preceding either a Principal Installment Date or Interest Payment Date, as applicable, the Trustee shall determine whether the amounts on deposit in the Debt Service Fund, after all Revenues deposited in the Revenue Fund and transferred to and deposited in the Debt Service Fund in accordance with the provisions hereof, are sufficient to meet the Debt Service Requirements on all Outstanding Bonds for the next succeeding Interest

Payment Date and Principal Installment Date, as applicable. Subject to, and after the application of the provisions of Section 509 hereof, in the event such amounts in the Debt Service Fund are insufficient to meet such Debt Service Requirement on the Outstanding Bonds, the Trustee shall give written notice thereof, by electronic mail with confirmation of receipt or by any other secure method which enables the Trustee subsequently to verify the transmission of such notice in accordance with Section 1114 hereof, to the Authority and the Authorized County Representative of such deficiency no later than 4:00 p.m. on the fifteenth (15<sup>th</sup>) Business Day immediately preceding either a Principal Installment Date or Interest Payment Date, as applicable, which notice shall state the amount of such deficiency as at the close of business on such date and that such deficiency must be cured no later than the next ensuing Interest Payment Date and Principal Installment Date, as applicable. The notice to the Authorized County Representative and the Authority shall also include the amount of the Interest Payment and Principal Installment, as applicable, due and payable and the amount required to be paid by the Authority or the County (pursuant to the County Guaranty) to cure such deficiency and to enable the Trustee to make a Debt Service payment on the Outstanding Bonds on the next ensuing Interest Payment Date or Principal Installment Date, as applicable. The receipt of any such notice by the Authority and the County shall be acknowledged by an Authorized Authority Representative and an Authorized County Representative to the Trustee within two (2) Business Day after receipt thereof. If the nonpayment of the Authority is not cured by the applicable Interest Payment Date or Principal Installment Date, as applicable, the County, pursuant to the terms of the County Guaranty, shall pay to the Trustee, not later than such Interest Payment Date and Principal Installment Date, as applicable, any and all amounts required to pay Debt Service on the Outstanding Bonds.

4. All moneys paid by the County pursuant to the County Guaranty shall be immediately deposited in the Debt Service Fund, which moneys shall be applied to the payment of Debt Service on the Outstanding Bonds on such Interest Payment Date or Principal Installment Date, as applicable, as set forth in subsection (3) of this Section 508.

5. (i) On each Interest Payment Date, the Trustee shall make available to the Paying Agent from moneys available in the Debt Service Fund an amount which equals the interest on each Series of Outstanding Bonds due on such date, which moneys shall be applied by the Paying Agent to the payment of such interest on the Interest Payment Date; and (ii) on the Principal Installment Date of each Series of Outstanding Bonds, the Trustee shall make available to the Paying Agent from moneys in the Debt Service Fund an amount equal to the principal of each Series of Outstanding Bonds due on such date, which moneys shall be applied by the Paying Agent to the payment of such principal on the Principal Installment Date. The Trustee may also pay out of the Debt Service Fund the accrued interest included in the purchase price of each Series of Outstanding Bonds, pursuant to the provisions of subsection (7) below.

6. The amount, if any, deposited in the Debt Service Fund representing accrued interest, if any, on the proceeds of any Series of Bonds, shall be set aside in such Fund and applied, in accordance with written instructions of the Authority delivered to the Trustee prior to the authentication of such Series of Bonds, to the payment of accrued interest on such Series of Bonds as the same becomes due and payable.

7. In the event of the refunding of any Bonds, the Trustee shall, if an Authorized Authority Representative so directs, in writing, withdraw from the Debt Service Fund

all, or any portion of, the amounts accumulated therein with respect to Debt Service on the Series of Bonds being refunded, and set aside such amounts to be held in trust as set forth in such written direction; provided that such withdrawal shall not be made unless: (i) immediately thereafter the Series of Bonds being refunded shall be deemed to have been paid pursuant to Section 1101(2) hereof; and (ii) the amount remaining in the Debt Service Fund, after giving effect to the issuance of the Refunding Bonds and the disposition of the proceeds thereof, shall not be less than the requirement of such Fund pursuant to subsection (2) of this Section 508 with respect to the Debt Service Requirement on each Outstanding Series of Bonds and Section 506 hereof.

8. Revenues representing amounts received by the Authority from the conveyance or exchange of facilities and/or equipment constituting part of the Construction Project previously acquired with the proceeds of the Series 2023 Bonds shall immediately be deposited with the Trustee and deposited in the Debt Service Fund shall immediately be applied to the payment of Debt Service on the applicable Series of Bonds on the next ensuing Interest Payment Date or Principal Installment Date, as applicable.

**Section 509. Debt Retirement Fund.** 1. Subject to the limitations contained in subsection (4) of this Section 509, if, fifteen days prior to any Interest Payment Date or Principal Installment due date, as the case may be, the amount on deposit in the Debt Service Fund shall be less than the amount required to be in such Fund pursuant to subsection (1) of Section 506, the Trustee shall transfer from the Debt Retirement Fund to the Debt Service Fund an amount (or all of the moneys in the Debt Retirement Fund if less than the amount required) which will be sufficient to make up such deficiency.

2. To the extent not required to make up a deficiency as required in subsection (1) of this Section 509, amounts in the Debt Retirement Fund shall be applied, as rapidly as practicable in the case of mandatory redemption, or, at the written direction of an Authorized Authority Representative, to the purchase or optional redemption (including redemption premium, if any) of the applicable Series of Bonds.

3. Upon any purchase or redemption pursuant to this Section 509 of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established or delivery to the Trustee for cancellation by the Authority of Bonds of such Series or maturity, there shall be credited toward each such Sinking Fund Installment thereafter to become due an amount bearing the same ratio to such Sinking Fund Installment as the total principal amount of such Bonds so purchased, redeemed, or delivered for cancellation bears to the total amount of all such Sinking Fund Installments to be credited. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

4. The transfers required by subsection (1) of this Section 509 shall be made from amounts in the Debt Retirement Fund only to the extent that such amounts are not then required to be applied to the redemption of Bonds of such Series for which notice of redemption shall have been given by the Trustee to Bondholders.

**Section 510. Satisfaction of Sinking Fund Installments.** 1. In satisfaction, in whole or in part, of any Sinking Fund Installment, the Authority may deliver to the Trustee at least sixty (60) days prior to the date of such Sinking Fund Installment, for cancellation, Bonds of the Series and maturity entitled to such Sinking Fund Installment. All Bonds so delivered to the Trustee in satisfaction of a Sinking Fund Installment shall reduce the amount thereof by the amount of the aggregate Redemption Price of such Bonds applicable on the date of such Sinking Fund Installment (or the principal amount thereof if such date be the date of maturity of such Bonds), provided that concurrently with such delivery of such Bonds the Authority shall deliver to the Paying Agent and to the Trustee a certificate of an Authorized Authority Representative specifying: (i) the principal amount, Series, maturity, interest rate and numbers of the Bonds so delivered; (ii) the date of the Sinking Fund Installment in satisfaction of which such Bonds are so delivered; (iii) the aggregate Redemption Price on the date of such Sinking Fund Installment (or the principal amount in the case of any Series of Bonds which mature on such Sinking Fund Installment date) of any Bonds so delivered; and (iv) the unsatisfied balance of such Sinking Fund Installment after giving effect to the delivery of such Bonds.

2. The Trustee shall, upon receipt of the notice required and in the manner provided in Article IV hereof, call for redemption on the date of each Sinking Fund Installment falling due prior to maturity such principal amount of Bonds of the Series and maturity entitled to such Sinking Fund Installment as is required to exhaust the unsatisfied balance of such Sinking Fund Installment.

**Section 511. Application of Moneys in the Rebate Fund.** 1. The Authority shall determine or shall cause to be determined the amounts necessary to equal the rebate requirement and shall deposit such amount in the Rebate Fund and the Authority shall transfer or cause to be transferred by the Trustee at such times and to such Person as required by Section 148 of the Code an amount equal to the rebate requirement from the Rebate Fund. To the extent such amounts on deposit in the Rebate Fund are not sufficient to meet the rebate requirement, amounts shall be immediately paid by the Authority to the Trustee for deposit in the Rebate Fund.

Notwithstanding anything contained in this Indenture to the contrary, the Trustee shall not be responsible or liable for any loss, liability, or expense incurred to the extent incurred as a result of the failure of the Authority to fulfill its obligations with respect to the calculation and payment of the rebate requirement.

2. The Trustee, as directed by an Authorized Authority Representative, shall apply or cause to be applied the amounts in the Rebate Fund at the times and in the amounts required by Section 148 of the Code solely for the purpose of paying the United States in accordance with Section 148 of the Code.

3. Moneys held in the Rebate Fund shall be invested and reinvested by the Trustee in Investment Securities defined in clauses b(1) and b(2) of such definition, as shall be directed by an Authorized Authority Representative, that mature not later than such times as shall be necessary to provide moneys when needed for the payments to be made from such Fund. The interest earned on any moneys or investments in the Rebate Fund shall be retained in such Fund.

4. Pursuant to the provisions of Section 603(4) hereof, investment earnings from the Revenue Fund and Operating Fund may be deposited in the Rebate Fund upon written direction of an Authorized Authority Representative to the Trustee.

**Section 512. Moneys Remaining in Funds and Accounts; Reimbursement of Fiduciary and Authority.** Except as set forth in Section 1102 hereof with respect to unclaimed funds, upon the final maturity of any Series of Bonds issued hereunder, any moneys remaining in the Funds and Accounts held under this Indenture for such Series of Bonds shall be paid to each such Fiduciary (to the extent each such Fiduciary has incurred expenses which remain unpaid or unreimbursed, as the case may be) by the Trustee, free and clear of the lien and pledge of this Indenture, to the extent required to reimburse such Fiduciary for such expenses and, thereafter, the balance therein (but not including unclaimed funds resulting from defeased bonds of any Series) shall be paid and shall belong to the Authority free and clear of the lien and pledge of this Indenture.

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each particular Fund or Account shall be kept separate and apart from, and not commingled with, any moneys credited to any other Fund or Account or any other moneys deposited with the Trustee.

**Section 603. Investment of Certain Funds.** 1. Moneys held in the Revenue Fund or the Debt Service Fund shall be invested and reinvested by the Trustee to the fullest extent practicable in the investments described in clause b(2) or b(7) of the definition of "Investment Securities" in Section 101 hereof, which Investment Securities shall mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Funds. Moneys held in: (i) the Acquisition Fund; (ii) the Debt Retirement Fund; and (iii) the Operating Fund may be invested and reinvested in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Funds. Moneys held in the Rebate Fund, if any, shall be invested and reinvested in accordance with the written instructions received from any Authorized Authority Representative. The Trustee shall make all such investments of moneys held by it in accordance with written instructions from time to time received from any Authorized Authority Representative. In making any investment in any Investment Securities with moneys in any Fund established under this Indenture, the Authority may instruct the Trustee, in writing, to combine such moneys in any other Fund, if permitted hereunder, but solely for purposes of making such investment in such Investment Securities.

2. All interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment and net of any losses suffered) earned or any gain realized on any moneys or investments in such Funds shall be transferred upon receipt to the Revenue Fund and applied in accordance with the provisions of Section 506(3) hereof, except that such net interest earned on any moneys or investments in the Debt Service Fund shall be held in such Fund for the purposes thereof and shall be paid into the Debt Service Fund on a periodic basis at least quarterly or as otherwise shall be directed by the Authority and applied pursuant to Section 508 hereof. The Trustee shall annually notify the Authority, in writing, of such application of such interest and earnings transferred to the Revenue Fund. Interest earned on any moneys or investments in the Acquisition Fund shall be held therein until the delivery of a Completion Certificate by an Authorized Authority Representative as required by Section 503(4) of this Indenture at which time such moneys shall be applied in accordance with the provisions of the Completion Certificate.

3. In the absence of written investment direction from an Authorized Authority Representative, the Trustee may invest moneys which the Authority has failed to direct in money market funds as defined in clauses b(2) and (6) of the definition of "Investment Securities" in Section 101 hereof customarily invested in by the Trustee.

4. Notwithstanding anything herein to the contrary, the Authority may direct the Trustee to deposit earnings from the Revenue Fund and the Operating Fund into the Rebate Fund to pay any amounts required to be set aside for rebate to the Internal Revenue Service pursuant to the Code.

5. Nothing in this Indenture shall prevent any Investment Securities acquired as investments of or security for funds held under this Indenture from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

ARTICLE VI

DEPOSITORIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

**Section 601. Depositories.** 1. All moneys deposited under the provisions of this Indenture with the Trustee shall constitute trust funds and shall be held in trust and applied only in accordance with the provisions of this Indenture, and each of the Funds and Accounts established by this Indenture shall be a trust fund for the purpose thereof held for the benefit of the Authority. The Authority may deposit such moneys with the Trustee in trust for the Authority.

2. Any Fiduciary shall be a bank or trust company organized under the laws of the State or any other state or a national banking association having capital stock, surplus and undivided earnings of \$100,000,000 or more and willing and able to accept the office on reasonable and customary terms and authorized by law to act in accordance with the provisions of this Indenture. No moneys shall be deposited with any Fiduciary in any amount exceeding fifteen percent (15%) of the amount which an officer of such Fiduciary shall certify to the Authority as to the capital stock and surplus of such Fiduciary.

**Section 602. Deposits.** 1. All Revenues and moneys held by the Trustee or a Fiduciary under this Indenture may be placed on demand or time deposit, if and as directed by the Authority, provided that such deposits shall permit the moneys so held to be available for use at the time when needed. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks and drafts on such deposit with the same force and effect as if it were not such Fiduciary. All moneys held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by the Authority and acceptable to such Fiduciary, on time deposit, provided that such moneys on deposit be available for use at the time when needed.

2. All moneys held under this Indenture by the Trustee or any Fiduciary shall be: (i) either (a) continuously and fully insured by the Federal Deposit Insurance Corporation, or (b) continuously and fully secured by lodging with the Trustee or any Federal Reserve Bank, as custodian, as collateral security, such securities as are described in clauses b(1) and (2) of the definition of "Investment Securities" in Section 101 hereof, having a market value at the time of deposit (exclusive of accrued interest) not less than the amount of such moneys; or (ii) secured in such other manner as may then be required by applicable Federal or State laws and regulations and applicable state laws and regulations of the state in which the Trustee or such Fiduciary (as the case may be) is located, regarding security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Fiduciaries to give security under this subsection (2) for the deposit of any moneys with them held in trust and set aside by them for the payment of the principal or Redemption Price of and interest on any Series of Bonds, or to give security for any moneys which shall be represented by Investment Securities purchased as an investment of such moneys.

3. All moneys deposited with the Trustee shall be credited to the particular Fund or Account to which such moneys belong and, except as provided with respect to the investment of moneys in Investment Securities in Section 603 hereof, the moneys credited to

6. Nothing in this Indenture shall preclude the Trustee from investing or reinvesting moneys through its bond department; provided, however, that the Authority may, in its discretion, direct that such moneys be invested or reinvested in a manner other than through such bond department.

**Section 604. Valuation and Sale of Investments.** Obligations purchased as an investment of moneys in any Fund or Account created under the provisions of this Indenture shall be deemed at all times to be a part of such Fund or Account and any profit realized from the liquidation of such investment shall be credited to such Fund or Account, and any loss resulting from the liquidation of such investment shall be charged to the respective Fund or Account.

In computing the amount in any Fund or Account created under the provisions of this Indenture for any purpose provided in this Indenture, obligations purchased as an investment of moneys therein shall be valued at the lesser of cost or market value thereof. The accrued interest paid in connection with the purchase of any obligation shall be included in the value thereof until interest on such obligation is paid. Such valuation shall be determined on a monthly basis on the basis of monthly statements produced by the Trustee.

Except as otherwise provided in this Indenture, the Trustee shall sell at the best price reasonably obtainable or present for redemption or transfer as provided in the next sentence any obligation so purchased as an investment whenever either shall be requested, in writing, by an Authorized Authority Representative to do so or whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any Fund or Account held by it. In lieu of such sale or presentation for redemption, the Trustee may, in making the payment or transfer from any Fund or Account mentioned in the preceding sentence, transfer such investment obligations or coupons for interest appertaining thereto if such investment obligations or coupons shall mature or be collectable at or prior to the time the proceeds thereof shall be needed.

Neither the Authority nor the Trustee shall be liable or responsible for any loss resulting from any such investment, sale or presentation for investment made in the manner provided herein.

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ARTICLE VII

PARTICULAR COVENANTS OF THE AUTHORITY

The Authority covenants and agrees with the Trustee and the Bondholders as follows:

**Section 701. Payment of Bonds.** The Authority shall duly and punctually pay or cause to be paid, but solely from the Pledged Property, the principal or Redemption Price of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds, according to the true intent and meaning thereof.

**Section 702. Extension of Payment of Bonds.** The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement, and in case the maturity of any of the Bonds or the time for payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under this Indenture, to the benefit of this Indenture or to any payment out of Revenues or Funds established by this Indenture, including the investment thereof, pledged under this Indenture or the moneys (except moneys held in trust for the payment of particular Bonds or claims for interest pursuant to this Indenture) held by the Fiduciaries, except subject to the prior payment of the principal of all Bonds Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Authority to issue Refunding Bonds pursuant to Section 205 hereof and such issuance shall not be deemed to constitute an extension of maturity of the Bonds to be refunded.

**Section 703. Offices for Servicing Bonds.** The Authority shall at all times maintain one or more agencies in the State, and may maintain one or more such agencies in any other state or states, where Bonds may be presented for payment. The Authority hereby appoints the Trustee, as a Bond Registrar, and the Authority shall at all times maintain one or more agencies where Bonds may be presented for registration or transfer and where notices, demands and other documents may be served upon the Authority in respect of the Bonds or of this Indenture, and the Trustee shall continuously maintain or make arrangements to provide such services.

**Section 704. Further Assurance.** At any and all times the Authority shall, as far as it may be authorized by law, comply with any reasonable request of the Trustee to pass, make, do, execute, acknowledge and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, Revenues and other moneys, securities and Funds hereby pledged, or intended so to be, or which the Authority may become bound to pledge to the payment of the principal or Redemption Price of and interest on the Bonds, including any Series thereof.

**Section 705. Power to Issue Bonds and Pledge Pledged Property.** The Authority is duly authorized under all applicable State laws to create and issue the Bonds, to

enter into this Indenture with the Trustee and to pledge the Pledged Property purported to be subjected to the lien of this Indenture in the manner and to the extent provided in this Indenture. Except to the extent otherwise provided in this Indenture, the Pledged Property so pledged is and will be free and clear of any other pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and assignment created by this Indenture, and all action on the part of the Authority to that end has been and will be duly and validly taken. The Bonds and the provisions of this Indenture are and will be the valid and legally binding special and limited obligations of the Authority. The Authority shall at all times, to the extent permitted by State law, defend, preserve and protect the pledge of the Pledged Property under this Indenture and all the rights of the Bondholders under this Indenture against all claims and demands of all Persons whomsoever.

**Section 706. Creation of Liens.** The Authority shall not issue any bonds, notes, debentures or other evidences of indebtedness of similar nature, other than the Bonds, payable out of or secured by a pledge or assignment of the Pledged Property held or set aside by the Authority or by Fiduciaries under this Indenture, and shall not create or cause to be created any lien or charge on the Pledged Property; provided, however, that nothing contained in this Indenture shall prevent the Authority from issuing, if and to the extent permitted by law, evidences of indebtedness payable out of or secured by a pledge and assignment of the Pledged Property on and after such date as the pledge of the Pledged Property provided in this Indenture shall be discharged and satisfied as provided in Article XI hereof.

