

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**

**Financial Statements and Supplementary Information**

**For the years ended December 31, 2021 and 2020**

**(With Independent Auditor's Report thereon)**

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Table of Contents**

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report	3
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 <i>Government Auditing Standards</i>	6
<b>Required Supplementary Information:</b>	
Management’s Discussion & Analysis	8
<b>Basic Financial Statements:</b>	
	<b><u>EXHIBIT</u></b>
Statements of Net Position	A 32
Statements of Revenues Expenses and Changes in Net Position	B 35
Statements of Cash Flows	C 36
Notes to Financial Statements	38
<b>Supplementary Information:</b>	
	<b><u>SCHEDULE</u></b>
<b>Wastewater Division:</b>	
Statements of Net Position	I 71
Statements of Revenues, Expenses and Changes in Net Position	II 73
Operating Revenues and Costs Funded By	
Operating Revenues Compared to Budget	III 74
Schedule of Cash and Cash Equivalents and Investments	IV 75
Schedule of Property, Plant and Equipment	V 76
Special-Purpose Statement of Revenues and Expenses to Comply With Bond Resolutions	VI 77
<b>Solid Waste Division:</b>	
Statements of Net Position	VII 78
Statements of Revenues, Expenses and Changes in Net Position	VIII 80
Operating Revenues and Costs Funded By	
Operating Revenues Compared to Budget	IX 81
Schedule of Cash and Cash Equivalents and Investments	X 82
Schedule of Property, Plant and Equipment	XI 83
<b>Required Supplementary Information:</b>	
Schedule of Authority’s Proportionate Share of the Net Pension Liability – PERS	XII 85
Schedule of Authority Contributions – PERS	XIV 86
Schedule of Authority’s Proportionate Share of the Net Other Post-Employment Benefits Liability	XII 87
Notes to the Required Supplemental Information	88
General Comments and Recommendations	89



## Atlantic County Utilities Authority

P.O. Box 996 • Pleasantville, NJ, 08232-0996

street address: 6700 Delilah Rd., Egg Harbor Twp., NJ, 08234-5623 609.272.6950 • [www.acua.com](http://www.acua.com) • [info@acua.com](mailto:info@acua.com)

March 15, 2023

Chairman Embry, Authority Board Members and President Dovey:

Presented to you are the audited financial statements for the 2021 year. There are separate financial statements for the Wastewater Division and Solid Waste Division, as has been done in prior years. The financial statements are presented separately for each division because the Divisions are separate and distinct for ratemaking, operating, and public financing purposes. There are also combined statements as required by accounting standards for the Comparative Statement of Net Position, the Comparative Statement of Revenues, Expenses, and Changes in Net Position, and Comparative Statement of Cash Flows.

Government Auditing Standards and State law requires that the Atlantic County Utilities Authority publish a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards. The financial statements for the 2021 year are presented as required. It should be noted that the delay in the completion of December 31, 2021 annual audit resulted from a delay in the State issuing the June 30, 2021 State of New Jersey Health Benefits Local Government Retired Employees Plan Audit Report, which is required in order to comply with the Governmental Accounting Standards Board Statement Number 75.

In addition, and for the purpose of evaluating budget performance, a Schedule of Operating Revenues and Costs Funded by Operating Revenues Compared to Budget Rate Basis have been completed. This is more commonly referred to as the “Budget to Actual” statement, and has been completed for both the Wastewater and Solid Waste Divisions. Similar statements are also prepared and presented to you during the year, and utilized by the operations and management staff to evaluate operating performance as it relates to budget.

Also included are statements prepared on a Modified GAAP Basis, and relates more to the “Budget to Actual” statements. In addition, there are statements done in accordance with the bond indenture.

The justification and differences related to these statements are discussed more thoroughly in the Management Discussion and Analysis (MD&A) report provided herein. All of the additional statements mentioned and not in compliance with GAAP have been reconciled to the required GAAP statements.

The MD&A report consists of management's representations concerning the finances of the Wastewater Division and the Solid Waste Division. Management assumes full responsibility for the completeness and reliability of all the information presented in the MD&A.

Regarding the reliability of the statements presented, a reasonable internal control framework and procedures exist to protect the Atlantic County Utility Authority's assets from loss, theft or misuse. This internal control framework provides a basis that allows staff to compile sufficient and reliable information for the preparation of the Authority's financial statements in conformity with GAAP and for the audit by the Authority's independent auditor. Because the cost of internal controls should not outweigh their benefits, the internal controls cannot provide an absolute assurance, but can provide reasonable assurance as to the credibility and accuracy of the financial statements.