**Section 707. Accounts and Reports.** 1. The Authority shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in accordance with generally accepted accounting principles in which complete and correct entries shall be made of its transactions relating to the amount of Revenues and the application thereof, the expenditure of moneys for the Construction Project and each Fund or Account established under this Indenture. All books and papers of the Authority shall, subject to the terms thereof, at all times, upon prior reasonable written notice to the Authority, during regular business hours, be subject to the inspection of the Trustee and the Holders of an aggregate of not less than five percent (5%) in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

2. The Trustee or any Fiduciary shall advise the Authority as soon as practicable after the end of each Month of the respective transactions during such Month relating to each Fund or Account held by it under this Indenture.

3. The Authority shall cause its books and accounts, including annual balance sheets and statements of income and surplus, to be audited annually by an accountant within two hundred and seventy (270) days after the close of its Fiscal Year, and, if requested by the Trustee, to file or cause to be filed with the Trustee, and otherwise as provided by law, a copy of the reports of such audits, including statements in reasonable detail of the status of all funds held by the Trustee pursuant to this Indenture and the security therefor and of the Revenues collected. If requested by the Trustee, the Authority shall also provide an Accountant's Certificate stating whether or not, to the best of the knowledge and belief of the signer, the Authority is in default with respect to any of the covenants, agreements or conditions on its part contained in this Indenture, and if so, the nature of such default.

4. The Authority shall file or cause to be filed with the Trustee forthwith upon becoming aware of any Event of Default or default in the performance by the Authority of any covenant, agreement or condition contained in this Indenture, a certificate signed by an Authorized Authority Representative specifying such Event of Default or default and the nature and status thereof.

5. The reports, statements and other documents required to be furnished to the Trustee pursuant to any provisions of this Indenture shall be available for the inspection of the Bondholders at the principal corporate trust office of the Trustee, who shall file a written request therefor with the Authority. The Authority may charge or cause to be charged each Bondholder requesting such reports, statements and other documents a reasonable fee to cover reproduction, handling and postage.

**Section 708. Payment of Taxes and Charges.** The Authority will from time to time duly pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges, or required payments in lieu thereof, lawfully imposed upon the properties of the Authority or upon the rights, revenues, income, receipts and other moneys, securities and funds of the Authority when the same shall become due (including all rights, moneys and other property transferred, assigned or pledged under this Indenture), and all lawful claims for labor and material and supplies, except those taxes, assessments, charges or claims which the Authority shall in good faith contest by proper legal proceedings if the Authority shall in all such cases have set aside on its books reserves deemed adequate with respect thereto.

**Section 709. Acquisition of the Construction Project and its Operation and Maintenance.** 1. The Authority shall acquire, construct and/or install the Construction Project with due diligence and in a sound and economical manner.

2. The Authority shall at all times use the Facility properly and in an efficient and economical manner, consistent with good business practices, and shall maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals thereto.

**Section 710. Maintenance of Insurance.** 1. The Authority shall at all times maintain such insurance (or shall cause any tenant of the Construction Project to maintain) as shall be reasonably appropriate for a project of the type and scope of the Construction Project.

2. The Authority shall also maintain (or shall cause any tenant of the Construction Project to maintain) any additional or other insurance which it shall deem necessary or advisable to protect its interests and those of the Bondholders.

3. Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing.

4. Upon written request of the Trustee, the Authority shall file (or shall cause any tenant of the Construction Project to file) with the Trustee annually, within one hundred twenty (120) days after the close of each calendar year, certificates setting forth a description in reasonable detail of the insurances then in effect with respect to the applicable components of the

Construction Project and certifying that the Authority (or the tenant, as the case may be) has complied in all with its requirements pursuant to this Section 710.

**Section 711. Application of Insurance Proceeds.** The Proceeds of any insurance, including the proceeds of any condemnation award paid on account of any damage or destruction to the Construction Project, or any portion thereof (other than any business interruption loss insurance) shall be applied as set forth in Sections 503(5) and 506(2) hereof.

**Section 712. Enforcement of County Guaranty.** The Authority shall undertake all actions necessary so as to entitle it to collect payments from the County, if necessary, in accordance with the terms of the Act and the terms of the County Guaranty. The Authority shall not release or modify the obligations of the County under the terms of the County Guaranty in any manner which would adversely affect the County's obligation to make payments thereunder. The Authority shall take all reasonable measures which are permitted by the Act or otherwise by law, to enforce prompt payment to the Trustee of all amounts due under the County Guaranty, and shall at all times, to the extent permitted by the Act or otherwise by law, defend, enforce, preserve and protect the rights, benefits and privileges of the Authority and of the Bondholders under or with respect to the County Guaranty.

**Section 713. General.** 1. Upon the date of authentication and delivery of any Series of Bonds, all conditions, acts and things required by law and this Indenture to exist, to have happened and to have been performed precedent to and in the issuance of such Series of Bonds, shall exist, have happened and have been performed and the issue of such Series of Bonds, together with all other indebtedness of the Authority, shall comply in all respects with the applicable laws of the State.

2. The Authority shall at all times maintain its existence and shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions of the Act and this Indenture, including the exercise of its remedies thereunder.

**Section 714. Federal Tax Covenants.** The Authority hereby covenants not to take or omit to take any action so as to cause interest on any Series of Bonds to be no longer excluded from gross income for the purposes of federal income taxation and to otherwise comply with the requirements of Sections 103 and 141 through 150 of the Code, and all applicable regulations promulgated with respect thereto, throughout the term of such Series of Bonds. The Authority further covenants that it will make no investments or other use of the proceeds of any Series of Bonds which would cause such Series of Bonds to be "arbitrage bonds" (as defined in Section 148 of the Code). The Authority further covenants to comply with the rebate requirements (including the prohibited payment provisions) contained in Section 148(f) of the Code and any regulations promulgated thereunder, to the extent applicable, and to pay any interest or penalty imposed by the United States for failure to comply with said rebate requirements, to the extent applicable. The Authority further covenants not to cause the Series 2023 Bonds and any additional Series of Bonds to become "private activity bonds" (within the meaning of Section 141 of the Code).

**Section 715. Secondary Market Disclosure.** The Authority covenants and agrees that it will undertake all responsibilities for compliance with secondary market disclosure

requirements pursuant to Rule 15c2-12(b) ("Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as described in the Continuing Disclosure Agreement ("Continuing Disclosure Agreement") to be executed by and between the Authority and Phoenix Advisors, LLC, acting as dissemination agent. Notwithstanding any other provision of this Indenture, the failure of the Authority to comply with the provisions of the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder and the Beneficial Owners of the Bonds (as defined in the Continuing Disclosure Agreement) may take such actions as set forth in the Continuing Disclosure Agreement as may be necessary and appropriate to cause the Authority to comply with its obligations set forth in the Continuing Disclosure Agreement.

**Section 716. Lease of New Facility.**

If and to the extent that the Authority leases the New Facility, the Authority shall collect or cause to be collected all amounts, if any, payable to it by the tenant or tenants thereof pursuant to and in accordance with the applicable lease or similar agreement entered into between the Authority and such tenant (each referred to herein as a "Lease"). If and to the extent entered into, the Authority shall enforce or cause to be enforced all of the provisions of such Lease.

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**ARTICLE VIII**

**REMEDIES OF BONDHOLDERS**

**Section 801. Events of Default.** The following events shall constitute an Event of Default under this Indenture:

(i) if default shall be made by the Authority in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise, as applicable; or

(ii) if default shall be made by the Authority in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any Sinking Fund Installment therefor, when and as such interest installment or Sinking Fund Installment shall become due and payable; or

(iii) if default shall be made in the due and punctual payment of the redemption premium of any Bond when and as the same shall become due and payable; or

(iv) if default shall be made by the County pursuant to the County Guaranty in the due and punctual payment of principal of and interest on the Bonds when such payment shall become due and payable, not less than two (2) Business Days before any Interest Payment Date and Principal Installment Date, as applicable, and such default is not cured by the County by such Interest Payment Date and Principal Installment Date, as applicable; or

(v) the entering of an order or decree appointing a receiver with the consent or acquiescence of the Authority or the entering of such order or decree without the acquiescence or consent of the Authority if it shall not be vacated, discharged or stayed within sixty (60) days after its entry; or

(vi) a petition is filed by the Authority under any Federal or State bankruptcy or insolvency law or other similar law in effect on the date of this Indenture or thereafter enacted, unless in the case of a petition filed against the Authority, such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal or the Authority shall become insolvent or bankrupt or make an assignment for the benefit of its creditors; or a custodian (including, without limitation, a receiver, liquidator or trustee) of the Authority or any of its property shall be appointed by court order or take possession of the Authority's property or assets, if such order remains in effect or such possession continues for more than thirty (30) days; or

(vii) if default shall be made by the Authority in the performance or observance of any other of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, and such default shall continue for a period of sixty (60) days and the Authority shall have failed to commence to cure such default within such sixty (60) day period after written notice thereof to the Authority by the Trustee or to the Authority and to the Trustee by the Holders of not less than fifty-one percent (51%) in principal amount of the Bonds Outstanding; or

(viii) if the Authority shall commence a voluntary case or similar proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or shall authorize, apply for or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official of its properties and/or its rents, fees, charges or other revenues therefrom, or shall make any general assignment for the benefit of creditors, or shall make a written declaration or admission to the effect that it is unable to meet its debts as such debts mature, or shall authorize or take any action in furtherance of any of the foregoing; or

(ix) if a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Authority in an involuntary case or similar proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for the Authority, of its properties and/or the rents, fees, charges or other revenues therefor, or a decree or order for the dissolution, liquidation or winding up of the Authority and its affairs or a decree or order finding or determining that the Authority is unable to meet its debts as such debts mature, and any such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days;

then, in each and every case so long as such Event of Default shall not have been remedied, unless the principal of all the Bonds shall have already become due and payable, (a) upon the occurrence of an Event of Default identified in clauses (i), (ii), (iii) and (iv) of this Section 801, either the Trustee may (by notice, in writing, to the Authority), or, upon receipt of direction, in writing, from the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding (by notice, in writing, to the Authority and the Trustee), the Trustee shall, declare the principal of all Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, anything in this Indenture or in any of the Bonds to the contrary notwithstanding, or (b) upon the occurrence of an Event of Default identified in clauses (v), (vi), (vii), (viii) or (ix) of this Section 801, the Trustee shall, if so directed in writing by the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding, declare the principal of all Bonds then Outstanding, and the interest accrued thereon, to be due

and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in this Indenture or in any of the Bonds contained to the contrary notwithstanding.

The right of the Trustee or of the Holders of not less than fifty-one percent (51%) in principal amount of the Bonds Outstanding to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of interest upon the Bonds, together with the reasonable and proper fees, charges, expenses and liabilities of the Trustee and all other sums then payable by the Authority and the County under this Indenture (except the principal of, and interest accrued since the next preceding Interest Payment Date on the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of the Authority or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Bonds or under this Indenture (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then, and in every such case, the Holders of fifty-one percent (51%) in principal amount of the Bonds Outstanding, by written notice to the Authority and the Trustee, may rescind such declaration and annul such default in its entirety or if the Trustee shall have acted itself, and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by the Holders of fifty-one percent (51%) in principal amount of the Bonds Outstanding, then any such declaration shall *ipso facto* be deemed to be rescinded and any such default shall *ipso facto* be deemed to be annulled, but no such rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

**Section 802. Accounting and Examination of Records After Default.** 1. The Authority covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the Authority shall at all times be subject to the inspection and use of the Trustee and of their agents and attorneys.

2. The Authority covenants that if an Event of Default shall have happened and shall not have been remedied, the Authority, upon demand of the Trustee will account, as if it were the trustee of an express trust, for all Revenues and other moneys, securities and funds pledged or held under this Indenture for such period as shall be stated in such demand.

**Section 803. Application of Pledged Property After Default.** 1. The Authority covenants that if an Event of Default shall happen and shall not have been remedied, the Authority, upon the demand of the Trustee, shall pay over or cause to be paid over to the Trustee or its agent in trust: (i) forthwith, all Pledged Property then held by the Authority under this Indenture; and (ii) all Revenues, if any, which are not paid directly to the Trustee as promptly as practicable after receipt thereof.

2. During the continuance of an Event of Default, the Trustee shall apply the Pledged Property, including all moneys, securities, funds and Revenues received by the Trustee pursuant to any right given or action taken under the provisions of this Article VIII together with all funds held by the Trustee in any Funds or Accounts under this Indenture as follows and in the following order:

(i) Expenses of Fiduciaries -- to the payment of the reasonable and proper fees (including reasonable attorneys' fees), charges, expenses and liabilities of the Fiduciaries;

(ii) Principal and Interest -- to the payment of the interest and principal then due on the Bonds, as follows:

(a) unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: Interest -- To the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

Second: Principal -- To the payment to the Persons entitled thereto of the unpaid principal of any Bonds which shall have become due in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds of any Series due on any date, then to the payment thereof ratably, according to the amounts of principal due on such date, to the Persons entitled thereto, without any discrimination or preference;

(b) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

3. Whenever all overdue installments of all Bonds, together with the reasonable and proper charges, fees (including reasonable attorneys' fees), expenses and liabilities of the Trustee, and all other sums payable by the Authority under this Indenture, including the principal of and accrued unpaid interest on all Bonds which shall then be payable, by declaration or otherwise shall either be paid by or for the account of the Authority, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under this Indenture or the Bonds shall be made good or secured to the satisfaction of the Trustee or

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provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the Authority all moneys, securities and funds then remaining unexpended in the hands of the Trustee (except moneys, securities and funds deposited or pledged, or required by the terms of this Indenture to be deposited or pledged, with the Trustee) and thereupon the Authority and the Trustee shall be restored, respectively, to their former positions and rights under this Indenture. No such payment over to the Authority by the Trustee nor such restoration of the Authority and the Trustee to their former positions and rights shall extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

**Section 804. Proceedings Brought by Trustee.** 1. If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon written request of the Holders of not less than fifty-one percent (51%) in principal amount of the Bonds Outstanding so in default shall proceed, to protect and enforce its rights and the rights of the Holders of the Bonds so in default under this Indenture forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under this Indenture.

2. All rights of action under this Indenture may be enforced by the Trustee without the possession of any of the Bonds so in default or the production thereof at the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

3. The Holders of fifty-one percent (51%) in principal amount of the Bonds so in default at the time Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee.

4. Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under this Indenture, the Trustee shall be entitled to exercise any and all rights and powers conferred in this Indenture and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

5. Regardless of the happening of an Event of Default, the Trustee shall have power to, but unless requested in writing by the Holders of fifty-one percent (51%) in principal amount of the Bonds so in default then Outstanding and furnished with adequate security and indemnity satisfactory to the Trustee, shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under this Indenture by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders.

**Section 805. Restrictions on Bondholder's Action.** 1. No Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of this Indenture or the execution of any trust under this Indenture

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or for any remedy under this Indenture, unless such Holder shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in this Article VIII, and the Holders of at least fifty-one percent (51%) in principal amount of the Bonds so in default then Outstanding shall have filed a written request with the Trustee and shall have offered it reasonable opportunity either to exercise the powers granted in this Indenture or by the Act or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity satisfactory to the Trustee against the costs, fees (including reasonable attorneys' fees), expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of thirty (30) days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by this Indenture, or to enforce any right under this Indenture, except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner provided in this Indenture and for the equal benefit of all Holders of the Outstanding Bonds, subject only to the provisions of Section 802 hereof.

2. Nothing contained in this Indenture or in the Bonds shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed, the principal of (and redemption premium, if any) and interest on the Bonds to the Holders thereof, but solely to the extent of the pledged property, or affect or impair the right of action, which is also absolute and unconditional, of any Holder to enforce such payment of his Bond.

**Section 806. Remedies Not Exclusive.** No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Indenture or existing at law or in equity or by statute on or after the date of execution and delivery of this Indenture.

**Section 807. Effect of Waiver and Other Circumstances.** 1. No delay or omission of the Trustee or any Bondholder to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or be an acquiescence therein; and every power and remedy given by this Article VIII to the Trustee or to the Bondholders may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

2. Prior to the declaration of maturity of the Bonds as provided in Section 801 hereof, the Holders of fifty-one percent (51%) in principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Holders of all of the Bonds so in default waive any past default under this Indenture and its consequences, except a default in the payment of interest on or principal of or redemption premium (if any) on any of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

**Section 808. Notice of Default.** The Trustee shall promptly mail written notice of the occurrence of any Event of Default of which the Trustee has actual knowledge to each Registered Owner of Bonds so in default then Outstanding at his address, if any, appearing

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upon the registry books of the Authority. The Trustee shall also give prompt notice of the occurrence of an Event of Default of which the Trustee has actual knowledge to the Authority and the Paying Agent. For purposes of this Section 808, the Trustee will be deemed to have actual knowledge only if an officer of the corporate trust department of the Trustee has actual first-hand knowledge thereof. The Trustee shall be deemed to have actual knowledge of any payment default if the Trustee shall not have received payment on the date on which such payment was due.

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ARTICLE IX  
CONCERNING THE FIDUCIARIES

**Section 901. Acceptance of Trusts; Certain Duties and Responsibilities.** The Trustee accepts and agrees to execute the trusts imposed upon it by this Indenture, but only upon the following terms and conditions:

- (a) Except during the continuance of an Event of Default,
- (i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and
- (ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.
- (b) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent trustee would exercise or use under the circumstances.
- (c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that
- (i) this subsection shall not be construed to limit the effect of subsection (a) of this Section 901;
- (ii) the Trustee shall not be liable for any error of judgment made in good faith by an authorized officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;
- (iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture, and
- (iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

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thereof, or as to the title thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use or application by the Authority of any of the Bonds or the proceeds thereof or of any money paid to or upon the order of the Authority under any provision of this Indenture.

(h) The Trustee or any of its affiliates, in its individual or any other capacity, may become the Owner or pledgee of Bonds and may otherwise deal with the Authority with the same rights it would have if it were not Trustee.

(i) All money received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law or by this Indenture. The Trustee shall be under no liability for interest on any money received by it hereunder except for accounting for earnings on Investment Securities.

(j) The Trustee may execute any of the trusts and powers hereunder or perform any duties hereunder either directly or, to the extent that it may reasonably determine is necessary or appropriate to the conduct of its duties hereunder, by or through agents, attorneys or receivers, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent, attorney or receiver appointed by it with due care hereunder, taking into account the duties with respect to which such Person is appointed, and the Trustee shall not be required to give any bond or surety in respect of the execution, delivery or administration of this Indenture. This subparagraph shall not be interpreted as absolving the Trustee of responsibility with respect to duties customarily performed by corporate trustees in the ordinary course of business without the employment of agents, attorneys or receivers.

(k) The Trustee may elect not to proceed in accordance with the directions of the Owners without incurring any liability to the Owners if in the opinion of the Trustee such direction may result in liability to the Trustee, in its capacity as Trustee or in an individual capacity for which the Trustee has not received indemnity pursuant to Section 902(c) hereof from the Owners and the Trustee may conclusively rely upon an Opinion of Counsel addressed to the Authority and the Trustee in determining whether any action directed by Owners or the Authority may result in such liability.

(l) Notwithstanding any other provision of this Indenture to the contrary, any provision intended to provide authority to act, right to payment of fees and expenses, protection, immunity and indemnification to the Trustee shall be interpreted to include any action of the Trustee whether it is deemed to be in its capacity as Trustee, Bond Registrar or Paying Agent.

(m) Except as otherwise expressly provided hereunder, the Trustee shall not be required to give or furnish any notice, demand, report, reply, statement, advice or opinion to any Owner, the County, the Authority or any other Person, and the Trustee shall not incur any liability for its failure or refusal to give or furnish the same unless obligated or required to do so by express provisions hereof.