The staff of the Finance Department prepared the basic financial statements and the supplemental financial statements and schedules discussed above. Holman Frenia Allison, PC, a firm of licensed certified public accountants, has audited and opined on the Authority's financial statements. The goal of an independent audit is to provide reasonable assurance as to the validity of the financial statements. This involves examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing any estimates and calculations utilized, assessing supplemental information provided or gathered by the auditors, and assessing the overall financial statement presentation. The auditors have opined that the basic financial statements which were prepared in accordance with generally accepted accounting principles and audited in accordance with generally accepted auditing standards present fairly, in all material respects, the financial position of the Atlantic County Utilities Authority at December 31, 2021 and 2020. There are no recommendations noted.

Sincerely,

*Linda Bazemore*

Linda Bazemore  
Vice President of Finance & Administration/CFO

*Katherine Vesey*

Katherine Vesey  
Director of Finance, Research & Development

## INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members  
of the Atlantic County Utilities Authority

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the business-type activities of the Atlantic County Utilities Authority (hereafter referred to as the Authority), a component unit of the County of Atlantic, State of New Jersey, 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of December 31, 2021, and the respective changes in financial position, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with 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 in compliance with audit standards prescribed by the Local Finance Board and 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 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 opinion.

#### **Prior Period Financial Statements**

The financial statements of Atlantic County Utilities Authority as of December 31, 2020 were audited by other auditors whose report dated March 15, 2022, expressed an unmodified opinion on those statements.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 standards prescribed by the Local Finance Board and 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, *Government Auditing Standards* and audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

March 15, 2023  
Lakewood, New Jersey





**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**

Honorable Chairman and Members  
of Atlantic County Utilities Authority

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 as prescribed by Local Finance Board and 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 Atlantic County Utilities Authority, a component unit of the County of Atlantic, State of New Jersey (herein referred to as “the Authority”), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements and have issued our report thereon dated March 15, 2023.

**Report on Internal Control over Financial Reporting**

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



## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Audit Standards* and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

March 15, 2023  
Lakewood, New Jersey

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Atlantic County Utilities Authority's (the Authority or the ACUA) annual financial report, the management of the Authority provides narrative discussion and analysis of the financial activities of the Authority for the audit year ending December 31, 2021.

The Authority's financial performance is discussed and analyzed within the context of the accompanying financial statements and notes following this section.

The Atlantic County Utilities Authority consists of three divisions. The three divisions are Administration, Solid Waste and Wastewater. The latter two are the operational divisions of the ACUA. Administrative expenses are allocated between the two operational Divisions based on percentages deemed appropriate by management. These expenses are included in the financial statements of the two divisions. The two operating divisions are discussed in this section separately where appropriate. The two divisions are separate and distinct from each other for rate making and operating purposes. The Bondholders, if applicable, of each Division do not have claims on the revenues or assets of the other Division.

### **Discussion of Financial Statements Included in Annual Audit**

The Authority prepares and presents its financial statements on several different bases because of accounting requirements and for internal use purposes.

The first set of statements for each respective Division, which consist of the Comparative Statement of Net Position, the Comparative Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows, is prepared on an accrual basis and is in accordance with generally accepted accounting principles (GAAP) applicable to enterprise funds of state and local governments. These statements are the official financial statements of the Atlantic County Utilities Authority.

After the first set of statements and the "Notes to the Financial Statements" that follow, is the second set of statements for each respective Division. These statements are considered "Supplemental Information" and consist of the Comparative Statement of Net Position, the Comparative Statement of Revenues, Expenses and Changes in Net Position. They are prepared on a "Modified Accrual Basis".

There are two differences between the statements. The first is the recording and reporting of accounts payable. On the "Modified Accrual Basis" statements, all encumbrances as of December 31, 2021, are reported as Accounts Payable or Construction Contracts Payable, and as Property, Plant and Equipment. On the "GAAP Basis" statements, only those encumbrances where goods or services have been received as of December 31, 2021 are reported as Accounts Payable or Construction Contracts Payable, and as Property, Plant and Equipment. The second difference relates to pensions and other post-employment

benefits. The Authority adopted *GASB 68 – Accounting and Financial Reporting for Pensions* in 2015 and *GASB 75 – Accounting and Financial Reporting for Other Post-Employment Benefits* in 2018. The financial impact of GASB 68 and GASB 75 is only on the GAAP statements. See Notes 7 and 8 for further explanation and their impact on the Authority’s financial statements.

The difference between the two statements and methodologies presents itself in Net Position-Unrestricted and is shown on the Modified Accrual Statement for each Division.