(n) The Trustee shall have no responsibility with respect to any information in any offering memorandum or other disclosure material distributed with respect to the Bonds or for compliance with securities laws in connection with the sale and issuance of the Bonds.

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(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 901.

**Section 902. Certain Rights of Trustee.** Except as otherwise provided in Section 901 hereof:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The Trustee shall be entitled to rely conclusively upon a certificate of Authorized Authority Representative or a certificate of an Authorized County Representative as to the sufficiency of any request or direction of the County or the Authority, as applicable, mentioned herein, the existence or non-existence of any fact or the sufficiency or validity of any instrument, paper or proceeding, or that a resolution in the form therein set forth has been adopted by the County or a resolution of the Authority has been duly adopted, and is in full force and effect.

(c) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, conclusively rely upon a certificate of Authorized Authority Representative or a certificate of an Authorized County Representative, as applicable.

(d) The Trustee may consult with counsel, and the advice or opinions of such counselor any Opinion of Counsel may be conclusively relied upon by the Trustee and shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee hereunder in good faith and in reliance thereon.

(e) Notwithstanding anything elsewhere in this Indenture contained, before taking any action under this Indenture, the Trustee may require that satisfactory indemnity be furnished to it for the payment or reimbursement of all reasonable fees, costs and expenses to which it may be put and to protect it against all liability which it may incur in or by reason of such action, including those arising in connection with any environmental claim and the fees and expenses of attorneys, except liability which is adjudicated to have resulted from its gross negligence or willful misconduct by reason of any action so taken.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Authority, personally or by agent or attorney.

(g) The Trustee assumes no responsibility for the correctness of the recitals contained in this Indenture and in the Bonds, except the certificate of authentication on the Bonds. The Trustee makes no representations to the value or condition of the Pledged Property or any part

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(o) The Trustee shall have no responsibility with respect to compliance by the Authority with Section 148 of the Internal Revenue Code or any covenant in this Indenture regarding yields on investments.

(p) The Trustee shall not be required to give a bond or surety to act under this Indenture.

The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its gross negligence or willful misconduct.

**Section 903. Notice of Defaults.** The Trustee shall not be required to take notice or be deemed to have notice of any default or Event of Default hereunder except failure by the Authority to cause to be made any of the payments to the Trustee required to be made by Article V hereof, unless the Trustee shall be specifically notified in writing of such default or Event of Default by the Authority, the County, or the Owners of at least 10% in principal amount of all Bonds Outstanding, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Within 30 days after the occurrence of any Event of Default hereunder of which the Trustee is required to take notice or has received notice as provided in this Section 903, the Trustee shall give written notice of such Event of Default by first-class mail to all Owners of Bonds as shown on the Bond Register maintained by the Trustee, unless such default shall have been cured or waived; provided that, except in the case of a default in the payment of the principal of (or redemption premium, if any) or interest on any Bond, the Trustee shall be protected in withholding such notice from Bondholders if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondholders. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default.

**Section 904. Compensation and Reimbursement.** The Trustee shall be entitled to payment or reimbursement:

(a) from time to time for reasonable compensation for services performed by the Trustee under this Indenture (which in the case of compensation for the Trustee's services shall be agreed upon by the Authority), which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust;

(b) except as otherwise expressly provided herein, upon its request, for all services performed by the Trustee (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's gross negligence, willful misconduct or bad faith; and

(c) of indemnification for, and to be held harmless against, any loss, liability or expense incurred in connection with the Series 2023 Bonds or the Construction Project.

The Authority hereby agrees to pay to the Trustee all reasonable fees, charges, advances and expenses of the Trustee and to reimburse the Trustee and hold it harmless, and the Trustee agrees to look only to the Authority for the payment of all reasonable fees, charges, advances and expenses of the Trustee.

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All indemnity provisions in favor of the Trustee under this Indenture shall be to the extent permitted by law and shall survive the termination of this Indenture and the removal or resignation of the Trustee.

**Section 905. Corporate Trustee Required; Eligibility.** There shall at all times be a Trustee hereunder which shall be a bank, national banking association or trust company organized and doing business under the laws of the United States of America or of any state thereof, authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authority, with trust and fiduciary powers in the State, and having a combined capital and surplus of at least \$75,000,000 or having its obligations hereunder guaranteed by an affiliated entity with a combined capital and surplus of at least \$75,000,000. If such corporation or association publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this Section 905, the combined capital and surplus of such corporation or association shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with this Section, it shall resign immediately in the manner and with the effect specified in this Article.

**Section 906. Resignation and Removal of Trustee.**

(a) The Trustee may resign at any time by giving written notice thereof to the Authority and each Owner of Bonds Outstanding as their names and addresses appear in the Bond Register maintained by the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may, at the expense of the Authority, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(b) The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Authority, and the Trustee signed by the Owners of a majority in principal amount of the Outstanding Bonds. In addition, the Authority (so long as the Authority is not in default under this Indenture and no condition exists that, with the giving of notice or the passage of time, or both, would constitute a default or an Event of Default) may remove the Trustee at any time for any reason. The Authority or any Bondholders may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee.

(c) If at any time:

(i) the Trustee shall cease to be eligible under Section 905 hereof and shall fail to resign after written request therefor by the Authority or by any such Bondholders, or

(ii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (a) the Authority may remove the Trustee, or (b) any Bondholders may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(d) The successor Trustee shall give notice of such resignation or such removal of the Trustee and such appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Registered Owners of Bonds as their names and addresses appear in the Bond Register maintained by the Trustee. Each notice shall include the name of the successor Trustee and the address of its Principal Office.

(e) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article IX shall become effective until the acceptance of appointment by the successor Trustee under Section 907 hereof.

**Section 907. Appointment of Successor Trustee.** If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Trustee for any cause, the Authority (so long as no Event of Default and no condition exists that, with the giving of notice or the passage of time, or both, would constitute a default or an Event of Default hereunder has occurred and is continuing) with the written consent of the Owners of a majority in principal amount of Bonds Outstanding (if an Event of Default hereunder has occurred and is continuing), the Authority and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all of the Pledged Property shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by the Authority or the Bondholders. If a successor Trustee shall be appointed in the manner herein provided, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If, within 30 days after such resignation, removal or incapability or the occurrence of such vacancy, no successor Trustee shall have been so appointed and accepted appointment in the manner herein provided, the Authority (so long as no Event of Default hereunder has occurred and is continuing and no condition exists that, with the giving of notice or the passage of time, or both, would constitute a default or an Event of Default) or the Owners of a majority in principal amount of Bonds Outstanding may appoint, or the Authority or the retiring Trustee, at the expense of the Authority, or any Bondholders may petition any court of competent jurisdiction for the appointment of, a temporary successor Trustee, until a successor shall have been appointed as above provided. The temporary successor so appointed shall immediately and without further act be superseded by any successor Trustee appointed as above provided. Every such successor Trustee appointed pursuant to this Section 907 shall be a bank or national banking association with trust powers or trust company in good standing under the laws of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of this Article IX.

**Section 908. Acceptance of Appointment by Successor.** Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Authority and the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee, but, on request of the Authority or the successor Trustee, such retiring Trustee shall, upon payment of its fees and charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring

Trustee hereunder, subject nevertheless to its lien, if any, provided for in Section 904 hereof and thereupon, all duties and obligations of the retiring Trustee hereunder shall cease and terminate. Upon request of any such successor Trustee, the Authority shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

**Section 909. Merger, Consolidation and Succession to Business.** Any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation or association shall be otherwise qualified and eligible under this Article, and shall be vested with all of the title to the whole property or Pledged Property and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger or consolidation to such authenticating Trustee may adopt such authentication and deliver such Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

**Section 910. Designation of Paying Agents.** The Trustee is hereby designated and agrees to act as principal Paying Agent for and in respect to the Bonds. The Authority may cause the necessary arrangements to be made through the Trustee and to be thereafter continued for the designation of alternate Paying Agents, if any, and for the making available of funds hereunder for the payment of the principal of, redemption premium, if any, and interest on the Bonds, or at the Principal Office of said alternate Paying Agents. In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or been removed shall cease to be trustee of any funds provided hereunder and Paying Agent for principal of, redemption premium, if any, and interest on the Bonds, and the successor Trustee shall become such Trustee and Paying Agent unless a separate Paying Agent or Agents are appointed in connection with the appointment of any successor Trustee.

**Section 911. Advances by Trustee.** If the Authority shall fail to make any payment or perform any of its covenants, the Trustee may (but shall in no case be required), at any time and from time to time, use and apply any moneys held by it under this Indenture, or make advances, to effect payment or performance of any such covenant on behalf of the Authority. All moneys so used or advanced by the Trustee, together with interest at the Prime Rate plus 2%, shall be repaid by the Authority upon demand and such advances shall be secured under this Indenture prior to the Bond Payment Obligations. For the repayment of all such advances the Trustee shall have the right to use and apply any moneys at any time held by it (except the moneys in the Rebate Fund) under this Indenture but no such use of moneys or advance shall relieve the Authority from any default hereunder.

**Section 912. Notice to Rating Agencies.** The Trustee shall promptly give written notice to each Rating Agency by registered or certified mail, postage prepaid, of the

occurrence of any of the following events: (i) the appointment of a successor Trustee hereunder; (ii) the date that no Bonds remain Outstanding; (iii) the Trustee becomes aware of any material change made in this Indenture; (iv) any redemption of Bonds pursuant to this Indenture other than mandatory sinking fund redemptions, if any; or (v) the acceleration of the Bonds in accordance with Article VIII hereof.

**Section 913. L. 2005, c. 92 Covenant.** In accordance with L. 2005, c. 92, the Trustee covenants and agrees that all services performed under this Indenture shall be performed within the United States of America.

**Section 914. Compliance with L. 2005, c. 51.** The Trustee represents and warrants that all information, certifications and disclosure statements previously provided in connection with L. 2005, c. 51, which codified Executive Order No. 134 (McGreevey 2004), are true and correct as of the date hereof and that all such statements have been made with full knowledge that the Authority has relied upon the truth of the statements contained therein in engaging the Trustee in connection with the Bonds. The Trustee agrees that it will maintain continued compliance with L. 2005, c. 51 and any regulations pertaining thereto. The Trustee acknowledges that upon its failure to make required filings thereunder or the making of a contribution prohibited thereunder the Authority may remove the Trustee as trustee under this Indenture and may exercise any remedies afforded to it at law or in equity.

**Section 915. Compliance with L. 2005, c. 271 Reporting Requirements.** The Trustee hereby acknowledges that it has been advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission ("ELEC") pursuant to *N.J.S.A. 19:44A-20.13* (L. 2005, c. 271, section 3) if the Trustee enters into agreements or contracts, such as this Indenture, with a New Jersey public entity, such as the Authority, and receives compensation or fees in excess of \$50,000 or more in the aggregate from New Jersey public entities, such as the Authority, in a calendar year. It is the Trustee's responsibility to determine if filing is necessary. Failure to do so may result in the imposition of financial penalties by ELEC.

**Section 916. Conflict Between Provisions of Indenture and County Guaranty.** In the event the Trustee, in the performance of its fiduciary responsibilities, determines there are conflicts, ambiguities or inconsistencies between the provisions of the County Guaranty and this Indenture, the Trustee may rely upon a written opinion from Bond Counsel addressed to the Authority, the County and the Trustee directing the Trustee to adhere to the provisions of either the County Guaranty or this Indenture. The Trustee shall be fully protected in the performance of its fiduciary responsibilities to the extent it acts in accordance with such opinion.

**[Section 917. Provisions Relating to the Policy With Respect to the Series 2023 Bonds.**

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ARTICLE X  
SUPPLEMENTAL INDENTURES

**Section 1001. Supplemental Indentures Not Requiring Consent of Bondholders.** The Authority and the Trustee may from time to time, without the consent of or notice to any of the Bondholders, enter into one or more Supplemental Indentures, for anyone or more of the following purposes:

- (a) To close this Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in this Indenture on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness; or
- (b) To add to the covenants and agreements of the Authority in this Indenture, other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with this Indenture or the County Guaranty as theretofore in effect; or
- (c) To add to the limitations and restrictions in this Indenture, other limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with this Indenture as theretofore in effect; or
- (d) To authorize Bonds of a Series and, in connection therewith, specify and determine, or delegate to an Authorized Authority Representative the power to specify and determine, the matters and things referred to in Sections 202 and 205 hereof and also any other matters and things relative to such Bonds (including any Series thereof) which are not contrary to or inconsistent with this Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds (including any Series thereof); or
- (e) Notwithstanding any other provisions of this Indenture, to authorize a Series of Bonds having terms and provisions different than the terms and provisions theretofore provided in this Indenture including, but not limited to, provisions relating to the timing of the payment of interest, maturity amounts and valuation as of a given time, and authorizing the form of the bond for such Series of Bonds; provided that the authorization and issuance of such Series of Bonds shall not in any manner impair or adversely affect the rights or security of the Bondholders under this Indenture; or
- (f) To authorize, in compliance with all applicable law, Bonds of each Series to be issued in the form of fully registered Bonds issued and held in certificated or book-entry form on the books of the Authority, any Fiduciary or custodian appointed for that purpose by the Authority and, in connection therewith, make such additional changes herein, not adverse to the rights of the Holders of the Bonds, as are necessary or appropriate to accomplish or recognize such certificated or book-entry form Bonds, substitute for any such Fiduciary or custodian, provide for in, and amend any provisions in, this Indenture relating to the giving of notice, and specify and determine the matters and things relative to the issuance of such certificated or book-entry form Bonds as are appropriate or necessary; or

(g) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture, of the Revenues or of any other moneys, securities or Funds; or

(h) To confirm, as further assurance, any pledge or assignment under, and the subjection to any security interest, pledge or assignment created or to be created by, this Indenture of the Pledged Property and to pledge any additional revenues, moneys, securities or other agreements; or

(i) To modify any of the provisions of this Indenture in any other respect whatsoever, provided that: (i) such modification shall be, and be expressed to be, effective only after all Bonds of each Series Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding; or (ii) if such modification shall become effective prior to the authentication and delivery of the first Bond authorized to be issued pursuant to this Indenture, each Supplemental Indenture shall be specifically referred to in the text of all Bonds authenticated and delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof;

(j) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Indenture; or

(k) To insert such provisions clarifying matters or questions arising under this Indenture as are necessary or desirable and are not contrary to or inconsistent with this Indenture as theretofore in effect.

**Section 1002. Supplemental Indentures Requiring Consent of Bondholders.** Subject to Section 1004 hereof, with the consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding, the Authority and the Trustee may from time to time enter into such other Supplemental Indenture or Supplemental Indentures as shall be deemed necessary or desirable by the Trustee for the purpose of modifying, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any Supplemental Indenture; provided that nothing in this Section 1002 contained shall permit or be construed as permitting without the consent of the Owners of all of the Bonds then Outstanding:

- (a) an extension of the maturity of the principal of or the scheduled date of payment of interest on any Bond, or
- (b) a reduction in the principal amount, redemption premium, or any interest payable on any Bond, or
- (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or
- (d) a reduction in the aggregate principal amount of Bonds the Owners of which are required for such Supplemental Indenture.

If at any time the Authority shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes of this Section 1002, the Trustee shall cause notice of the proposed execution of such Supplemental Indenture to be mailed by first-class mail to each

Bondholders. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Bondholders. If within 60 days or such longer period as shall be prescribed by the Authority following the mailing of such notice, the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as in this Section 1002 permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

**Section 1003. Opinion of Bond Counsel.** Notwithstanding anything to the contrary in Sections 1001 or 1002 hereof, concurrently with the entry by the Authority and the Trustee into any Supplemental Indenture pursuant to Sections 1001 or 1002 hereof, there shall be delivered to the Authority and the Trustee an opinion of Bond Counsel. The Trustee may conclusively rely on such opinion when consenting to such Supplemental Indenture, which shall, in addition to its other elements, opine to the effect that such Supplemental Indenture is permitted under this Article X and is duly authorized, validly executed and delivered and is legally valid and binding upon the Authority.

**Section 1004. Consents and Other Instruments by Bondholders.** Any consent, request, direction, approval, objection or other instrument required by this Indenture (other than the assignment of any Bond) to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken, suffered or omitted under any such instrument, namely:

- (a) The fact and date of the execution by any Person of any such instrument may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the Person signing such instrument acknowledged before him the execution thereof, or by affidavit of any witness to such execution.
- (b) The fact of ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same shall be proved by the Bond Register.

In determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Indenture, Bonds owned by the Authority shall be disregarded and deemed not to be Outstanding under this Indenture, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds with respect to which the Trustee has received written notice of such ownership shall be so disregarded. Notwithstanding the foregoing, Bonds so owned which have been pledged in good faith shall not be disregarded as aforesaid if the pledgee establishes to the

satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Authority.

**Section 1005. Notation on Bonds.** Bonds authenticated and delivered after the effective date of any action taken as in this Article X provided may, and, if the Trustee so determines upon advice of counsel, shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to such action, and in that case upon demand of the Holder of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the principal corporate trust office of the Trustee or upon any transfer or exchange of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Trustee as to any such action. If the Authority or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Authority to conform to such action shall be prepared, authenticated and delivered, and upon demand of the Holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

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ARTICLE XI  
MISCELLANEOUS

**Section 1101. Defeasance.** 1. If, subject to the provisions set forth in the next succeeding sentence, the Authority shall pay or cause to be paid, or there shall otherwise be paid, to or for the account of the Holders of all Bonds the principal, redemption premium, if any, and interest due or to become due thereon, at the times and in the manner stipulated in the Bonds and in this Indenture, then the pledge of the Pledged Property, any Revenues and other moneys and securities pledged under this Indenture and all covenants, agreements and other obligations of the County to the Bondholders under the provisions of the County Guaranty shall thereupon cease, terminate and become void and be discharged and satisfied. Upon the request of the Authority, the Trustee shall execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Authority all moneys or securities held by them pursuant to this Indenture which are not required for the payment of principal of, redemption premium, if any, and interest on Bonds not theretofore surrendered for such payment or redemption. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Outstanding Bonds of a particular maturity or particular Bonds within a maturity, the principal of, redemption premium, if any, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under this Indenture and the County Guaranty and all covenants, agreements and obligations of the Authority and the County to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

2. Principal and/or interest installments for the payment or redemption of which moneys or Investment Securities shall have been set aside and shall be held in trust by the Trustee or Paying Agents (through deposit by the Authority of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection (1) of this Section 1101. Subject to the provisions of subsection (3) through subsection (5) of this Section 1101, all Outstanding Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (1) of this Section 1101 if (a) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Investment Securities (including any Investment Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price of and interest due and to become due on said Bonds on or prior to the redemption or maturity date thereof, as the case may be, and (b) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to it, irrevocable instructions to mail as provided in Article IV hereof a notice to the Holders of such Bonds that the deposit required by subclause (a) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section 1101 and stating such maturity or redemption date upon which moneys are expected, subject to the provisions of subsection (6) of this Section 1101, to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds, and (c) in case any of said Bonds are to be redeemed on any date prior to their maturity,