The Authority has historically presented its financial statements on a “Modified Accrual Basis” and continues to do so because it relates more fairly to the annual budget for the same period. The annual budget records all encumbrances as charges against the adopted appropriation even if the items or services have not been received.

Also contained in the supplemental information are statements for each Division that reports the “Schedule of Operating Revenues and Costs Funded by Operating Revenues Compared to Budget-Rate Basis”. This statement compares the “Budget” revenues and expenses to “Actual” revenues and expenses. This includes operating revenues and expenses, non-operating revenues, and non-operating expenses. Principal and Interest are reported in this statement as Debt Service Expense, and Depreciation is not reported as an expense. On the “GAAP” and “Modified Accrual” statements, Depreciation Expense is included as an expense, and only the Interest Expense component of the Debt Service Expense is reported.

The Budget to Actual statement is a very important statement to the Authority management staff because it is how financial performance is measured, particularly as it compares to the approved and adopted annual budget and how it relates to operational performance.

Finally, there is a “Special Purpose Statement of Revenues and Expenses to Comply with Revenue Bond Resolution” for the Wastewater Division. This statement is done as defined and in accordance with the Bond Resolution. This statement essentially includes the same revenues and same expenses as reported on the “GAAP Basis” statements, except for Depreciation. Depreciation is not included on the statement which complies with the Wastewater Bond Resolution.

For the purpose of the Management Discussion and Analysis, the ensuing discussion will review the official statements of the Atlantic County Utilities Authority, those prepared in accordance with generally accepted accounting principles (GAAP) applicable to enterprise funds of state and local governments. This is the first set of statements included in the annual audit report. Throughout the MD&A discussion certain numbers are rounded and represent approximate amounts. Exact amounts are in the numerical charts.

## Wastewater Division

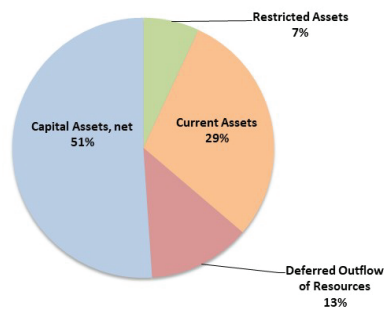
### Comparative Balance Sheet

The Balance Sheet is the only financial statement that applies to a single point in time. This statement is intended to provide a snapshot of the Division's financial condition as of December 31<sup>st</sup>. The Division's Assets and Deferred Outflows exceed Liabilities and Deferred Inflows by more than \$42.9 million which indicates a strong financial position.

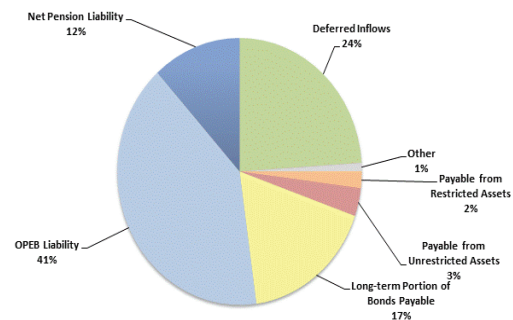
Below is a synopsis of the Wastewater Division's 2021 Balance Sheet with a comparison to the last two years:

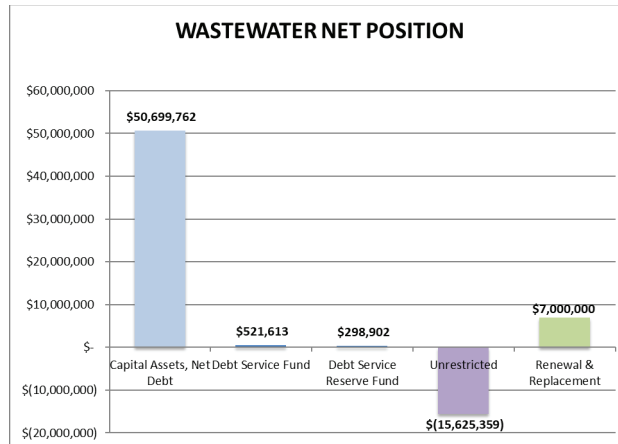
					<b>2021-2020</b>	
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>\$ Change</b>	<b>% Change</b>	
Total Current Assets	\$ 39,100,024	\$ 50,213,457	\$ 45,963,493	\$ (11,113,434)	-22%	
Total Restricted & Noncurrent Assets	9,246,103	6,107,698	11,106,738	3,138,405	51%	
Capital Assets, Net of Depreciation	68,067,495	63,248,761	62,093,282	4,818,734	8%	
Deferred Outflow Related to Pensions & OPEB	16,881,769	14,104,572	4,567,857	2,777,197	20%	
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS</b>	<b>\$ 133,295,391</b>	<b>\$ 133,674,488</b>	<b>\$ 123,731,370</b>	<b>\$ (379,098)</b>	<b>0%</b>	
Total Current Payable from Unrestricted	\$ 3,064,555	\$ 3,134,381	\$ 2,988,053	\$ (69,826)	-2%	
Total Current Payable from Restricted	1,856,373	1,935,983	2,475,321	(79,610)	-4%	
Total Noncurrent Liabilities Payable from Restricted	15,715,620	17,367,732	19,171,797	(1,652,111)	-10%	
Total Noncurrent Liabilities Payable from Unrestricted	48,106,769	46,267,433	36,095,398	1,839,337	4%	
Total Deferred Inflows Related to Pensions & OPEB	21,657,156	19,561,004	19,926,603	2,096,152	11%	
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS</b>	<b>90,400,473</b>	<b>88,266,534</b>	<b>80,657,172</b>	<b>2,133,939</b>	<b>2%</b>	
Invested in Capital Assets, Net Debt	50,699,762	44,129,276	41,221,130	6,570,486	15%	
Total Restricted	7,820,515	7,943,745	7,869,819	(123,230)	-2%	
Unrestricted	(15,625,359)	(6,665,067)	(6,016,754)	(8,960,292)	134%	
<b>TOTAL NET POSITION</b>	<b>\$ 42,894,918</b>	<b>\$ 45,407,954</b>	<b>\$ 43,074,196</b>	<b>\$ (2,513,037)</b>	<b>-6%</b>	
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b>\$ 133,295,391</b>	<b>\$ 133,674,488</b>	<b>\$ 123,731,370</b>	<b>\$ (379,098)</b>	<b>0%</b>	

**WASTEWATER ASSETS & DEFERRED OUTFLOWS**



**WASTEWATER LIABILITIES & DEFERRED INFLOWS**





The Wastewater Division’s Total Assets and Deferred Outflows decreased almost \$380,000. Current Assets decreased \$11.1 million. This resulted primarily from over \$10 million in capital projects being temporarily funded internally, enabling the Authority to avoid closing costs on construction loans. This proved beneficial due to the fact that interest earnings were near 0%. It is anticipated long-term loans for these projects will close in 2022. Accounts Receivable increased by \$753,000 and this is primarily due to the timing of customer payments. As recognized in 2020, the cash receipts of the Authority were not negatively impacted by the Covid-19 pandemic.

Restricted Noncurrent Assets increased more than \$3.1 million to \$9.2 million. Cash & Investments increased \$3.2 million to pay for self-funded projects either permanently or until long-term financing could be secured. Loans Receivable decreased almost \$55,000 due to the receipt of funds for the completion of the sea wall improvements funded through the New Jersey Infrastructure Bank (NJIB). The NJIB also credited \$22,000 of debt and the related loan receivable for the unused loan proceeds for the Bar Screen Replacement financing.

Capital Assets increased \$4.8 million, with additions and deletions representing \$8.1 million and Depreciation Expense representing \$3.3 million. Capital projects added in 2021 include Phase 1 of the Bader Field/Ventnor-Margate force main, improvements to Wellington Avenue Force Main and reconstruction of the Brigantine Force Main. Depreciation Expense is calculated straight line over the life of the asset with a half year of depreciation taken in the first and last years of the asset’s life. Depreciation Expense increased by \$146,000 primarily because a half year of depreciation was taken in 2021 for assets placed in service and a full year of depreciation was taken on assets placed in service in 2020 as compared to only a half year in 2020.

Deferred Outflows Related to Pensions decreased \$400,000 to \$2.3 million. The decrease is due to the actuarial assumptions used to calculate pension obligations. Deferred Outflows Related to OPEB increased from \$11.4 million in 2020 to \$14.6 million in 2021 also due to the actuarial assumptions used to calculate OPEB obligations.

Total Liabilities and Deferred Inflows increased by \$2.1 million and 2%. Accounts Payable decreased \$296,000 primarily due to the timing of payments made to vendors. In 2019, Deferred Revenue represented a prepayment from American Tower, Inc. for 2020 rent that was recognized 2020. There was no Deferred Revenue in 2020 or 2021. Pension Payable represents the amount owed to the New Jersey Public Employee's Retirement System for the current year which increased \$227,000 to \$1.05 million.

Construction Contracts Payable increased \$29,000 and represents the amount owed to vendors for the portion of capital projects that were complete but not yet paid as of December 31, 2021.