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the Authority shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to mail as provided in Article IV hereof notice of redemption of such Bonds (other than Bonds which have been purchased by the Trustee at the direction of the Authority or purchased or otherwise acquired by the Authority and delivered to the Trustee as hereinafter provided prior to the mailing of such notice of redemption) on said date. Any notice of redemption mailed pursuant to the preceding sentence with respect to Bonds which constitute less than all of the Outstanding Bonds of any maturity within a Series shall specify the letter and number or other distinguishing mark of each such Bond. For purposes of this Section 1101 only, the term Investment Securities shall mean only those Investment Securities described in clause b.(1) of the definition of "Investment Securities" contained in Section 101 hereof unless the Authority shall have received written confirmation from Moody's, if the Bonds are then rated by Moody's, S&P, if the Bonds are then rated by S&P, and Fitch, if the Bonds are then rated by Fitch, that defeasance with Investment Securities other than those described in such clause b.(1) of the definition of "Investment Securities" will result in the Bonds being rated in the highest investment grade or category of each such rating agency. The Trustee shall, if so directed by the Authority prior to the maturity date of Bonds deemed to have been paid in accordance with this Section 1101 which are not to be redeemed prior to their maturity date or prior to the maturity date of any Bonds deemed to have been paid in accordance with this Section 1101 which are to be redeemed on any date prior to their maturity, apply moneys deposited with the Trustee in respect of such Bonds and redeem or sell Investment Securities so deposited with the Trustee and apply the proceeds thereof to the purchase of such Bonds so purchased; provided, however, that the moneys and Investment Securities remaining on deposit with the Trustee after the purchase and cancellation of such Bonds shall be sufficient (as verified by an independent certified public accountant, as stated in a verification report addressed to the Authority and the Trustee) to pay when due the Principal Installment, redemption premium, if any, and interest due or to become due on all Bonds, in respect of which such moneys and Investment Securities are being held by the Trustee on or prior to the redemption date or maturity date thereof, as the case may be. If, at any time prior to the maturity date of Bonds deemed to have been paid in accordance with this Section 1101 which are not to be redeemed prior to their maturity date or Bonds which are to be redeemed prior to their maturity date, the Authority shall purchase or otherwise acquire any such Bonds and deliver such Bonds to the Trustee prior to their maturity date, the Trustee shall immediately cancel all such Bonds so delivered; such delivery of Bonds to the Trustee shall be accompanied by directions from the Authority to the Trustee as to the manner in which such Bonds are to be applied against the obligation of the Trustee to pay Bonds deemed paid in accordance with this Section 1101. The directions given by the Authority to the Trustee referred to in the preceding sentences shall also specify the portion, if any, of such Bonds so purchased or delivered and canceled to be applied against the obligation of the Trustee to pay Bonds deemed paid in accordance with this Section 1101 upon their maturity date or dates and the portion, if any, of such Bonds so purchased or delivered and canceled to be applied against the obligation of the Trustee to redeem Bonds deemed paid in accordance with this Section 1101 on any date or dates prior to their maturity. In the event that on any date as a result of any purchases, acquisitions and cancellations of Bonds as provided in this Section 1101 such amount is in excess (as verified by an independent certified public accountant addressed to the Authority and the Trustee) of the total amount which would have been required to be deposited with the Trustee on such date in respect of the remaining Bonds in order to satisfy subclause (a) of this subsection (2) of Section 1101, the Trustee shall, upon written direction of the Authority amounts due pursuant to this Indenture, if any, pay the amount of such excess to the Authority free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under this

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Indenture. Except as otherwise provided in this subsection (2) of Section 1101 and in subsection (3) through subsection (5) of this Section 1101, neither Investment Securities nor moneys deposited with the Trustee pursuant to this Section 1101 nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, redemption premium, if any, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Investment Securities deposited with the Trustee, (A) to the extent such cash will not be required (as verified by an independent certified public accountant as stated in a verification report addressed to the Authority and the Trustee) at any time for such purpose shall, upon written direction of the Authority and after payment of all unpaid amounts due pursuant to this Indenture, if any, be paid over to the Authority, free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under this Indenture, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Investment Securities maturing at times and in amounts sufficient (as verified by an independent certified public accountant as stated in a verification report addressed to the Authority and the Trustee) to pay when due the principal of, redemption premium, if any, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and any interest earned from such reinvestment shall, to the extent not needed to pay then due principal of, redemption premium, if any, and interest on said Bonds and upon written direction of the Authority and after payment of all unpaid amounts due pursuant to this Indenture, if any, be paid over to the Authority, free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under this Indenture. For the purposes of this Section 1101, Investment Securities shall mean and include only (x) such securities as are described in this subsection 1101(2) which shall not be subject to redemption prior to their maturity other than at the option of the Holder thereof, (y) such securities as are described in this subsection 1101(2) which shall not be subject to redemption prior to their maturity other than at the option of the Holder thereof or as to which an irrevocable notice of redemption of such securities on a specified redemption date has been given and such securities are not otherwise subject to redemption prior to such specified date other than at the option of the Holder thereof, or (z) upon compliance with the provisions of subsection (3) of this Section 1101, such securities as are described in this subsection 1101(2) which are subject to redemption prior to maturity at the option of the issuer thereof on a specified date or dates.

3. Investment Securities described in clause (z) of subsection (2) of this Section 1101 may be included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of subclause (a) of subsection (2) of this Section 1101 only if the determination as to whether the moneys and Investment Securities to be deposited with the Trustee in order to satisfy the requirements of such subclause (a) would be sufficient to pay when due either on the maturity date or the redemption date thereof, the principal of, redemption premium, if any, and interest on the Bonds (including any Series thereof) which will be deemed to have been paid as provided in subsection (2) of this Section 1101 is made both (i) on the assumption that the Investment Securities described in clause (z) were not redeemed at the option of the issuer prior to the maturity date thereof; and (ii) on the assumption that such Investment Securities would be redeemed by the issuer thereof at its option on each date on which such option could be exercised, that as of such date or dates interest ceased to accrue on such Investment Securities and that the proceeds of such redemption would not be reinvested by the Trustee.

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4. In the event after compliance with the provisions of subsection (3) of this Section 1101 the Investment Securities described in clause (z) of subsection (2) of this Section 1101 are included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of subclause (a) of subsection (2) of this Section 1101 and any such Investment Securities are actually redeemed by the issuer thereof prior to their maturity date, then the Trustee at the direction of the Authority, provided that the aggregate of the moneys and Investment Securities to be held by the Trustee, taking into consideration any changes in redemption dates or instructions to give notice of redemption given to the Trustee by the Authority in accordance with subsection (3) of this Section 1101, shall at all times be sufficient (as verified by an independent certified public accountant as stated in a verification report addressed to the Authority and the Trustee) to satisfy the requirements of subclause (b) of subsection (2) of this Section 1101, shall reinvest the proceeds of such redemption in Investment Securities. The Trustee shall mail notice of the substitution of Investment Securities to the Holders of the Bonds.

5. In the event that after compliance with the provisions of subsection (4) of this Section 1101 the Investment Securities described in clause (z) of subsection (2) of this Section 1101 are included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of subclause (a) of subsection (2) of this Section 1101, then any notice of redemption to be mailed by the Trustee and any set of instructions relating to a notice of redemption given to the Trustee may provide, at the option of the Authority, that any redemption date or dates in respect of all or any portion of the Bonds to be redeemed on such date or dates may at the option of the Authority be changed to any other permissible redemption date or dates and that redemption dates may be established for any Bonds deemed to have been paid in accordance with this Section 1101 upon their maturity date or dates at any time prior to the actual mailing of any applicable notice of redemption in the event that all or any portion of any Investment Securities described in clause (z) of subsection (2) of this Section 1101 have been called for redemption pursuant to an irrevocable notice of redemption or have been redeemed by the issuer thereof prior to the maturity date thereof; no such change or redemption date or dates or establishment of redemption date or dates may be made unless taking into account such changed redemption date or dates or newly established redemption date or dates the moneys and Investment Securities on deposit with the Trustee including any Investment Securities or redemption proceeds in accordance with subsection (5) of this Section 1101 pursuant to subclause (a) of subsection (2) of this Section 1101 would be sufficient to pay when due the principal or Redemption Price of, and interest on all Bonds deemed to have been paid in accordance with subsection (2) of this Section 1101 which have not as yet been paid.

6. If the Bonds are rated by Moody's, S&P and/or Fitch, then the Authority shall give notice to the rating agency or agencies that rated the Bonds of any defeasance of all or any of the Bonds.

**Section 1102. Unclaimed Funds.** 1. Anything in this Indenture to the contrary notwithstanding, but subject to any provision of State or Federal law to the contrary, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for four (4) years after the date when such Bonds have become due and payable, at their stated maturity dates, if such moneys were held by the Fiduciary at such date, or for four (4) years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds became due and payable, shall, upon written direction of the

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Authority and after payment of all unpaid amounts due pursuant to this Indenture, if any, be paid by the Fiduciary to the Authority, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Authority for the payment of such Bonds; provided, however, that before being required to make any such payment to the Authority the Fiduciary shall, at the written direction of the Authority and at the expense of the Authority, cause to be published at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the Authority, subject to the hereinabove stated conditions and except as set forth in subsection (2) below.

2. Subject to the provisions of Section 1102(1) hereof, to the extent any moneys are remaining in such Funds and Accounts and the Fiduciaries have unreimbursed expenses or there are other unpaid amounts due pursuant to this Indenture, such moneys shall be paid to each such Fiduciary by the Trustee, free and clear of the lien and pledge of this Indenture, to the extent required to reimburse such Fiduciary for such expenses and/or other unpaid amounts and, if thereafter there are any unclaimed moneys remaining in the Funds and Accounts, then to the Authority.

**Section 1103. Satisfaction and Discharge of the Indenture.** If the principal of, redemption premium, if any, and interest on all of the Bonds shall have been paid in accordance with their terms, or provision has been made for such payment as provided in Section 1101 hereof, and provision shall also be made for paying all other sums payable hereunder, any Rebate Amount to the United States of America and the fees, charges and expenses of the Authority, the Trustee, any Paying Agent, including attorneys' fees and expenses, to the date of retirement of the Bonds, then the right, title and interest of the Trustee in respect hereof shall thereupon cease, determine and be void, and thereupon the Trustee, upon written request of the Authority, and upon receipt by the Trustee of a Favorable Opinion of Bond Counsel, which shall, in addition to its other elements, opine that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, shall cancel, discharge and release this Indenture and shall execute, acknowledge and deliver to the Authority and the County such instruments of satisfaction and discharge or release as shall be reasonably requested to evidence such release and the satisfaction and discharge of this Indenture, and shall assign and deliver to the Authority or other Person entitled thereto as their respective interests may appear, any property and revenues at the time subject to this Indenture which may then be in its possession, other than moneys or obligations held by the Trustee for the payment of the principal of and interest and redemption premium, if any, due or to become due on the Bonds.

Upon provision for the payment of all Outstanding Bonds in accordance with this Section 1102, and compliance with the other payment requirements of Section 1101 hereof, and subject to this Section 1102, the Indenture may be discharged in accordance with the provisions hereof, and the Owners thereof shall thereafter be entitled to payment only out of the moneys or Government Obligations deposited with the Trustee as aforesaid.

Provision for payment of the Bonds Outstanding hereunder may not be made as aforesaid nor may this Indenture be discharged if under any circumstances the interest on such Bonds is

thereby made subject to federal income taxation. In determining the foregoing, the Trustee may conclusively rely upon a favorable opinion of Bond Counsel.

**Section 1104. Payment of Bonds After Discharge.** Notwithstanding the discharge of the lien hereof as in this Article XI provided, the Trustee shall nevertheless retain such rights, powers and duties hereunder as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer, exchange and replacement of Bonds as provided herein. Thereupon it shall be the duty of the Trustee to comply with the Uniform Unclaimed Property Act, *N.J.S.A. 46:30B-1 et seq.*, with respect to such funds in accordance with the Trustee's escheat policies and procedures, which must not be in conflict with the Uniform Unclaimed Property Act, *N.J.S.A. 46:30B-1 et seq.* Any such delivery shall be in accordance with the customary practices and procedures of the Trustee and the State escheat laws. Any money held by the Trustee pursuant to this Section 1104 shall be held uninvested and without any liability for interest.

**Section 1105. Evidence of Signatures of Bondholders and Ownership of Bonds.** 1. Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Bondholders may be signed or executed in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any Person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(1) The fact and date of the execution by any Bondholder or his attorney of such instruments may be proved by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature, guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

(2) The amount of Bonds transferable by delivery held by any Person executing any instrument as a Bondholder, the date of his holding such Bonds, and the numbers and other identification thereof, may be proved by a certificate, which need not be acknowledged or verified, in form satisfactory to the Trustee, executed by the Trustee or by a member of a financial firm or by an officer of a bank, trust company, insurance company, or financial corporation or other depository wherever situated, showing at the date therein mentioned that such Person exhibited

to such member or officer or had on deposit with such depository the Bonds described in such certificate. Such certificate may be given by a member of a financial firm or by an officer of any bank, trust company, insurance company or financial corporation or depository with respect to Bonds owned by it, if acceptable to the Trustee. In addition to the foregoing provisions, the Trustee may from time to time make such reasonable regulations as it may deem advisable permitting other proof of holding of Bonds transferable by delivery.

2. The ownership of Bonds registered otherwise than to bearer and the amount, numbers and other identification, and date of holding the same shall be provided by the registry books.

3. Any request or consent by the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Authority or any Fiduciary in accordance therewith.

**Section 1106. Moneys Held for Particular Bonds.** The amounts held by any Fiduciary for the payment of the interest or principal due on any date with respect to particular Series of Bonds or for particular Bonds within such Series of Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto.

**Section 1107. Preservation and Inspection of Documents.** All documents received by any Fiduciary under the provisions of this Indenture shall be retained in its possession for a period of seven (7) years and shall be subject at all reasonable times to the inspection of the Authority any other Fiduciary and any Bondholder and their agents and their representatives, any of whom may make copies thereof.

**Section 1108. Parties Interest Herein.** Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person or corporation, other than the Authority, the County, the Fiduciaries and the Holders of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the County, the Fiduciaries and the Holders of the Bonds.

**Section 1109. No Recourse on the Bonds.** No recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on this Indenture against any member or officer of the Authority or any Person executing the Bonds.

**Section 1110. Publication of Notice; Suspension of Publication.** 1. Any publication to be made under the provisions of this Indenture in successive weeks or on successive dates may be made in each instance upon any Business Day of the week and need not be made in the same Authorized Newspaper for any or all of the successive publications but may be made in a different Authorized Newspaper.

2. If, because of the temporary or permanent suspension of the publication or general circulation of any Authorized Newspaper or for any other reason, it is impossible or impractical to publish any notice pursuant to this Indenture in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Authority shall constitute a sufficient publication of such notice.

**Section 1111. Severability of Invalid Provisions.** If any one or more of the covenants or agreements provided in this Indenture on the part of the Authority or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Indenture.

**Section 1112. Holidays.** Except with respect to the computation of a Record Date, if the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, shall be a legal holiday or a day on which banking institutions in the municipality in which is located the principal office of the Trustee or the operational offices of the Authority or the County are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Indenture, and no interest shall accrue for the period after such nominal date.

**Section 1113. Separate Financings.** Nothing contained in this Indenture shall be construed to prevent the Authority from acquiring, constructing or financing through the issuance of its bonds, notes, or other evidences of indebtedness any other public facilities or from securing such bonds, notes or other evidences of indebtedness by a mortgage of such public facilities so financed or by a pledge of, or other security interest in, the revenues thereunder or any lease or other agreement with respect thereto or any revenues derived from such lease or other agreement provided that such bonds, notes, or other evidences of indebtedness shall not be payable out of or secured by the Revenues or any Fund held under this Indenture and neither the cost of such public facilities nor any expenditure in connection therewith or with the financing thereof shall be payable from the Revenues or from any such Fund hereunder.

**Section 1114. Notices and Demands.** All notices, demands or other communications provided for in this Indenture shall be in writing and shall be sent by electronic mail with confirmation of receipt or by any other secure method which enables the Trustee subsequently to verify the transmission of such notice (confirmed, in writing, and hard copy to follow in the manner prescribed below) or shall be delivered personally, sent by certified or registered mail or by recognized overnight mail, to (i) the County at 164 West Broad Street, Bridgeton, New Jersey 08302, Attn: Chief Financial Officer, Fax No. (856) 451-0639; (ii) the Authority at The Cumberland County Improvement Authority, 745 Lebanon Road, Millville, New Jersey 08332, Attn: President/Chief Executive Officer, Fax No. (856) 776-5391; (iii) the Trustee at U.S. Bank Trust Company, National Association, 333 Thornall Street, 4<sup>th</sup> Floor, Edison, New Jersey 08837, Attn: Corporate Trust Services, Fax No. (732) 321-3982; and (iv) Bond Counsel to the Authority, Parker McCay P.A., 2 Cooper Street, Suite 1901, Camden, New Jersey 08102, Attn: Jeffrey D. Winitzky, Esq., Email: jwinitzky@parkerccay.com; or to such other representatives or addresses as the Authority, the County, the Trustee or Bond Counsel

may from time to time designate by written notice to the parties hereto or beneficiaries hereof in accordance with this Section 1114.

**Section 1115. Headings.** The Article and Section headings in this Indenture are inserted for convenience of reference only and are not intended to define or limit the scope of any provision of this Indenture.

**Section 1116. Governing Law.** This Indenture shall be governed by and construed in accordance with the laws of the State.

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ARTICLE XII

BOND FORM AND EFFECTIVE DATE

**Section 1201. Form of Bonds.** Subject to the provisions of this Indenture, the form of the Bonds shall be substantially as follows:

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UNITED STATES OF AMERICA  
STATE OF NEW JERSEY  
THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
COUNTY GUARANTEED REVENUE BONDS  
(STATE POLICE BARRACKS PROJECT), SERIES 2023

No. R-

INTEREST RATE  
\_\_\_\_\_%

CUSIP NUMBER  
23058P \_\_\_\_

MATURITY DATE  
November 1, 20\_\_

DATED DATE  
December \_\_, 2023

AUTHENTICATION DATE  
December \_\_, 2023

REGISTERED OWNER: Cede & Co.

PRINCIPAL SUM: (DOLLARS)

THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY, in the County of Cumberland, State of New Jersey ("Authority"), a public body corporate and politic organized and existing under and by virtue of the laws of the State of New Jersey ("State"), acknowledges itself indebted and for value received hereby promises to pay to the REGISTERED OWNER stated above, or registered assigns, the PRINCIPAL SUM stated above, on the MATURITY DATE stated above or on the date fixed for redemption, as the case may be, together with interest on such PRINCIPAL SUM from the date of this Series 2023 Bond (as hereinafter defined) until the Authority's obligation with respect to the payment of such PRINCIPAL SUM shall be discharged, at the INTEREST RATE per annum stated above on the first (1<sup>st</sup>) days of May and November, commencing May 1, 2024. This Series 2023 Bond (as hereinafter defined), as to principal, when due, will be payable at the principal corporate trust office of U.S. Bank Trust Company, National Association, 333 Thornall Street, 4<sup>th</sup> Floor, Edison, New Jersey, as trustee and paying agent ("Trustee"). Interest on this Series 2023 Bond will be payable by check which will be mailed to the REGISTERED OWNER hereof whose name shall appear on the registration books of the Authority which shall be kept and maintained by the Bond Registrar hereinafter mentioned, as determined on the fifteenth days of March and September (whether or not a Business Day) ("Record Date"); provided, however, that a REGISTERED OWNER of \$1,000,000 or more in principal amount of the Series 2023 Bonds shall be entitled, upon three (3) Business Days' written notice to the Trustee in advance of the applicable Record Date, to receive interest payments by wire transfer of immediately available funds. Payment of the principal of and interest on this Series 2023 Bond shall be made in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This bond is one of the duly authorized issue of a Series of revenue bonds, each designated as "County Guaranteed Revenue Bonds (State Police Barracks Project), Series 2023" ("Series 2023 Bonds" or "Bonds") of the Authority, limited to the aggregate principal amount of

\$6,300,000 and authorized and issued under and pursuant to the County Improvement Authorities Law, P.L. 1960, c.183, as amended ("Act"), and under and in accordance with a resolution of the Authority duly adopted September 27, 2023, entitled, "BOND RESOLUTION OF THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF UP TO \$6,300,000 AGGREGATE PRINCIPAL AMOUNT OF THE AUTHORITY'S COUNTY GUARANTEED LEASE REVENUE BONDS (STATE POLICE BARRACKS PROJECT), SERIES 2023, IN ONE OR MORE SERIES; MAKING CERTAIN DETERMINATIONS AND APPROVALS WITH RESPECT TO SAID BONDS; AND AUTHORIZING CERTAIN ACTIONS" ("Bond Resolution") and an Indenture of Trust, dated as of November 1, 2023, between the Authority and U.S. Bank Trust Company, National Association, as trustee for the Series 2023 Bonds ("Indenture"). Copies of the Bond Resolution and Indenture are on file in the office of the Authority, 745 Lebanon Road, Millville, New Jersey and at the principal corporate trust office of the Trustee at 333 Thornall Street, 4<sup>th</sup> Floor, Edison, New Jersey.