Accrued Absences increased \$15,000 to \$377,000 which represents the value associated with vacation and compensatory time earned by employees as of December 31, 2021. Post Retirement Benefit costs remained the same at \$535,000. This balance represents additional funds set aside by the Authority for Other Post-Employment Benefits.

Current and Long-Term Bonds Payable went from \$19.1 million in 2020 to \$17.4 million in 2021 due to \$1.7 million principal payments made in accordance with existing debt service schedules. Accrued Interest Expense decreased slightly to \$69,000 due to the repayment of debt during the year. The Authority did not issue new debt in 2021.

The Net Pension Liability is required as part of the implementation of GASB 68 and represents an actuarial estimate of the current liability for future pension expenses. The Net Pension Liability decreased \$3.7 million and 26% to \$10.6 million in 2021. The decrease is almost entirely attributable to an increase in plan assets as compared to last year. The OPEB Liability is required as part of the implementation of GASB 75 and represents an actuarial estimate of the current liability for future post-employment benefits for retirees. The liability is \$36.6 million and increased \$5.5 million from 2020. The increase is almost entirely attributable to changes in actuarial assumptions used to calculate OPEB obligations.

Deferred Inflows Related to Pensions increased \$831,000 and Deferred Inflows Related to OPEB increased \$1.3 due to changes in actuarial assumptions used to calculate pension and OPEB obligations.

Assets and Deferred Outflow of Resources exceed Liabilities and Deferred Inflow of Resources by \$42.9 million. This compares to 2020 where the division's Assets and Deferred Outflow of Resources exceeded its Liabilities and Deferred Inflow of Resources by \$45.4 million. The net change represents a decrease in Net Position for the 2021 year of \$2.5 million.

The Division's Net Position of \$42,894,918 is comprised of the following:

- (1) Capital Assets, Net of Related Debt of \$50,699,762, include property, plant and equipment, net of accumulated depreciation, and net of long-term debt and short-term debt related to the purchase or construction of capital assets.

(2) Net Position of \$7,000,000 restricted for the purpose of Renewal and Replacement of “the System” and restricted as the “System Improvement Requirement”, which is determined each year by an independent consulting engineer.

(3) Net Position of \$521,613 restricted for the purpose of forthcoming debt service payments.

(4) Net Position of \$298,902 restricted for the purpose of providing a Debt Service Reserve Fund, in accordance with the Authority’s debt covenants.

(5) Unrestricted Net Position of (\$15,625,359) represents the portion available to maintain the Authority’s continuing obligations to the contractual customers of its service area, its creditors and current liabilities. Also reflected in the balance are the financial impacts of the implementation of GASB 68 and GASB 75.

Restricted Net Position decreased \$123,000 due to a decrease in the Debt Service Reserve Fund in accordance with future debt service payments for certain loans. Unrestricted Net Position decreased almost \$9 million which is a function of changes in Restricted Net Assets and Net Income for the year.

Comparative Statement of Revenues, Expenses and Changes in Net Position:

This financial statement is commonly referred to as the Income Statement and summarizes the Division’s Revenue and Expenditures for the year. This financial statement provides valuable insight into both operating and non-operating performance and is most useful when compared to prior periods of performance. Net loss for the year was \$2,513,000, a decrease of over \$4.8 million from 2020.

Below is a synopsis of the Wastewater Division’s 2021 Statement of Revenues, Expenses and Changes in Net Position with a comparison to the last two years:



	2021-2020				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
<b>WW Revenue</b>					
User Fee	\$ 22,153,120	\$ 23,694,073	\$ 23,343,919	\$ (1,540,953)	-7%
Sludge	1,839,432	2,261,913	1,956,774	(422,481)	-19%
Septage	424,414	395,872	414,530	28,542	7%
Grant Income	-	-	25,686	-	0%
Other	1,406,293	1,433,623	1,414,227	(27,330)	-2%
<b>Total Revenue</b>	<b>25,823,259</b>	<b>27,785,481</b>	<b>27,155,137</b>	<b>(1,962,222)</b>	<b>-7%</b>
<b>WW Operating Expenses</b>					
Salaries	7,548,797	6,976,608	6,883,636	572,189	8%
Employee Benefits	4,446,001	3,851,518	3,871,770	594,483	15%
Power & Utilities	2,566,332	2,593,503	2,527,357	(27,171)	-1%
Chemicals	912,838	831,146	922,014	81,692	10%
Fuel	1,190,792	1,344,897	1,172,655	(154,105)	-11%
Supplies & Miscellaneous Maintenance	3,174,166	3,002,713	1,817,972	171,453	6%
Contractual Services	1,168,343	1,619,676	1,471,800	(451,333)	-28%
Indirect Operating Expenses	772,068	537,364	592,167	234,704	44%
Administrative	1,552,223	1,174,110	1,341,170	378,113	32%
Licenses & Permits	271,902	157,919	194,543	113,983	72%
Depreciation	3,288,563	3,142,610	2,924,439	145,953	5%
<b>Total Operating Expenses</b>	<b>26,892,025</b>	<b>25,232,064</b>	<b>23,719,523</b>	<b>1,659,961</b>	<b>7%</b>
<b>Operating Income/(Loss)</b>	<b>(1,068,766)</b>	<b>2,553,417</b>	<b>3,435,613</b>	<b>(3,622,183)</b>	<b>-142%</b>
<b>WW Non-Operating Revenue/(Expenses)</b>					
County Appropriation	(450,000)	(335,403)	(338,842)	114,597	34%
Interest Income	327,698	562,002	1,302,301	(234,304)	-42%
Interest Expense	(179,096)	(201,267)	(211,420)	(22,171)	-11%
Change in Pension Obligation	2,459,562	209,580	(63,825)	(2,249,982)	1074%
Change in OPEB Obligation	(3,602,434)	(454,572)	1,070,592	3,147,862	692%
<b>Total Non-Operating Revenue/(Expenses)</b>	<b>(1,444,270)</b>	<b>(219,660)</b>	<b>1,758,806</b>	<b>(1,224,610)</b>	<b>558%</b>
<b>NET INCOME/(LOSS)</b>	<b>\$ (2,513,036)</b>	<b>\$ 2,333,757</b>	<b>\$ 5,194,419</b>	<b>\$ (4,846,793)</b>	<b>-208%</b>

Operating Income decreased \$3.6 million primarily due to a reduction in the User Fee of \$1.5 million, a reduction of \$422,000 in Sludge revenue and increased operating expenses of \$1.7 million.

The user fee is the primary revenue source for the wastewater division and supports the expenses as follows: \$20,213,203 for operating expenses, and \$1,939,917 for annual debt service. The user fee charged to the participants decreased \$1,540,953 as compared to 2020. Reserves were used to support the budget in 2021 for this fee reduction. Sludge and Septage disposal services are considered “outside income”, and as such are utilized to reduce or stabilize the user fee charged to the Authority’s fourteen direct participants. Income for these outside services was \$2.3 million in 2021, down from \$2.7 million in 2020.

Other Income remained stable at \$1.4 million in 2021 and 2020. Significant changes are explained following the chart:

	<b>2021 - 2020</b>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Operating Service	\$ 954,897	\$ 1,018,682	\$ 988,995	\$ (63,786)	-6%
Rental	150,267	157,954	144,114	\$ (7,687)	-5%
Lab	108,852	111,829	137,275	\$ (2,977)	-3%
Solar Renewable Energy Credits	35,754	106,263	130,483	\$ (70,509)	-66%
Truck Wash Revenue	17,890	20,421	23,314	\$ (2,531)	-12%
Miscellaneous	128,649	13,482	11,117	\$ 115,167	854%
Permits	9,988	4,991	4,614	\$ 4,997	100%
<b>Total Other Income</b>	<b>\$ 1,406,297</b>	<b>\$ 1,433,623</b>	<b>\$ 1,439,912</b>	<b>\$ (27,326)</b>	<b>-2%</b>

Operating service income represents pump station maintenance and repairs for customers, fuel sales, grease inspections and hauling revenue. The decrease is primarily due to a decrease in pump station maintenance and repair activity for existing customers and a decrease in hauling revenue for outside sludge customers. Solar renewable energy credit revenue decreased \$71,000 because the SREC program allows for SREC sales the first 15 years the project is in service. The 15-year period for our project ended May 31, 2021. Miscellaneous increased \$115,000 primarily due to insurance reimbursements related to wind damages incurred during a major storm. The remaining other income categories did not have significant changes or impacts to the overall revenue of the division.

Operating expenses increased by \$1.7 million from the prior year. The increase is due to a combination of increases and decreases among significant operating items.