This Series 2023 Bond is a limited and special obligation of the Authority payable from the Revenues and secured by a lien on the Pledged Property (as defined in the Indenture) of the Authority and from any other moneys pledged therefor under the Indenture; provided, however, that the power and obligation of the Authority to cause application of such Pledged Property and other funds to the payment of the principal or Redemption Price of and the interest on the Series 2023 Bonds is subject to the terms of the Indenture. This Series 2023 Bond is also an obligation which is entitled to the benefit of a guaranty of the County of Cumberland, New Jersey ("County"), authorized pursuant to an ordinance of the County duly adopted on , 2022 ("County Guaranty"), which County Guaranty secures the punctual payment when due of the principal of and interest on the Series 2023 Bonds.

The Series 2023 Bonds are issued in the form of Registered Bonds, without coupons, in book-entry only form in the denomination of \$5,000 each or any integral multiple thereof.

As defined in the Indenture, and for purposes of this Series 2023 Bond, "Business Day" shall mean any day that is not a Saturday, a Sunday or a legal holiday in the State or the State of New York or a day on which the Trustee, the Bond Registrar, any Paying Agent, the County or the Authority is legally authorized to close. All other terms used herein which are not defined shall have the meanings ascribed to such terms in the Indenture.

The Series 2023 Bonds maturing before November 1, 20[ ] shall not be subject to optional redemption prior to maturity. The Series 2023 Bonds maturing on or after November 1, 20[ ] shall be subject to redemption prior to maturity at the option of the Authority on or after November 1, 20[ ], in whole or in part at any time, at any time in such order of maturity as the Authority may direct and within maturity by lot, at the redemption price redemption price equal to one hundred percent (100%) of the principal amount of the Series 2023 Bonds to be redeemed, together with interest accrued to the redemption date, upon notice as set forth below.

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**Sinking Fund Redemption.** The Series 2023 Bonds maturing on November 1, 20\_\_ are subject to scheduled mandatory sinking fund redemption by the Authority on November 1 of the years and in the amounts set for the below at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof together with interest accrued to the redemption date:

Redemption Date (November 1)	Principal Amount
	\$
*	

\*Final Maturity

The Series 2023 Bonds maturing on November 1, 20\_\_ are subject to scheduled mandatory sinking fund redemption by the Authority on November 1 of the years and in the amounts set for the below at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof together with interest accrued to the redemption date:

Redemption Date (November 1)	Principal Amount
	\$
*	

\*Final Maturity

The Series 2023 Bonds maturing on November 1, 20\_\_ are subject to scheduled mandatory sinking fund redemption by the Authority on November 1 of the years and in the amounts set for the below at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof together with interest accrued to the redemption date:

Redemption Date (November 1)	Principal Amount
	\$
*	

\*Final Maturity

Unless otherwise provided in the Indenture, if less than all of the Series 2023 Bonds of like maturity shall be called for prior redemption, the particular Series 2023 Bonds or portions of such Series 2023 Bonds to be redeemed shall be selected at random by the Trustee in such manner as the Trustee, in its sole discretion, may deem fair and appropriate; provided, however, that the portion of any such Series 2023 Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof, and that, in selecting portions of such Series 2023 Bonds for redemption, the Trustee shall treat each Series 2023 Bond as representing that number of Series 2023 Bonds of \$5,000 denomination which is obtained by dividing by \$5,000 the principal amount of such Series 2023 Bond to be redeemed in part.

When the Trustee shall receive notice from the Authority of its election or direction to redeem the Series 2023 Bonds pursuant to Section 402 of the Indenture and when redemption of the Series 2023 Bonds is authorized or required pursuant to Section 403 of the Indenture, the Trustee shall give notice, in the name of the Authority, of the redemption of such Series 2023 Bonds, which notice shall specify the maturities of the Series 2023 Bonds to be redeemed, the Redemption Price, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Series 2023 Bonds of any like maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2023 Bonds so to be redeemed, and, in the case of the Series 2023 Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Series 2023 Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal amount thereof in the case of the Series 2023 Bonds to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be mailed by the Trustee, via first class mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, to the REGISTERED OWNERS of any Series 2023 Bonds or portions of the Series 2023 Bonds which are to be redeemed, at their last addresses appearing upon the registry books. Failure to give notice by mail, or any defect in notice to the REGISTERED OWNER of any Series 2023 Bonds which are to be redeemed shall not affect the validity of the proceedings for the redemption of any other Series 2023 Bonds.

So long as DTC or its nominee is the REGISTERED OWNER of the Bonds, notices of redemption shall be sent to DTC and not to any Beneficial Owners of the Bonds.

The Trustee shall also comply with any notice or other requirements of DTC to effectuate a redemption of Bonds. Any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the Holder receives the notice.

If, on the redemption date, moneys for the redemption of all the Series 2023 Bonds or portions thereof of any like maturity to be redeemed, together with interest thereon to the redemption date, shall be held by the Paying Agent so as to be available thereon on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Series 2023 Bonds or portions thereof of such maturity so called for redemption shall cease to accrue and become payable. If said moneys shall not be so

available on the redemption date, such notice of redemption shall be rescinded by the Trustee and shall be deemed to be null and void as if never given and such Series 2023 Bonds or portions thereof shall continue to bear interest until paid at maturity at the same rate as they would have borne had they not been called for redemption.

Pursuant to the Indenture, the Authority may hereafter issue Refunding Bonds for the purposes, in the amounts and on the conditions prescribed in the Indenture. All bonds issued and to be issued under the Indenture, including the Series 2023 Bonds and other Series of Refunding Bonds, are and will be equally secured by the pledge of Funds and Revenues provided in the Indenture except as otherwise provided in or pursuant to the Indenture.

To the extent and in the respects permitted by the Indenture, the provisions of the Indenture or any resolution amendatory thereof or supplemental thereto may be modified or amended by action taken on behalf of the Authority in the manner and subject to the conditions and exceptions which are set forth in the Indenture. The pledge of the Pledged Property and other obligations of the Authority under the terms of the Indenture may be discharged at or prior to the maturity or redemption of the Series 2023 Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Indenture.

This Series 2023 Bond is transferable, as provided in the Indenture, only upon the registration books of the Authority which are kept and maintained for that purpose at the principal corporate trust office of U.S. Bank Trust Company, National Association, 333 Thormall Street, 4<sup>th</sup> Floor, Edison, New Jersey ("Bond Registrar"), as registrar under the Indenture, or its successor as Bond Registrar, by the REGISTERED OWNER hereof in Person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer which is satisfactory to the Bond Registrar and which is duly executed by the REGISTERED OWNER or by such duly authorized attorney, together with the required signature guarantee, and thereupon the Authority shall issue in the name of the transferee a new registered Series 2023 Bond or Series 2023 Bonds, of the same aggregate principal amount and series, designation, maturity and interest rate as the surrendered Series 2023 Bond as provided in the Indenture, upon payment of the charges therein prescribed. The Authority, the Trustee, the Bond Registrar and any Paying Agent of the Authority may treat and consider the Person in whose name this Series 2023 Bond is registered as the Holder and absolute Owner of this Series 2023 Bond for the purpose of receiving payment of the principal or Redemption Price of and interest due thereon and for all other purposes whatsoever.

Reference to the Bond Resolution, the Indenture, the County Guaranty and the Act is made for a description of the nature and extent of the security for the Series 2023 Bonds, the Pledged Property, the Funds pledged for the payment thereof, the nature, manner and extent of the enforcement of such pledge, the rights and remedies of the Holders of the Series 2023 Bonds with respect thereto, the terms and conditions upon which the Series 2023 Bonds are issued and upon which they may be issued thereunder, and a statement of the rights, duties, immunities and obligations of the Authority, the County and the Trustee.

THE ACT PROVIDES THAT NEITHER THE MEMBERS OF THE AUTHORITY NOR ANY PERSON EXECUTING THE SERIES 2023 BONDS SHALL BE LIABLE PERSONALLY ON THE SERIES 2023 BONDS BY REASON OF THE ISSUANCE THEREOF.

THE SERIES 2023 BONDS ARE NOT AND SHALL NOT BE IN ANY WAY A DEBT OR LIABILITY OF THE STATE OR ANY SUBDIVISION THEREOF (OTHER THAN THE AUTHORITY RELATING SOLELY TO THE PLEDGED PROPERTY, AND AS APPLICABLE UNDER AND LIMITED BY THE COUNTY GUARANTY, THE COUNTY), AND DO NOT AND SHALL NOT CREATE OR CONSTITUTE ANY INDEBTEDNESS, LIABILITY OR OBLIGATION OF SAID STATE, OR OF ANY SUBDIVISION (OTHER THAN THE AUTHORITY RELATING SOLELY TO THE PLEDGED PROPERTY, AND AS APPLICABLE UNDER AND LIMITED BY THE COUNTY GUARANTY, THE COUNTY), EITHER LEGAL, MORAL OR OTHERWISE. THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF AND INTEREST ON THE SERIES 2023 BONDS FROM THE REVENUES AND FUNDS PLEDGED THERETO. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE COUNTY, AS APPLICABLE, UNDER AND LIMITED BY THE COUNTY GUARANTY), IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2023 BONDS. THE AUTHORITY HAS NO TAXING POWER.

It is hereby certified and recited that all conditions, acts and things which are required by the Constitution or by the statutes of the State or by the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this Series 2023 Bond exist, have happened and have been performed and that the Series 2023 Bonds, together with all other indebtedness of the Authority, are within every debt and other limit prescribed by said Constitution or statutes.

This Series 2023 Bond shall not be entitled to any security or benefit under the terms of the Indenture or be valid or obligatory for any purpose unless the certificate of authentication has been manually executed by the Trustee upon original issuance and thereafter by the Bond Registrar.

[STATEMENT OF INSURANCE]

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IN WITNESS WHEREOF, THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY has caused this Series 2023 Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chairman and its corporate seal to be affixed, impressed or reproduced hereon, and this Series 2023 Bond and such seal to be attested by the manual or facsimile signature of its Secretary, all as of the DATED DATE set forth above.

ATTEST: THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY  
\_\_\_\_\_, Secretary BY: \_\_\_\_\_, Chairman  
[SEAL]

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**GUARANTY OF THE COUNTY OF CUMBERLAND, STATE OF NEW JERSEY**

Pursuant to the provisions of the Act, the payment of the principal of and interest on the within Series 2023 Bond is hereby FULLY AND UNCONDITIONALLY GUARANTEED by the County of Cumberland, State of New Jersey, and the County of Cumberland, State of New Jersey is unconditionally liable for the payment, when due, of the principal of and interest on said Bond in accordance with its terms.

IN WITNESS WHEREOF, the County of Cumberland, State of New Jersey, has caused this Guaranty to be executed on its behalf by the manual or facsimile signature of its Director or Deputy Director of its Board of County Commissioners, and the seal of the County of Cumberland, State of New Jersey to be impressed, imprinted or otherwise reproduced hereon, all as of the date of the within Series 2023 Bond.

(SEAL) COUNTY OF CUMBERLAND, STATE OF NEW JERSEY  
By: \_\_\_\_\_, (Deputy) Director of the Board of County Commissioners"

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ [PLEASE PRINT OR TYPE NAME, ADDRESS AND TAXPAYER IDENTIFICATION NO. OF ASSIGNEE] the within Series 2023 Bond and all rights hereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, as Attorney, to transfer the within Series 2023 Bond on the registration books of The Cumberland County Improvement Authority with full power of substitution and revocation.

NOTICE: The signature to this assignment must correspond with the name of the REGISTERED OWNER hereof as it appears upon the face of the within Series 2023 Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: \_\_\_\_\_  
SIGNATURE GUARANTEE:  
(Medallion Guarantee Program Stamp)

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**Section 1202. Form of Certificate of Authentication of Trustee or Bond Registrar.** The form of Certificate of Authentication by the Trustee or Bond Registrar on the Bonds shall be substantially as follows:

**CERTIFICATE OF AUTHENTICATION**

This Bond is one of the issue of County Guaranteed Revenue Bonds (State Police Barracks Project), Series 2023 of The Cumberland County Improvement Authority, described and delivered pursuant to the within-mentioned Indenture and being dated December \_\_, 2023.

U.S. Bank Trust Company, National Association,  
as Trustee and Bond Registrar  
By: \_\_\_\_\_  
Authorized Signature

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IN WITNESS WHEREOF, the Authority has caused these presents to be signed in its name and behalf and attested by its duly Authorized Authority Officer, and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and behalf attested by its duly authorized officer, all as of the day and year first above written.

**THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY**

By: \_\_\_\_\_  
**GERARD VELAZQUEZ, III**  
President/CEO

**U.S. BANK TRUST COMPANY,**  
NATIONAL ASSOCIATION, as Trustee

By: \_\_\_\_\_  
**RICK BARNES, Vice President**

Acknowledged:

**COUNTY OF CUMBERLAND, NEW JERSEY**

By: \_\_\_\_\_  
**JEFFREY RIDGEWAY, JR.,**  
Chief Financial Officer/County Treasurer

**EXHIBIT A**

**\$6,300,000**  
**THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY**  
(County of Cumberland, New Jersey)  
**COUNTY GUARANTEED REVENUE BONDS**  
(STATE POLICE BARRACKS PROJECT), SERIES 2023

**CERTIFICATE AS TO AUTHORIZED**  
**COUNTY REPRESENTATIVES**

I, Douglas A. Albrecht, the duly appointed and acting Commissioner Director of the Board of County Commissioners of the County of Cumberland, New Jersey ("County") DO HEREBY CERTIFY that I am duly authorized to execute and deliver this certificate on behalf of the County. I DO HEREBY FURTHER CERTIFY as follows:

1. Harold U. Johnson is the County Administrator of the County.
2. Kimberly Codispoti is the Clerk of the Board of County Commissioners of the County.
3. Jeffrey T. Ridgeway, Jr. is the Chief Financial Officer/Treasurer of the County.
3. The following individual(s) have each been designated as Authorized County Representatives and each are duly qualified, empowered and authorized so to act on behalf of the County and to deliver documents on behalf of the County.

Name

Signature

Harold U. Johnson \_\_\_\_\_

Kimberly Codispoti \_\_\_\_\_

Jeffrey T. Ridgeway, Jr. \_\_\_\_\_

Capitalized terms used herein and not otherwise defined shall have the same meanings ascribed thereto in the Indenture of Trust, dated as of December 1, 2023, by and between The Cumberland County Improvement Authority and U.S. Bank Trust Company, National Association, as trustee.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_ day of December, 2023.

**COUNTY OF CUMBERLAND, NEW JERSEY**

By: \_\_\_\_\_  
**DOUGLAS A. ALBRECHT,**  
Commissioner Director

**EXHIBIT B**

**FORM OF REQUISITION FOR PAYMENT**

**THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY**  
(County of Cumberland, New Jersey)  
**COUNTY GUARANTEED REVENUE BONDS**  
(STATE POLICE BARRACKS PROJECT), SERIES 2023

**REQUISITION REF. NO. \_\_\_\_\_**

I, the undersigned \_\_\_\_\_ [insert title] of The Cumberland County Improvement Authority ("Authority") DO HEREBY CERTIFY that I am an Authorized Authority Representative duly designated by the Authority to execute and deliver this certificate on behalf of the Authority. I DO HEREBY FURTHER CERTIFY pursuant to and in accordance with the terms of a Trust Indenture, by and between the Authority and the U.S. Bank Trust Company, National Association, as trustee, dated as of December 1, 2023 ("Indenture") as follows:

1. This requisition is Requisition No. \_\_\_\_\_ and is to be paid in connection with the portion of the Construction Project described below:

Construction Project Description:

\_\_\_\_\_  
\_\_\_\_\_

2. Payment is to be made from the Acquisition Fund.
3. The name and address of the Person, firm or corporation to whom payment is due is:

\_\_\_\_\_  
\_\_\_\_\_

[If such payment is to be made to the Authority for a reimbursable advance, insert the name and address of the Person, firm or corporation to whom such advance was made together with proof of payment by the Authority.]

4. The amount to be paid to such Person, firm or corporation named in Paragraph 3 above is \$ \_\_\_\_\_.

[Attach description and invoice or billing reference.]

5. Each obligation, item of Cost or expense mentioned herein has been properly incurred, is a proper charge against the Acquisition Fund, is an item of Cost of the Construction Project, is unpaid or unreimbursed, and has not been the basis of any previously paid withdrawal or requisition.

6. The applicable public contracts bidding laws, prevailing wage laws (including, but not limited to, the Act) and affirmative action requirements applicable to the contract pursuant to which payment is being requested have been complied with.

7. If such payment is a reimbursement to the Authority for Costs or expenses incurred (A) by reason of work performed or supervised by officers or employees of the Authority and/or (B) as annual administrative costs incurred by the Authority, such amount mentioned herein to be paid does not exceed the actual cost thereof to the Authority.

8. No uncured Event of Default has occurred under the Indenture and everything required to be performed by the Authority has been performed.

9. The Authority has received no written notice of any lien, right to lien or attachment upon, or other claim affecting the right to receive payment of, any of the moneys payable under this requisition to any of the Persons, firms or corporations named herein, or if any of the foregoing has been received, it has been released or discharged or will be released or discharged upon payment of this requisition.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Indenture.

DATED: \_\_\_\_\_

THE CUMBERLAND COUNTY  
IMPROVEMENT AUTHORITY

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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**EXHIBIT C**

**FORM OF COMPLETION CERTIFICATE**

County of Cumberland  
164 West Broad Street  
Bridgeton, New Jersey

U.S. Bank Trust Company, National Association  
as Trustee  
333 Thornall Street, 4<sup>th</sup> Floor  
Edison, New Jersey 08837

Pursuant to Section 503 of the Trust Indenture, by and between The Cumberland County Improvement Authority ("Authority") and the U.S. Bank Trust Company, National Association, as trustee, dated as of December 1, 2023 ("Indenture"), the undersigned, an Authorized Authority Representative (all undefined terms used herein shall have the same meaning ascribed to them in the Indenture), as of the date hereof, certifies that:

- (i) the portion of the Construction Project described below was completed as of \_\_\_\_\_, 20\_\_;

Construction Project Description:

- (ii) as of such date referenced in clause (i) above, except for amounts retained by the Trustee, at the Authority's direction, for any Cost of the Construction Project not now due and payable or, if due and payable, not presently paid, the Cost of all labor, services, materials and supplies used in the Construction Project have been paid, or will be paid from amounts retained by the Trustee, at the Authority's direction, for any Cost of the Construction Project not then due or payable, or if due and payable, not then paid;
- (iii) the Authority has paid the amount of \$ \_\_\_\_\_ toward the Costs of the Construction Project;
- (iv) the Construction Project is being operated and maintained as an authorized "public facility" under the Act; and
- (v) all permits, including a Certificate of Occupancy, if required or necessary for the utilization of the Construction Project, have been obtained and are in effect.