Significant increases were seen in Salaries, Employee Benefits, Supplies & Miscellaneous Maintenance, Indirect Operating Expenses, Administrative Expenses, Licenses & Permits and Depreciation. Salaries increased \$572,000 due to annual increases as well as a reallocation of administrative salaries between the Wastewater and Solid Waste Divisions. Employee Benefits increased \$594,000 due to a combination of an increase of \$207,000 in the cost of health benefits, net of employee contributions, and an increase of \$247,000 in the annual pension assessment from the New Jersey Division of Pensions and Benefits and due to the reallocation of administrative benefits between the Wastewater and Solid Waste Divisions. Supplies & Miscellaneous Maintenance expenses increased \$171,000. The increase is attributed to increased preventative maintenance done on aging infrastructure, upgrades to the furnace combustion system and the installation of new pump controls on five pump stations. Indirect Operating increased \$235,000 due to an increase in fees for ash removal and increased repairs needed on equipment. Administrative expenses increased \$378,000 due to the reallocation of administrative costs between the Wastewater and Solid Waste divisions and an increase in annual rental expense paid to Solid Waste. License & Permits increased \$114,000 due to an increase in penalties to NJDEP and USEPA for emissions violations. Depreciation is calculated straight line over the life of the asset with a half year of depreciation taken in the first and last years of an asset's life. Depreciation Expense increased \$146,000 because a full year of depreciation was realized on assets

placed in service in 2020 and a half year was realized on assets placed in service in 2021. The division experienced a modest increase in expenses for Chemicals.

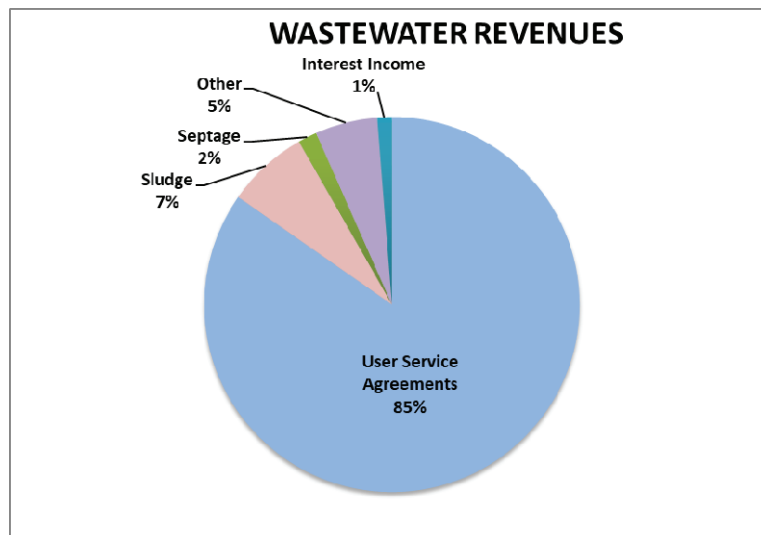
Significant decreases were realized in Fuel and Contractual Services. Fuel decreased \$154,000 mostly due to natural gas. The furnace became more efficient with solids handling improvements made in 2020. One of the benefits of the project was reduced fuel consumption. Contractual Services decreased \$451,000 and is due to high costs in 2020 for a new pump house crane, TAS centrifuge rebuild and tank inspections not experienced in 2021. The division experienced a modest decrease in Power and Utilities.

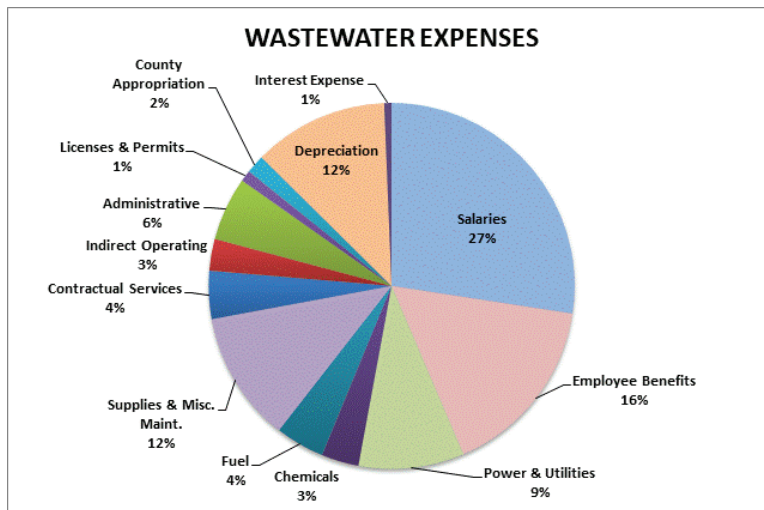
Total Operating Expenses exceeded Total Operating revenues by \$1,069,000.

Non-Operating Revenue/Expense, which is comprised of County Appropriation, Interest Income, Interest Expense and Changes to Pension and OPEB Obligations, resulted in \$1.4 million in additional expenses as compared to 2020 which resulted in additional expenses of \$220,000. The County Appropriation was reallocated in 2021 to be fifty-percent per division. Interest Income decreased as a result of premiums recognized on matured investments, having less cash available for investment because several significant capital projects were being self-funded and because interest rates plummeted during the pandemic. Interest Expense decreased in accordance with debt service schedules. Changes in Pension and OPEB Obligations represent over \$897,000 in additional non-cash expense and are a function of actuarial assumptions used.