Any amount hereafter remaining in the Acquisition Fund (except amounts therein sufficient to cover Costs of the Construction Project not now due and payable or not presently paid and except for interest or other income earned from the investment of the moneys held in the Acquisition Fund, if any) shall be transferred by the Trustee and shall be applied by the

Trustee in accordance with Section 503(4) of the Indenture and shall not be invested at a yield materially higher than the yield on the Series 2023 Bonds as provided in the Indenture.

This certificate is given without prejudice to any rights against third parties which exist on the date hereof or which may subsequently come into being.

DATED: \_\_\_\_\_

THE CUMBERLAND COUNTY  
IMPROVEMENT AUTHORITY

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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**APPENDIX E**

**COUNTY GUARANTY ORDINANCE AND FORM OF GUARANTY AGREEMENT**



**Cumberland County**  
**Board of County Commissioners**  
 164 West Broad Street  
 Bridgeton, NJ 08302



ADOPTED  
**ORDINANCE 2022-5**  
 Meeting: May 24, 2022 6:00 PM

**AN ORDINANCE OF THE COUNTY OF CUMBERLAND, NEW JERSEY, AUTHORIZING THE GUARANTY OF THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON NOT EXCEEDING \$6,300,000 AGGREGATE PRINCIPAL AMOUNT OF COUNTY-GUARANTEED LEASE REVENUE BONDS (STATE POLICE BARRACKS PROJECT) SERIES 2022, ISSUED BY THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY FOR THE PURPOSE OF PROVIDING ADDITIONAL SECURITY THEREFOR AND DETERMINING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH**

**WHEREAS**, The Cumberland County Improvement Authority, a public body corporate and politic and a political subdivision of the State of New Jersey ("State"), organized and existing under the Act (as hereinafter defined) and created pursuant to a resolution of the Board of Commissioners of the County of Cumberland, New Jersey ("County") adopted on December 30, 1980, and any successor to its duties and functions ("Authority"), is authorized by the County Improvement Authorities Law, constituting Chapter 183 of the Laws of 1960 of the State of New Jersey, as amended and supplemented (N.J.S.A. 40:37A-44 *et seq.*) ("Act"), to provide within the County or any beneficiary county, of a public facility for a combination of governmental and nongovernmental uses; provided that not more than 50% of the usable space in any such facility shall be made available for nongovernmental use under a lease or other agreement by or with the Authority; and

**WHEREAS**, the New Jersey State Police Barracks, currently located in Port Norris, in the Township of Commercial ("Township"), was originally constructed in 1977 and is, due to its age, size, physical and operational limitations, no longer adequate to serve the needs and requirements of State police men and women; and

**WHEREAS**, there are myriad issues associated with the present facility, officials of the State of New Jersey ("State"), the Township and the Authority have undertaken a careful review of the best options to bring the barracks up to date and to provide a facility that will last for the more than 50 years; and

**WHEREAS**, to accomplish these aims, the State, the Township and the Authority have determined that the replacement of the existing facilities (presently owned by the Township) with a new facility is the most efficient approach, as retrofitting and rehabilitating the existing facility would be more costly and would not, ultimately, provide the physical operating space necessary for the State police; and

**WHEREAS**, as a result of the foregoing, the State, the Township and the Authority have determined to develop and construct a new, approximately 11,400 square foot state-of-the-art barracks facility to serve the State police ("New Facility"); and

**WHEREAS**, the New Facility will be developed and constructed on a vacant, five-acre site on Mauricetown Bypass Road in the Township ("Project Site"), immediately adjacent to the existing facility, which Project Site is currently owned by the Township, but will be acquired by the Authority as part of its overall development and financing plan; and

**WHEREAS**, due to the Authority's well-established expertise in construction management, facilities ownership and operation, and efficiencies in providing both construction management and financing services, the Township has enlisted the Authority for the construction of the New Facilities and project management services of same via a shared service agreement; and

**WHEREAS**, in furtherance of the foregoing, the Authority has determined, pursuant to the Act, to finance: (i) the construction of the New Facility; (ii) the completion of such other improvements and work and acquisition of equipment and materials as may be necessary or appropriate in connection with the construction of the New Facility; (iii) capitalized interest on the Bonds, if any; and (iv) the costs and expenses incurred by the Authority in connection with the issuance and delivery of the Bonds (as hereinafter defined) (items (i) through (iii) shall collectively be referred to herein as, the "Project"); and

**WHEREAS**, in furtherance thereof, the Authority has determined to issue and sell up to \$6,300,000 aggregate principal amount of its County Guaranteed Lease Revenue Bonds (State Police Barracks Project), Series 2022, in one or more series ("Bonds"), to finance the costs of the Project; and

**WHEREAS**, in recognition of the economic importance of Project and to induce the prospective purchasers of the Bonds to purchase the same and provide additional security to the holders thereof, the County has determined, in accordance with this ordinance to be duly and finally adopted by the Board of Commissioners of the County, pursuant to Section 37 of the Act, N.J.S.A. 40:37A-80, to unconditionally and irrevocably guaranty the punctual payment of the principal of and interest on the Bonds in an amount not to exceed \$6,300,000, by the adoption of this guaranty ordinance ("County Guaranty"); and

**WHEREAS**, in accordance with Section 13 of the Act (N.J.S.A. 40:37A-56), prior to the issuance of the Bonds, the Authority has or will have made a detailed report to the Board of County Commissioners;

**NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY OF CUMBERLAND, NEW JERSEY (NOT LESS THAN TWO-THIRDS OF ALL MEMBERS THEREOF AFFIRMATIVELY CONCURRING), AS FOLLOWS:**

**Section 1.** The recitals are fully incorporated herein by this reference.

**Section 2.** This guaranty ordinance shall be adopted by the Board of County Commissioners in the manner provided for adoption of a bond ordinance as provided in the Local Bond Law, N.J.S.A. 40A:2-1 *et seq.*, as amended and supplemented (the "Local Bond Law").

**Section 3.** Pursuant to and in accordance with the terms of the Act, specifically Section 37 of the Act (N.J.S.A. 40:37A-80), the County is hereby authorized to and hereby shall fully, unconditionally and irrevocably guaranty the punctual payment of the principal of and interest on the Bonds, including renewals or refundings thereof, if any, in an aggregate principal amount not exceeding \$6,300,000, on such terms and conditions as may be agreed to by and between the County and the Authority in the Bonds and the authorizing resolutions (the "Financing Documents") and in such other documents related thereto and as are reflected in this guaranty ordinance and in the guaranty certificate on the face of each Bond. Upon the endorsement of the Bonds referred to in Section 4 below, the County shall be fully, unconditionally and irrevocably obligated to pay the principal of and interest on the Bonds in the same manner and to the same extent as in the case of bonds issued by the County and, accordingly, the County shall be unconditionally and irrevocably obligated to levy *ad valorem* taxes upon all the taxable property within the County for the payment thereof without limitation as to rate or amount when required under the provisions of applicable law. The full faith and credit of the County are hereby pledged for the full and punctual performance of the County Guaranty.

**Section 4** The Commissioner Director is hereby authorized and directed to execute by manual or facsimile signature an endorsement on each of the Bonds evidencing the County Guaranty by the County as to the punctual payment of the principal of and interest on the Bonds. The endorsement on each Bond shall be in substantially the following form, and absent the fully executed endorsement in such following form on any such Bond, such Bond shall not be entitled to the benefits of the County Guaranty:

**"GUARANTY OF THE COUNTY OF CUMBERLAND, NEW JERSEY**

The payment of the principal of and interest on the within Bond shall be fully, irrevocably and unconditionally guaranteed by the County of Cumberland, New Jersey (the "County"), in accordance with the provisions of N.J.S.A. 40:37A-80 and the guaranty ordinance of the County finally adopted pursuant thereto, and the County is fully, irrevocably and unconditionally liable for the payment, when due, of the principal of and interest on this Bond, and, if necessary, the County shall levy *ad valorem* taxes upon all the taxable property within the County without limitation as to rate or amount in order to make such payment.

**IN WITNESS WHEREOF**, the County has caused this County Guaranty to be executed by the manual or facsimile signature of its Commissioner Director, all as of the date of the within Bond.

COUNTY OF CUMBERLAND, NEW  
 JERSEY

By: 

Commissioner Director"

The Commissioner Director is hereby further authorized and directed to negotiate, with the advice of counsel to the County, approve, execute or acknowledge such other certificates or agreements relating to the full, irrevocable and unconditional County Guaranty that may be required in connection with the Authority's issuance of the Bonds. Such further agreements or certificates shall not in any manner relieve the County from its obligations hereunder.

**Section 5.** The following additional matters are hereby found, determined and declared by the County:

(a) This guaranty ordinance may be adopted notwithstanding any statutory or other debt limitations, including, particularly, any limitation or requirement under or pursuant to the Local Bond Law, but the aggregate principal amount of the Bonds that shall be entitled to the benefits of the County Guaranty, being an amount not to exceed \$6,300,000, shall, after their issuance, be included in the gross debt of the County for the purpose of determining the indebtedness of the County under or pursuant to the Local Bond Law. The principal amount of Bonds entitled to the benefits of the County Guaranty and included in the gross debt of the County shall be deducted, and is hereby declared to be and to constitute a deduction, from such gross debt under and for all the purposes of the Local Bond Law (i) from and after the time of issuance of the Bonds until the end of the fiscal year beginning next after the completion of the Project, and (ii) in any annual debt statement filed pursuant to the Local Bond Law as of the end of said fiscal year or any subsequent fiscal year if the revenues or other receipts or moneys of the Authority relative to the Project in such year are sufficient to pay its expenses of operation and maintenance in such year and all amounts payable in such year on account of the principal of and interest on all such Bonds, all bonds of the County issued as provided in Section 36 of the Act (N.J.S.A. 40:37A-79) and all bonds of the Authority issued under the Act.

**Section 6.** The following matters are hereby determined, declared, recited and stated:

(a) The maximum principal amount of Bonds of the Authority that are hereby and hereunder fully, unconditionally and irrevocably guaranteed as to the punctual payment of the principal thereof and interest thereon is \$6,300,000; the maximum principal amount of Bonds of the Authority that may be outstanding at any one time is \$6,300,000.

(b) The purpose described in this guaranty ordinance is not a current expense of the

County, and no part of the cost thereof has been or shall be assessed on property specially benefited thereby.

(c) The Bonds shall mature within forty (40) years from their date of issue.

(d) A supplemental debt statement of the County has been duly made and filed in the office of the Clerk of the Board of County Commissioners, and a complete executed duplicate thereof has been filed in the office of the Director of the Division of Local Government Services in the New Jersey Department of Community Affairs, and such debt statement shows that while the gross debt of the County, as defined in the Local Bond Law, is increased by this guaranty ordinance by the amount of the Bonds issued by the Authority, which amount shall not exceed \$6,300,000, upon the satisfaction of the conditions set forth in N.J.S.A. 40:37A-80, in accordance with the provisions of the Act, the net debt of the County is not increased, and the obligation of the County authorized by or incurred pursuant to the terms of this guaranty ordinance is permitted by an exception to the debt limitations of the Local Bond Law, which exception is contained in the Act, so long as the payment obligations of the County hereunder are not called upon.

(e) All other items to be contained in a bond ordinance adopted pursuant to the Local Bond Law are hereby determined to be inapplicable to the County's guaranty of the Bonds hereby.

**Section 7.** The County hereby covenants and agrees to comply with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Rule"), including the secondary market disclosure requirements contained therein. The Commissioner Director, the Chief Financial Officer/County Treasurer and any other authorized County representative are each hereby authorized and directed to execute and deliver a continuing disclosure agreement to the Authority and the other parties thereto (the "Continuing Disclosure Agreement"), to prepare operating data and financial information for inclusion in the Authority's preliminary and final Official Statements, to approve and "deem final" the Authority's preliminary and final Official Statements, to the extent the information contained therein relates to the County, to execute and deliver all certificates, documents and agreements to the Authority and any other applicable party in connection therewith and to file budgetary, financial and operating data on an annual basis and notices of certain enumerated events as required to comply with and in accordance with the provisions of the Rule and the Continuing Disclosure Agreement.

**Section 8.** To the extent one or more series of the Bonds are not issued in 2022, references herein to "2022" may without any further action be changed to the year of issuance of such Bonds and all dates related to such year of issuance shall be automatically adjusted.

**Section 9.** A public hearing shall be held on this guaranty ordinance on May 24, 2022 at 6:00 p.m. in the County Administration Building, 164 West Broad Street, Bridgeton, New Jersey 08302.

**Section 10.** The Clerk of the Board of County Commissioners is hereby directed to publish and post notice of this guaranty ordinance as required by law.

**Section 11.** Upon the adoption hereof, the Clerk of the Board of County Commissioners shall forward certified copies of this guaranty ordinance to the Commissioner Director, County Counsel, the Executive Director of the Authority, Bond Counsel to the Authority, and Christopher B. Langhart, Esq., of McManimon, Scotland & Baumann, LLC.

**Section 12.** Pursuant to Section 13 of the Act (N.J.S.A. 40:37A-56), the County hereby consents to the Project and the undertaking of the financing of the Project by the Authority in an amount not to exceed \$6,300,000.

**Section 13.** This guaranty ordinance shall take effect at the time and in the manner provided by law.

ADOPTED ON FIRST READING  
DATED: April 26, 2022

  
Jeffrey Ridgway  
Clerk of the Board of County Commissioners

ADOPTED ON SECOND READING  
DATED: May 24, 2022

  
Jeffrey Ridgway  
Clerk of the Board of County Commissioners

APPROVAL BY THE COMMISSIONER DIRECTOR ON THIS 24<sup>th</sup> DAY OF May, 2022.

  
Commissioner Director

**STATEMENT**

The ordinance, the summary terms of which are included herein, has been finally adopted by the County of Cumberland, in the County of Cumberland, State of New Jersey on May 24, 2022 and the 20 day period of limitation within which a suit, action or proceeding questioning the validity of such bond guarantee ordinance can be commenced, as provided in the Local Bond Law, has begun to run from the date of the first publication of this statement. Copies of the full bond guarantee ordinance are available at no cost and during regular business hours, at the Clerk of the Board's office for members of the general public who request the same.

Jeffrey Ridgway  
Interim Clerk to the Board of County Commissioners

**RESULT:** ADOPTED [UNANIMOUS]  
**MOVER:** Donna Pearson, Deputy Director  
**SECONDER:** George Castellini, Commissioner  
**AYES:** Albrecht, Castellini, Musso, Romero, Sileo, Pearson, Barber

**CERTIFICATION**

I CERTIFY THAT THE FOREGOING IS A TRUE COPY OF AN ORDINANCE ADOPTED BY THE CUMBERLAND COUNTY BOARD OF COUNTY COMMISSIONERS AT A MEETING HELD ON MAY 24, 2022.



  
JEFFREY T. RIDGWAY, JR.  
CLERK TO THE BOARD

**COUNTY GUARANTY AGREEMENT**

By and Between the

**THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY**

and

**COUNTY OF CUMBERLAND, STATE OF NEW JERSEY**

Dated as of \_\_\_\_\_, 2023

**THIS COUNTY GUARANTY AGREEMENT** (the "Guaranty Agreement") made and dated as of the \_\_\_\_\_ day of \_\_\_\_\_, 2023 by and between The Cumberland County Improvement Authority (the "Authority"), a public body corporate and politic of the State of New Jersey and the County of Cumberland (the "County"), a body politic and corporate of the State of New Jersey.

**WITNESSETH:**

**WHEREAS**, the Authority is a public body corporate and politic and a political subdivision of the State of New Jersey (the "State"), organized and existing under the Act (as hereinafter defined) and created pursuant to a resolution of the Board of Commissioners of the County adopted on December 30, 1980, and any successor to its duties and functions, is authorized by the County Improvement Authorities Law, constituting Chapter 193 of the Laws of 1960 of the State of New Jersey, as amended and supplemented (N.J.S.A. 40:37A-44 et seq.) (the "Act"), to provide within the County or any beneficiary county, a public facility for a combination of governmental and nongovernmental uses; provided that not more than 50% of the usable space in any such facility shall be made available for nongovernmental use under a lease or other agreement by or with the Authority; and

**WHEREAS**, the New Jersey State Police Barracks, currently located in Port Norris, in the Township of Commercial (the "Township"), was originally constructed in 1977 and is, due to its age, size, and physical and operational limitations, no longer adequate to serve the needs and requirements of State police men and women; and

**WHEREAS**, to bring the barracks up to date and to provide a facility that will last for more than 50 years, the State, the Township and the Authority have determined that the replacement of the existing facilities (presently owned by the Township) with a new facility is the most efficient approach; and

**WHEREAS**, the State, the Township and the Authority have determined to develop and construct a new, approximately 11,400 square foot state-of-the-art barracks facility to serve the State Police (the "New Facility")

**WHEREAS**, the New Facility will be developed and constructed on a vacant, five-acre site on Mauricetown Bypass Road in the Township (the "Project Site"), immediately adjacent to the existing facility, which Project Site is currently owned by the Township, but will be acquired by the Authority as part of its overall development and financing plan; and

**WHEREAS**, in furtherance of the foregoing, the Authority has determined, pursuant to the Act, to finance: (i) the construction of the New Facility; (ii) the completion of such other improvements and work and acquisition of the equipment and materials as may be necessary or appropriate in connection with the construction of the New Facility; (iii) capitalized interest on the Bonds (as hereinafter defined), if any; and (iv) the costs and expenses incurred by the Authority in connection with the issuance and delivery of the Bonds (collectively, the "Project"); and

**WHEREAS**, the Authority has determined to issue and sell up to \$6,300,000 aggregate principal amount of its County Guaranteed Revenue Bonds (State Police Barracks Project), Series 2023, in one or more series (the "Bonds"), to finance the costs of the Project; and

**WHEREAS**, pursuant to N.J.S.A. 40:37A-80, the County is authorized to unconditionally guaranty the punctual payment of the principal of and interest on any obligations issued by the Authority pursuant to the Act, by ordinance duly adopted by the Board of County Commissioners in the manner provided in the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq. (the "Local Bond Law"); and

**WHEREAS**, in recognition of the economic importance of the Project and to induce the prospective purchasers of the Bonds to purchase the same and provide additional security to the holders thereof, the Authority has requested the County's unconditional guaranty of the payment of principal of and interest on the Bonds issued to finance the Project; and

**WHEREAS**, by ordinance (the "Guaranty Ordinance") duly adopted by the Board of County Commissioners on May 24, 2022 pursuant to and in accordance with the Act, the County authorized and provided for the guaranty (the "Guaranty") of the full and punctual payment of the principal of and interest on the Bonds of the Authority, to be issued in an aggregate principal amount not exceeding \$6,300,000 in accordance with and under the terms and conditions of this Guaranty Agreement; and

**WHEREAS**, all actions necessary and required under the Act for approval of the Project have been or will be taken by the Authority; and

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants and agreements set forth herein, the Authority and the County and each binding itself and its successors and assigns, do mutually covenant, promise and agree as follows:

**Section 1.** Pursuant to the provisions of the Act, the County hereby agrees to unconditionally and irrevocably guarantee the punctual payment of the principal of and the interest on the Bonds, and any bonds that may be issued to refund the Bonds, to be issued by the Authority, in an aggregate principal amount not to exceed \$6,300,000. The full faith and credit of the County are hereby pledged for the full and punctual performance of this guaranty (the "Guaranty"). The Guaranty does not guaranty the payment of redemption premium, if any, on the Bonds.

**Section 2.** The Director or Deputy Director of the Board of County Commissioners shall execute on each of the Bonds, by manual or facsimile signature, a certificate evidencing the guaranty by the County of the punctual payment of the principal of and the interest on the Bonds, such Guaranty to be in substantially the following form:

"GUARANTY OF THE COUNTY OF CUMBERLAND, STATE OF NEW JERSEY

Pursuant to the provisions of the County Improvement Authorities Law referred to in the within Bond, the payment of the principal of and interest on the within Bond is hereby FULLY AND UNCONDITIONALLY GUARANTEED by the County of Cumberland, State of New Jersey, and the County of Cumberland, State of New Jersey is unconditionally liable for the payment, when due, of the principal of and interest on said Bond in accordance with its terms.

**IN WITNESS WHEREOF**, the County of Cumberland, State of New Jersey, has caused this Guaranty to be executed on its behalf by the manual or facsimile signature of its Director or Deputy Director of its Board of County Commissioners, and the seal of the County of Cumberland, State of New Jersey to be impressed, printed or otherwise reproduced hereon, all as of the date of the within Bond.

(SEAL)

**COUNTY OF CUMBERLAND,  
STATE OF NEW JERSEY**

By: \_\_\_\_\_,  
(Deputy) Director of  
the Board of County Commissioners"

**Section 3.** It is hereby found, determined and declared by the County that:

(a) This Guaranty Agreement may be entered into notwithstanding any statutory or other debt limitation, including particularly any limitation or requirement under or pursuant to the Local Bond Law, as amended, N.J.S.A. 40A:2-1 et seq., however, the aggregate principal amount of the Bonds which shall be entitled to the benefits of the Guaranty pursuant to the terms hereof, being an amount not in excess of \$6,300,000, shall be reflected in the debt statements of the County in the manner provided in the Act, particularly N.J.S.A. 40:37A-80.

(b) The principal amount of the Bonds which shall be entitled to the benefits of the Guaranty pursuant to the terms hereof and which shall be included in the gross debt of the County shall be deducted from, and shall constitute a deduction from, such gross debt under and for all purposes of the Local Bond Law (i) from and after the time of issuance of the Bonds until the end of the fiscal year beginning next after the completion of the Project being financed from the proceeds of the Bonds, and (ii) in any annual debt statement which is required to be filed pursuant to the Local Bond Law, as of the end of said fiscal year or any subsequent fiscal year if the revenues or other receipts or moneys of the Authority in

such year are sufficient to pay its expenses, including the expenses of administration of the Project, in such year and all amounts which are payable in such year on account of the principal of and interest on the Bonds, all bonds of the County or any municipality issued as provided in N.J.S.A. 40:37A-79, and all bonds of the Authority issued under the Act, or shall be deducted as otherwise permitted by law.

(c) In order to allow the County to determine its ability to deduct the Bonds from the County's gross debt, the Authority shall provide the County with advance notice of the sale and issuance of the Bonds by the Authority (or the refunding thereof) pursuant to the Act, and of any other circumstances which would cause the Bonds or the Guaranty or this Guaranty Agreement to be included in the gross debt of the County or which would prevent the deduction of the Bonds or this Guaranty or Guaranty Agreement from the gross debt of the County, as described above. Said advance notice shall be directed to the Chief Financial Officer/Treasurer of the County and received not less than ten (10) days prior to the sale of such obligations or the occurrence of such circumstance described herein.

(d) The purpose described herein is not a current expense of the County and no part of the cost thereof has been or shall be assessed on property specially benefited thereby.

(e) Upon the introduction of the Guaranty Ordinance, a supplemental debt statement of the County was duly made by the Chief Financial Officer/Treasurer of the County and filed in the office of the Clerk of the Board of County Commissioners, and a complete executed duplicate thereof was filed in the office of the Director of the Division of Local Government Services of the State of New Jersey prior to the final adoption of the Guaranty Ordinance, and such debt statement shows that while the gross debt of the County, as defined in the Local Bond Law, has been increased by the amount of Bonds issued by the Authority, upon satisfaction of the conditions set forth in N.J.S.A. 40:37A-80, in accordance with the provisions of the Act, the net debt of the County shall not be increased, and the obligation of the County which is authorized by or incurred pursuant to the Guaranty and the terms hereof is permitted notwithstanding any statutory debt or other limitations, including particularly any limitation of the Local Bond Law, which exception to statutory limitations is contained in the Act.

**Section 4.** The County and the Authority hereby agree as follows:

(a) The maximum principal amount of the Bonds of the Authority which are hereby and hereunder fully and unconditionally guaranteed as to payment of principal of and interest, is \$\_\_\_\_\_ in principal amount and shall not exceed \$6,300,000 in principal amount of Bonds at any one time Outstanding.

(b) All Bonds (including any bonds issued thereunder to refund the Bonds) issued pursuant to the Authority's Trust Indenture, dated as of December 1, 2023 (the "Indenture"), between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), shall be guaranteed by the County pursuant to the Act, the Guaranty, and as authorized herein.

(c) The County, as an Obligated Person, shall comply with the secondary market disclosure requirements of Rule 15c2-12(b)(5)(i) (the "Rule") as promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended. The Director of the Board of County Commissioners, the Chief Financial Officer/Treasurer or any other Authorized County Representative are each hereby authorized and directed to execute and deliver all certificates, documents and agreements including, without limitation, the Continuing Disclosure Agreement, to be dated as of the date of issuance of the Bonds, by and among the Authority, the County and Phoenix Advisors, LLC, as dissemination agent thereunder, to the Authority in connection therewith, and to file budgetary, financial and operating data on an annual basis and notices of certain enumerated events as required to comply with, and in accordance with, the provisions of the Rule; provided that the failure of the County to observe or perform its obligations in connection herewith shall not constitute an event of default under the Indenture or hereunder.

**Section 5.** (a) If on a date twenty (20) Business Days prior to the next Interest Payment Date (as such term is defined in the Indenture) for the Bonds, the available funds on deposit in the Debt Service Fund and the Debt Retirement Fund (as such terms are defined in the Indenture) are insufficient to provide for the payment of the principal of and/or interest due on the Bonds on such next succeeding Interest Payment Date, the Trustee shall notify the County and the Authority, within five (5) Business Days thereof, of the amount which is necessary to provide for the full payment of the principal of and interest on the Bonds, on such next Interest Payment Date. The County shall acknowledge receipt of such notice in writing within two (2) Business Days. The Trustee shall demand, in the notice, that the County pay the deficiency no later than two (2) days prior to such Interest Payment Date. Within said fifteen (15) Business Day period, the County shall make payment to the Trustee of the amount of such deficiency in the Debt Retirement Fund which will be transferred by the Trustee to the Debt Service Fund for payment on the Interest Payment Date.

In the event the County is required to make any payment or incurs any expense pursuant to the provisions of the County Guaranty or the Guaranty Agreement, the Authority shall repay or cause to be repaid to the County, in accordance with the Bond Resolution, all direct and indirect costs and expenses of the County incurred with respect to the County Guaranty including amounts paid by the County pursuant to the County Guaranty, together with interest on such amounts at an interest rate equal to the County's cost of obtaining funds required to make such payments (including, but not limited to, lost earnings on the investment of available funds used to make such payment or the net interest cost of such Bonds, whichever is higher, as shall be determined by the County), reasonable attorneys' fees and other costs arising out of the required payment or expenses for the collection, enforcement and repayment pursuant to the County Guaranty, together with interest accrued on such sum until the time of repayment to the County.

(b) When notice has been provided as described above, the County shall take all actions necessary and permitted by law to make payment of an amount which, when

added to the available amounts which are on deposit in the Debt Service Fund, is sufficient to pay the principal of and interest on the Bonds due on such Interest Payment Date and/or Principal Installment Date, as applicable.

(c) The Authority covenants to provide to the County the notices set forth in Section 3(c) hereof.

**Section 6.** The County will take all actions necessary and permitted by law to provide for and authorize the payment by the County, as needed, of all amounts due under this Guaranty Agreement or otherwise pursuant to the Guaranty. The County further agrees to cause the levy and collection of ad valorem taxes upon all taxable property within the County in an amount sufficient to pay said amounts, to the extent other funds available to the County are not sufficient therefor.

**Section 7.** The Authority will keep proper books of records and accounts in which complete and correct entries shall be made of all its transactions, including, without limitation, transactions relating to the Project, and which, together with all other books and papers of the Authority relating to the Project, shall at all reasonable times be subject to inspection by the County or its representatives. The Authority shall cause its books and accounts to be accurately audited annually by a registered municipal accountant or certified public accountant of New Jersey, and annually, within the time periods provided by law, copies of the report of such audits shall be furnished to the County, including statements in reasonable detail, accompanied by an unqualified opinion signed by such accountant, of financial conditions, of revenues and operating expenses, and of all such funds held by or for the Authority.

**Section 8.** The obligations of the County hereunder are unconditional. Failure on the part of the Authority or the Trustee in any instance or under any circumstances to observe or fully perform any obligation assumed by or imposed upon either the Authority or the Trustee by this Guaranty Agreement or by law, as applicable, shall not relieve the County from making any payment or fully performing any other obligations imposed by this Guaranty Agreement, but the County may have and pursue any and all remedies provided by law or in the Authority's Indenture for compelling performance by the Authority or the Trustee of obligations assumed by or imposed upon the Authority or the Trustee. Notwithstanding the foregoing, the Trustee shall not be responsible for any losses, liabilities, expenses or fees (including counsel fees) which are not due to its own gross negligence or willful misconduct.

**Section 9.** This Guaranty Agreement may not be assigned by the County or the Authority without the prior written consent of all parties; provided, however, that because this Guaranty Agreement is made with particular reference to the holders or prospective holders of the Bonds for the purpose of assuring and protecting the interests of such holders, the Authority may, pursuant to the Authority's Indenture, assign and pledge to the Trustee for the benefit and security of the holders of the Bonds all of its rights under the provisions of this Guaranty Agreement to receive payments from the County with respect to the Bonds. This ability to assign rights shall be limited solely to those rights specifically set

forth in this Guaranty Agreement. During the term of this Guaranty Agreement, the rights of the Authority or the Trustee to receive payments from the County under this Guaranty Agreement shall not be terminated, modified or amended. Notice of any such assignment shall be provided to the Rating Agencies within five (5) Business Days of the consent of the Trustee in the manner provided in Section 16 hereof.

**Section 10.** Within five (5) Business Days after the issuance of the Bonds, the Authority shall prepare and provide to the County Chief Financial Officer/Treasurer, County Counsel, and the Clerk of the Board of County Commissioners of the County, a certificate setting forth the principal amount, designation, date of issue, place of payment, maturities, rates of interest, rights of redemption prior to maturity, and redemption prices (if any) of such Bonds, together with a copy of the Authority's Indenture, each certified by its Secretary and under its seal, and, subsequent to the Closing, a transcript of all executed closing documents relating to the Bonds. At least one such transcript shall include originally executed documents.

**Section 11.** The Authority may at any time, with the prior consent, by ordinance, of the County, issue Additional Bonds or Refunding Bonds (as defined in the Authority's Indenture), undertaking an Additional Project or refunding all or any part of the Bonds, which shall be guaranteed by the County, in accordance with the provisions of the Indenture.

**Section 12.** The obligations of the County under this Guaranty Agreement shall be absolute and unconditional and shall remain in full force and effect until the entire principal of and interest on the Bonds shall have been paid or duly provided for in accordance with the provisions of the Indenture. The obligations of the County hereunder shall not be affected, modified or impaired upon the occurrence, from time to time, of any event, including without limitation any of the following, whether or not with notice to, or the consent of, the County:

(a) The waiver, compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Authority which are contained in the Indenture or any other agreement which has been or is executed and delivered for or with respect to the Bonds (collectively, the "Financing Documents"), or of the payment, performance or observance thereof;

(b) The failure to give notice to the County of the occurrence of an event of default under the provisions of this Guaranty Agreement;

(c) Intentionally omitted;

(d) The extension of the time for payment of the principal of or interest on the Bonds or of the time for performance of any obligations, covenants or agreements under or arising out of the Financing Documents;

(e) The modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Financing Documents;

(f) The taking, suffering or the omission of any of the actions referred to in the Financing Documents or of any actions under this Guaranty Agreement;

(g) Any failure, omission, delay or lack on the part of the Authority to enforce, assert or exercise any right, power or remedy conferred on the Authority in this Guaranty Agreement, the Financing Documents or any other act or acts on the part of the Authority or any of the holders from time to time of the Bonds;

(h) The voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment or other similar proceedings affecting the Authority or any party to the Financing Documents or any of the assets of any of them, or any allegation or contest of the validity of the Guaranty, or the Financing Documents;

(i) To the extent permitted by law, any event or action that would, in the absence of this clause, result in the release or discharge by operation of law of the County from the performance or observance of any obligation, covenant or agreement contained in this Guaranty Agreement; or

(j) The default or failure of the County to fully perform any of its obligations set forth in this Guaranty Agreement.

**Section 13.** No set-off, counterclaim, reduction, or diminution of any obligation, or any defense of any kind or nature (other than performance by the County of its obligations hereunder) which the County has or may have against the Authority, or against any holder of the Bonds, shall be available to the County against the Authority or anyone succeeding to the Authority's interest.

**Section 14.** The County further guarantees that all payments made with respect to the Bonds will, when made, be final and agrees that if such payment is recovered from or repaid by or on behalf of the Authority or the holders of the Bonds in whole or in part in any bankruptcy, insolvency or similar proceeding instituted by or against the Authority, the Guaranty shall continue to be fully applicable to such liabilities to the same extent as though the payment so recovered or repaid had never been originally made on such liabilities.

**Section 15.** The County hereby acknowledges and consents to the irrevocable assignment of the Guaranty by the Authority to the Trustee for the benefit of the holders of the Bonds, as and to the extent provided in Section 501 of the Indenture.

**Section 16.** All notices and submissions required hereunder shall be given to the following, or their successors, by facsimile or electronic mail transmission (with written confirmation of receipt and hard copy to follow in a manner prescribed below), or shall be sent by certified or registered mail, personal delivery or recognized overnight delivery:

(a) To the County:

Jeffrey T. Ridgway, Jr  
Chief Financial Officer/Treasurer  
County of Cumberland  
Administration Building  
164 West Broad Street  
Bridgeton, New Jersey 08302  
Facsimile: (856) 451-0967  
Email: jeffri@CumberlandCountyNJ.gov

Office of County Counsel  
County of Cumberland  
Administration Building  
164 West Broad Street  
Bridgeton, New Jersey 08302  
Attention: John G. Carr, Esq.  
Facsimile: (856) 453-2168  
Email: johnca@CumberlandCountyNJ.gov

Kimberly Codispoti, Clerk  
Board of County Commissioners  
County of Cumberland  
Administration Building  
164 West Broad Street  
Bridgeton, New Jersey 08302  
Facsimile: (856) 451-8243  
Email: kimco@CumberlandCountyNJ.gov

(b) To the County's Bond Counsel:

Christopher Langhart, Esq.  
McManimon, Scotland & Baumann, LLC  
75 Livingston Avenue  
Roseland, NJ 07068  
Facsimile: (973) 622-7333  
Email: clanghart@msbnj.com

(c) To the Authority:

Gerard Velazquez, III,  
President/Chief Executive Officer  
Cumberland County Improvement Authority  
745 Lebanon Road  
Millville, NJ 08332  
Facsimile: (856) 776-5391  
Email: jvelazquez@theauthoritynj.com

(d) To the Authority's Counsel:

David A. Weinstein, Esq.  
Archer & Greiner, P.C.  
1025 Laurel Oak Road  
Voorhees, NJ 08043  
Facsimile: (856) 795-0574  
Email: dweinstein@archerlaw.com

(e) To the Authority's Bond Counsel:

Jeffrey D. Winitsky, Esq.  
Parker McCay P.A.  
2 Cooper Street  
Camden, NJ 08102  
Facsimile: (856) 596-9631  
Email: jwinitsky@parkermccay.com

(f) Copies of all notices to the Trustee from time to time with respect to the Bonds:

U.S. Bank Trust Company, National Association  
333 Thornall Street, 4<sup>th</sup> Floor  
Edison, New Jersey 08837  
Attn: Corporate Trust Department  
Facsimile: ( ) \_\_\_\_\_  
Email: \_\_\_\_\_@\_\_\_\_\_ .com

Each party shall give notice from time to time to the other parties, in the manner specified herein, of any change of the identity or address of anyone listed herein.

**Section 17.** Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Authority's Indenture. As used herein, "resolution" shall mean an act or regulation of a governing body which is reduced to writing and which may be finally passed at the meeting at which it was introduced.

**Section 18.** This Guaranty Agreement may be executed in any number of counterparts, each of which shall be executed by authorized representatives of the Authority and the County and acknowledged and accepted by the Trustee and all of which together shall be regarded for all purposes as one original and shall constitute and be but one and the same.

**Section 19.** If any one or more of the covenants or agreements in this Guaranty Agreement to be performed on the part of the Authority, the County or the Trustee should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of this Guaranty Agreement.

**Section 20.** This Guaranty Agreement shall remain in effect so long as any Bonds or other obligations which are entitled to the benefit of the Guaranty are Outstanding, provided that the provisions hereof may be amended or modified or supplemented in accordance with the provisions of the Indenture, and with the consent of the parties (by ordinance in the case of the County) and upon provision of opinions of Counsel to the County and Bond Counsel to the Authority that such modification(s) will not adversely affect the rights of bondholders provided for herein, such opinions to be addressed to the County, the Authority and the Trustee (or accompanied by a reliance letter addressed to such parties).

**IN WITNESS WHEREOF**, the County and the Authority have caused their respective seals to be hereunto affixed and attested, these presents to be signed by their respective officers thereunto duly authorized and this Guaranty Agreement to be dated as of the date and the year first above written.

(SEAL)

ATTEST: **CUMBERLAND COUNTY IMPROVEMENT  
AUTHORITY**

\_\_\_\_\_  
**Shelly Schneider,  
Secretary**

By: \_\_\_\_\_  
**Gerard Velazquez, III,  
President/Chief Executive Officer**

(SEAL)

ATTEST: **COUNTY OF CUMBERLAND,  
STATE OF NEW JERSEY**

\_\_\_\_\_  
**Kimberly Codispoti  
Clerk of the Board of County  
Commissioners**

By: \_\_\_\_\_  
**Douglas A. Albrecht, Director of the  
Board of County Commissioners**

Acknowledged and Accepted:

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,  
as Trustee**

By: \_\_\_\_\_  
[NAME] \_\_\_\_\_,  
[TITLE] \_\_\_\_\_



**APPENDIX F**

**PROPOSED FORM OF OPINION OF BOND COUNSEL**



December \_\_, 2023

The Cumberland County Improvement Authority  
745 Lebanon Road  
Millville, New Jersey

**RE: [\$6,300,000] THE CUMBERLAND COUNTY IMPROVEMENT AUTHORITY,  
COUNTY GUARANTEED REVENUE BONDS (STATE POLICE BARRACKS  
PROJECT), SERIES 2023**

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the issuance and sale by The Cumberland County Improvement Authority ("Authority") of [\$6,300,000] aggregate principal amount of its County Guaranteed Revenue Bonds (State Police Barracks Project), Series 2023 ("Series 2023 Bonds").

The Series 2023 Bonds are issued pursuant to and in accordance with: (i) the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State of New Jersey ("State") (*N.J.S.A. 40:37A-44 et seq.*), and the acts amendatory thereof and supplemental thereto ("Act"); (ii) a bond resolution of the Authority, duly adopted on September 27, 2023 ("Bond Resolution"); and (iii) a Trust Indenture, dated as of December 1, 2023 ("Indenture"), between the Authority and U.S. Bank Trust Company, National Association. Capitalized terms, not otherwise defined herein, shall have the meanings ascribed thereto in the Indenture, unless the context clearly requires otherwise.

The Series 2023 Bonds are being issued to finance: (i) the costs of development, construction and equipping of an approximately 13,000 square foot state-of-the-art Police Barracks facility to be operated by the New Jersey State Police ("New Facility"); (ii) the costs of such other improvements and work and acquisition of equipment and materials as may be necessary or appropriate in connection with the construction of the New Facility; (iv) capitalized interest on the Bonds through and including the period of construction of the New Facility; and (v) the costs and expenses incurred by the Authority in connection with the issuance and delivery of the Series 2023 Bonds.

The Series 2023 Bonds are special and limited obligations of the Authority payable solely from the Revenues and secured by a lien on the Pledged Property of the Authority and from any other moneys pledged therefor under the Indenture. "Revenues" consist of: (i) available revenues of the Authority, not previously pledged as security for any existing series of bonds or other obligations or which are hereafter pledged to any future series of bonds or other obligations, and which available revenues are deposited by the Authority with the Trustee; (ii) any moneys or securities held pursuant to the Indenture and paid or required to be paid into the Debt Service Fund; (iii) any payments made by the County to the Authority pursuant to the County Guaranty; (iv) interest received on any moneys or Investment Securities held under the Indenture (other than in the Rebate Fund) and required to be paid into the Revenue Fund pursuant to the Indenture; and (v) any other amounts received from any other source by the Authority and pledged by the Authority as security for the payment of a particular Series of Bonds pursuant to a Supplemental Indenture.



The Series 2023 Bonds are also secured by the provisions of a guaranty ordinance, duly and finally adopted by the Board of County Commissioners of the County of Cumberland ("County") on May 24, 2022, pursuant to which the County has unconditionally and irrevocably guaranteed the payment, when due, of the principal of and interest on the Series 2023 Bonds ("County Guaranty"). The County, upon endorsement of the Series 2023 Bonds by the County, will be unconditionally and irrevocably obligated to levy *ad valorem* taxes upon all taxable real property within the jurisdiction of the County without limitation as to rate or amount when required under the provisions of applicable law and the County Guaranty for the payment, when due, of the principal of and interest on the Series 2023 Bonds.

The Series 2023 Bonds are dated December \_\_, 2023, mature on November 1 in each of the years and in the principal amounts set opposite each such year in the table below and bear interest at the interest rates per annum below, payable semi-annually May 1 and November 1, commencing May 1, 2024, in each year until maturity or earlier redemption.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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The Series 2023 Bonds are issued in fully registered book-entry-only form in the form of one certificate for each maturity of the Series 2023 Bonds. The Series 2023 Bonds are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the Indenture.

As Bond Counsel to the Authority, we have examined the Bond Resolution, the Indenture, and such statutes of the State and such resolutions of the Authority and proceedings relating thereto as we have deemed necessary to enable us to render the opinions set forth below. We have also examined and relied upon the proceedings authorizing the issuance of the Series 2023 Bonds and certain certifications and agreements (including a Certificate as to Nonarbitrage and Other Tax Matters ("Nonarbitrage Certificate") executed by the Authority with respect to the Series 2023 Bonds) intended to satisfy certain provisions of the Internal Revenue Code of 1986, as amended and supplemented (as amended, the "Code"), and applicable Treasury Regulations, rulings and court decisions, receipts and other documents which we have considered relevant. We have also examined a specimen Series 2023 Bond and have relied on certifications as to the execution and authentication of the Series 2023 Bonds. We have assumed that all documents, records and other instruments examined by us are genuine, accurate and complete and we have not undertaken to verify the factual matters set forth in any certificates or other documents by independent investigation.

Based upon and subject to the foregoing, we are of the following opinion:

1. The Authority has been duly created and is validly existing under the provisions of the Constitution and the laws of the State, including the Act, and has full right and lawful authority to issue the



Series 2023 Bonds for the purpose of financing the costs of the Project and to adopt or execute, as appropriate, and deliver and perform its obligations under the Bond Resolution and the Indenture.

2. The Bond Resolution has been duly and lawfully adopted by the Authority, is in full force and effect and is valid and binding upon the Authority, enforceable in accordance with its terms, except to the extent that enforcement thereof may be limited by applicable bankruptcy, insolvency, moratorium or other laws or other legal or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").

3. The Indenture has been duly authorized, executed and delivered by the Authority and, assuming that the Indenture has been duly authorized and delivered by the Trustee and constitutes a legal, valid and binding obligation of the Trustee, is a legal, valid and binding obligation of the Authority, enforceable against the Authority in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by Creditors' Rights Limitations.

4. The Indenture creates the valid pledge which it purports to create of the Pledged Property, subject only to the application thereof to the purposes and on the conditions permitted in the Indenture.

5. The Series 2023 Bonds have been duly authorized, executed, authenticated, issued and delivered and constitute valid and binding special and limited obligations of the Authority, enforceable in accordance with the respective terms thereof, except to the extent that enforcement thereof may be limited by Creditors' Rights Limitations.

6. Interest on the Series 2023 Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Series 2023 Bonds received or accrued by a foreign corporation subject to the branch profits tax will be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Series 2023 Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering this opinion, we have assumed continuing compliance by the Authority with the applicable requirements of the Code, including requirements relating to, *inter alia*, the use and investment of proceeds of the Series 2023 Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Borough to comply with such covenants could result in the interest on the Series 2023 Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that affect the tax-exempt status of the interest on the Series 2023 Bonds.



Ownership of the Series 2023 Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Series 2023 Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Series 2023 Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Series 2023 Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Series 2023 Bonds are not "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Owners of the Series 2023 Bonds should consult their own tax advisers as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

7. Interest on the Series 2023 Bonds and any gain from the sale thereof are not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof.

We call your attention to the fact that the Series 2023 Bonds are special and limited obligations of the Authority payable solely from the Revenues and secured by a lien on the Pledged Property of the Authority and from any other moneys pledged therefor under the Indenture. The Series 2023 Bonds do not constitute a debt or obligation of the State or any political subdivision thereof (other than the Authority relating solely to the Pledged Property, and as applicable under and limited by the County Guaranty, the County), and neither the credit nor the taxing power of the State or any political subdivision thereof (other than the Authority relating solely to the Pledged Property, and as applicable under and limited by the County Guaranty, the County) is pledged for the payment of the principal of, redemption premium, if any, or interest on the Series 2023 Bonds. The Authority has no taxing power.



We express no opinion as to any matter not set forth in the numbered paragraphs above including, without limitation, any financial or other information which has been or may be supplied to purchasers of the Series 2023 Bonds.

The opinions expressed in the numbered paragraphs above are being rendered on the basis of federal law and the laws of the State, as presently enacted and construed, and we assume no responsibility to advise any party as to any changes in law or fact subsequent to the date hereof that may affect the opinions expressed above.

This is only an opinion letter and not a warranty or guaranty of the matters discussed above.

This letter is being provided solely for the benefit of the Authority and may not be relied upon by any other person, party, firm or organization without our prior written consent.

Very truly yours,

**APPENDIX G**

**FORM OF CONTINUING DISCLOSURE AGREEMENT**

## CONTINUING DISCLOSURE AGREEMENT

**THIS CONTINUING DISCLOSURE AGREEMENT** ("Disclosure Agreement") is made on this \_\_\_ day of December, 2023, by and between the County of Cumberland, New Jersey ("County"), The Cumberland County Improvement Authority ("Authority") and Phoenix Advisors, LLC ("Dissemination Agent"), in connection with the issuance by the Authority of its County Guaranteed Revenue Bonds (State Police Barracks Project), Series 2023 ("Series 2023 Bonds"). The Series 2023 Bonds are being issued pursuant to: (i) the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State of New Jersey (*N.J.S.A. 40:37A-44 et seq.*), and the acts amendatory thereof and supplemental thereto; (ii) a bond resolution of the Authority, duly adopted on September 27, 2023 ("Bond Resolution"); and (iii) an Indenture of Trust, dated as of November 1, 2023 ("Indenture"), between the Authority and U.S. Bank Trust Company, National Association, Edison, New Jersey, as trustee.

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered for the benefit of the holders and beneficial owners of the Series 2023 Bonds (collectively, "Bondholders") and in compliance with the provisions of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission ("Commission") pursuant to the Securities Exchange Act of 1934, as it may be amended and supplemented from time to time, including administrative or judicial interpretations thereof, as it applies to the Series 2023 Bonds ("Rule").

**SECTION 2. Definitions.** In addition to the definitions set forth in the Bond Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, capitalized terms shall have the following meanings:

**"Annual Report"** shall mean the County's Annual Report provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

**"Commission"** shall have the meaning set forth in Section 1 of this Disclosure Agreement.

**"Continuing Disclosure Information"** shall mean, collectively, (i) the Annual Report; (ii) any notice required to be filed with the National Repository pursuant to Section 5 hereof; and (iii) any notice of an event required to be filed with the National Repository pursuant to Section 3(c) hereof.

**"EMMA"** shall mean the Electronic Municipal Market Access System, an internet based filing system created and maintained by the MSRB in accordance with Release No. 34-59062, of the Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt and taxable bonds, including the Series 2023 Bonds, and other filers on behalf of such issuers shall upload Continuing Disclosure Information to assist underwriters in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

**"Listed Events"** shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

**"MSRB"** shall mean the Municipal Securities Rulemaking Board.



**"National Repository"** shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the Commission as a repository for purposes of the Rule.

**"Opinion of Counsel"** shall mean a written opinion of counsel expert in federal securities law acceptable to the County.

**"Rule"** shall have the meaning set forth in Section 1 of this Disclosure Agreement.

**"Trustee"** shall mean U.S. Bank Trust Company, National Association.

### **SECTION 3. Provision of Annual Report.**

(a) The County shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the County's reporting obligations under this Disclosure Agreement pursuant to the provisions of Section 6 hereof provide to the Dissemination Agent, the Annual Report prepared for the preceding fiscal year of the County (commencing for the fiscal year ending December 31, 2023). Each Annual Report provided to the Dissemination Agent by the County shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission.

(b) The Dissemination Agent, promptly (within fifteen (15) Business Days) after receiving the Annual Report from the County, shall submit each Annual Report received by it to the National Repository and the Authority and thereafter shall file a written report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Agreement to the National Repository and the Authority and stating the date it was provided to the National Repository and the Authority.

(c) If the County fails to provide the Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the County advising of such failure. Whether or not such notice is given or received, if the County thereafter fails to submit the Annual Report to the Dissemination Agent within fifteen (15) Business Days after the Annual Report was due pursuant to the provisions of subsection (a) of this Section 3, the Dissemination Agent shall promptly send a notice (with copies of said notice to the County, the Authority, and the Trustee) to the National Repository in substantially the form attached as EXHIBIT "A" hereto.

**SECTION 4. Contents of Annual Report.** The County's Annual Report shall contain or incorporate by reference the following for the relevant fiscal year: (i) the County's annual financial statements, substantially in the form set forth in APPENDIX B to the Official Statement, audited by an independent certified public accountant, provided that the annual audited financial statements of the County may be submitted separately from the balance of the Annual Report and later than the date required in Section 3(a) hereof for the filing of the Annual Report if the annual audited financial statements are not available by that date, but only if the unaudited financial statements of the County are included in the Annual Report; and (ii)

Financial information and operating data of the County of the type included in the Official Statement relating the Series 2023 Bonds, consisting of: (a) County and overlapping indebtedness, including a schedule of outstanding debt issued by the County; (b) the County's most current adopted budget; (c) property valuation information; and (d) tax rate, levy and collection data. Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the County is an Obligated Person, which have been filed with EMMA. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The County shall clearly identify each such other document so incorporated by reference.

If any of the information above can no longer be generated because the operations to which such information relates have been materially changed or discontinued, a statement to that effect shall satisfy the obligations of the County under this Section 4, provided however that the County shall, to the greatest extent feasible, provide in lieu thereof similar information with respect to any substitute or replacement operations.

Each annual audited financial statements will conform to generally accepted accounting principles applicable to governmental units or will be prepared in accordance with the standards of the Governmental Accounting Standards Board and requirements of the Division of Local Government Services in the New Jersey Department of Community Affairs as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statements.

#### **SECTION 5. Reporting of Significant Events.**

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following listed events ("Listed Events"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2023 Bonds, or other material events affecting the tax status of the Series 2023 Bonds;
- (7) modifications to the rights of Series 2023 Bondholders, if material;
- (8) Series 2023 Bond calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Series 2023 Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive

agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a financial obligation<sup>1</sup> of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

In determining the materiality of any of the Listed Events specified in subsections (a)(2), (7), (8), (10), (14) or (15) of this Section 5, the County and the Authority may, but shall not be required to, rely conclusively on an Opinion of Counsel.

(b) The County shall, in a timely manner not in excess of seven (7) Business Days after the occurrence of any Listed Event contained in Section 5(a)(2), (10), (11)(solely with respect to rating changes of the County), (12), (13) and (16) hereof, notify the Dissemination Agent, in writing, to report the Listed Event pursuant to subsection (d) of this Section 5. The Dissemination Agent shall have no obligation under this Disclosure Agreement to provide, or to monitor the County's obligation to provide, notification of the occurrence of any of the Listed Events.

(c) The Authority shall, in a timely manner not in excess of seven (7) Business Days after the occurrence of any Listed Event contained in Section 5(a)(1), (3), (4), (5), (6), (7), (8), (9), (10), (11)(solely with respect to Series 2023 Bond rating changes), (14) and (16) hereof, notify the Dissemination Agent, in writing, to report the Listed Event pursuant to subsection (d) of this Section 5. The Dissemination Agent shall have no obligation under this Disclosure Agreement to provide, or to monitor the Authority's obligation to provide, notification of the occurrence of any of the Listed Events.

(d) If the Dissemination Agent has been instructed by the County or the Authority, respectively, to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the National Repository, as specified by the County or the Authority, respectively, in written instructions to the Dissemination Agent, within three (3) Business Days of the receipt of such instruction (but in no event later than ten (10) Business Days after the occurrence of a Listed Event), with a copy of such notice provided by the Dissemination Agent to the County, the Authority, and the Trustee. In addition, notice of Listed Events described in subsections (a)(8) and (9) of this Section 5 shall be given by the Dissemination Agent under this subsection (c) simultaneously with the giving of the notice of the underlying event to holders of affected Series 2023 Bonds without any required notice from the County or the Authority.

**SECTION 6. Termination of Reporting Obligations.** The reporting obligations of the County and the Authority under this Disclosure Agreement shall terminate upon the defeasance,

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<sup>1</sup> The term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

prior redemption or payment in full of all of the Series 2023 Bonds or when neither the County nor the Authority is no longer an Obligated Person (as defined in the Rule) with respect to the Series 2023 Bonds.

**SECTION 7. Amendment; Waiver.** Notwithstanding any other provisions of this Disclosure Agreement, the County or the Authority may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an Opinion of Counsel addressed to the Authority, the County and the Dissemination Agent to the effect that such amendment or waiver will not, in and of itself, cause the undertakings herein to violate the Rule. No amendment to this Disclosure Agreement shall change or modify the rights or obligations of the Dissemination Agent without its written assent thereto. The party seeking amendment or waiver of provisions of this Disclosure Agreement shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent (with a copy to the Authority) and the Dissemination Agent shall file such notice with the National Repository.

**SECTION 8. Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the County or the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the County or the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 9. Default and Remedies.** In the event of a failure of the County or the Authority to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Series 2023 Bondholders of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Series 2023 Bonds and after provision of satisfactory indemnification in accordance with the Bond Resolution and the Indenture, shall), or any beneficial owner of the Series 2023 Bonds may, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the County or the Authority, as applicable, to comply with its respective obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed to be an Event of Default (as defined in the Indenture) under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the County or the Authority to comply with its respective obligations under this Disclosure Agreement shall be an action to compel performance.

**SECTION 10. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the County, the Authority, the Dissemination Agent and the Bondholders, and each Bondholder is hereby declared to be a third party beneficiary of this Disclosure Agreement. Except as provided in the immediately preceding sentence, this Disclosure Agreement shall create no rights in any other person or entity.

**SECTION 11. Submission of Information to MSRB.** The County, the Authority and the Dissemination Agent agree that all Continuing Disclosure Information filed with the National Repository in accordance with this Disclosure Agreement shall be in electronic format as shall be prescribed by the MSRB or such other format as the Rule may require or permit, and shall

be accompanied by such identifying information as shall be prescribed by the MSRB or as may otherwise be required by the Rule.

**SECTION 12. Notices.** All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the County:

County of Cumberland  
164 West Broad Street  
Bridgeton, New Jersey 08302  
Attention: Chief Financial Officer

(ii) If to the Dissemination Agent:

Phoenix Advisors, LLC  
625 Farnsworth Avenue  
Bordentown, New Jersey 08505  
Attention: Anthony Inverso, Senior Managing Director

(iii) If to the Authority:

The Cumberland County Improvement Authority  
745 Lebanon Road  
Millville, New Jersey 08332  
Attention: President/Chief Executive Officer

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 12 for the giving of notice.

**SECTION 13. Compensation and Indemnification.** The County shall pay: (i) the Dissemination Agent from time to time reasonable compensation for all services rendered under this Disclosure Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Disclosure Agreement; and (ii) the Authority for any costs it may incur in the performance of its obligations under this Disclosure Agreement.

**SECTION 14. Counterparts.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 15. Appointment, Removal and Resignation of the Dissemination Agent.**

(a) The County or the Authority may each discharge the Dissemination Agent and satisfy its obligations under this Disclosure Agreement without the assistance of a Dissemination Agent, or the County or the Authority each may discharge the Dissemination Agent and appoint

a successor Dissemination Agent, in either case by giving not less than thirty (30) days' written notice to the Dissemination Agent (with a copy to the Authority or the County, as applicable).

(b) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement.

(c) The Dissemination Agent, or any successor thereto, may at any time resign and be discharged of its duties and obligations under this Disclosure Agreement by giving not less than forty-five (45) days' written notice to the County and the Authority. Such resignation shall take effect on the date specified in such notice unless a replacement Dissemination Agent has not been appointed by the County or the Authority, in which event, the Dissemination Agent shall continue to serve in such capacity until a successor has been appointed.

**SECTION 16. Severability.** If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

**SECTION 17. Successors and Assigns.** All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the County or the Authority or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

**SECTION 18. Headings for Convenience Only.** The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

**SECTION 19. Governing Law.** This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**IN WITNESS WHEREOF**, the parties hereto have caused this Disclosure Agreement to be executed as of the date first written above.

**COUNTY OF CUMBERLAND, NEW JERSEY**

By: \_\_\_\_\_  
**JEFFREY T. RIDGEWAY,**  
**Chief Financial Officer/County Treasurer**

**THE CUMBERLAND COUNTY  
IMPROVEMENT AUTHORITY**

By: \_\_\_\_\_  
**GERARD VELAZQUEZ, III,**  
**President/Chief Executive Officer**

**PHOENIX ADVISORS, LLC,**  
**as Dissemination Agent**

By: \_\_\_\_\_  
**ANTHONY INVERSO,**  
**Senior Managing Director**

**EXHIBIT "A"**

**NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT**

Name of Issuer: The Cumberland County Improvement Authority  
("Authority")

Name of Bond Issue Affected: The Cumberland County Improvement Authority  
[\$6,300,000] County Guaranteed Revenue Bonds  
(State Police Barracks Project), Series 2023

Date of Issuance of Affected Bond Issue: December \_\_, 2023

NOTICE IS HEREBY GIVEN that the County of Cumberland, New Jersey has not provided an Annual Report with respect to the above-named Bond Issue as required by Section 3 of the Continuing Disclosure Agreement, dated December \_\_, 2023, between the County and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The County anticipates that such Annual Report will be filed by \_\_\_\_\_.]

Dated:

PHOENIX ADVISORS, LLC,  
as Dissemination Agent

cc: County  
Authority  
Trustee