The County requested \$500,000 per year for five years be paid towards Economic Development initiatives to be split pro-rata between Wastewater and Solid Waste. In addition, the County requested a total of \$400,000 per year for five years be paid towards the National Aviation Research and Technology Park, also to be split pro-rata between Wastewater and Solid Waste. In 2021 the Wastewater Division was responsible for \$450,000 of the \$900,000 due for both initiatives.

Total 2021 Expenses exceeded Revenue by \$2,513,036, the Net Loss for the year.





Statement of Cash Flows:

The Statement of Cash Flows is used to show how changes in balance sheet accounts and income affect Cash and Cash Equivalents. There are three categories in the Statement: Operating Activities, Capital and Financing Activities and Investing Activities.

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Cash Flow</u> <u>Incr/(Decr)</u>	<u>% Change</u>
<b>Cash Flows from Operating Activities</b>					
Receipts from Customers and Users	\$ 25,136,627	\$ 27,909,058	\$ 27,018,747	\$ (2,772,431)	-10%
Payments to Employees	(7,548,797)	(6,976,608)	(6,883,636)	(572,189)	-8%
Payments to Suppliers	(16,079,975)	(15,481,809)	(13,198,094)	(598,166)	-4%
Net Cash Provided by Operating Activities	<u>1,507,855</u>	<u>5,450,641</u>	<u>6,937,017</u>	<u>(3,942,786)</u>	<u>-72%</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers from/(to) Other Funds	(23,103)	328,145	(293,694)	(351,248)	107%
<b>Cash Flows from Capital and Related Financing Activities</b>					
Purchase of Capital Assets	(8,648,415)	(4,575,673)	(10,399,803)	(4,072,742)	-89%
Principal Paid on Debt	(1,751,752)	(1,700,354)	(1,475,351)	(51,398)	-3%
Interest Paid on Debt	(188,164)	(191,908)	(217,175)	3,744	2%
Proceeds from Issuance of Debt	-	-	3,635,165	-	100%
Net Cash Used by Capital and Financing	<u>(10,588,331)</u>	<u>(6,467,935)</u>	<u>(8,457,164)</u>	<u>(4,120,396)</u>	<u>-64%</u>
<b>Cash Flows from Investing Activities</b>					
Interest Income	339,845	761,744	1,296,546	(421,899)	-55%
County Appropriation	(450,000)	(335,403)	(338,842)	(114,597)	-34%
Transferred from/(to) Investments	17,792,180	16,672,891	4,448,481	1,119,289	-7%
Net Cash Provided/(Used) by Investing Activities	<u>17,682,025</u>	<u>17,099,232</u>	<u>5,406,185</u>	<u>582,793</u>	<u>-3%</u>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<u>8,578,446</u>	<u>16,410,083</u>	<u>3,592,344</u>	<u>(7,831,637)</u>	<u>48%</u>
<b>Cash and Cash Equivalents, January 1</b>	<u>32,155,250</u>	<u>15,745,166</u>	<u>12,152,822</u>	<u>16,410,084</u>	<u>104%</u>
<b>Cash and Cash Equivalents, December 31</b>	<u>\$ 40,733,696</u>	<u>\$ 32,155,250</u>	<u>\$ 15,745,166</u>	<u>\$ 8,578,446</u>	<u>27%</u>

The Operating Activities represent the revenue-generating activities of the Division and resulted in a net cash increase of more than \$1.5 million. This is the result of revenue cash receipts from customers offset by payments to employees and suppliers.

The Capital and Financing Activities represent capital asset purchases, dispositions and loan activity for the year. These transactions resulted in a net cash decrease of \$10.6 million. The division invested \$8.7 million to acquire capital assets and paid \$1.9 million in principal and interest on loans. There were no borrowings to finance capital activity in 2021.

The Investing Activities resulted in a net cash increase of \$17.7 million and represents the purchase and sale of investments, interest income and contributions to county-wide initiatives. Interest income generated \$340,000, the investment in county-wide initiatives was \$450,000 as previously explained and the transfer from Investments to Cash was \$17.8 million. As investments matured during the year most were held in Cash as opposed to being reinvested either because the interest rates were not as attractive for long-term investments or because the cash was needed to fund Operating and Capital Activity.

The Net Increase in Cash and Cash Equivalents for the 2021 year is \$8,578,000 leaving a balance of \$40,734,000 on December 31, 2021.

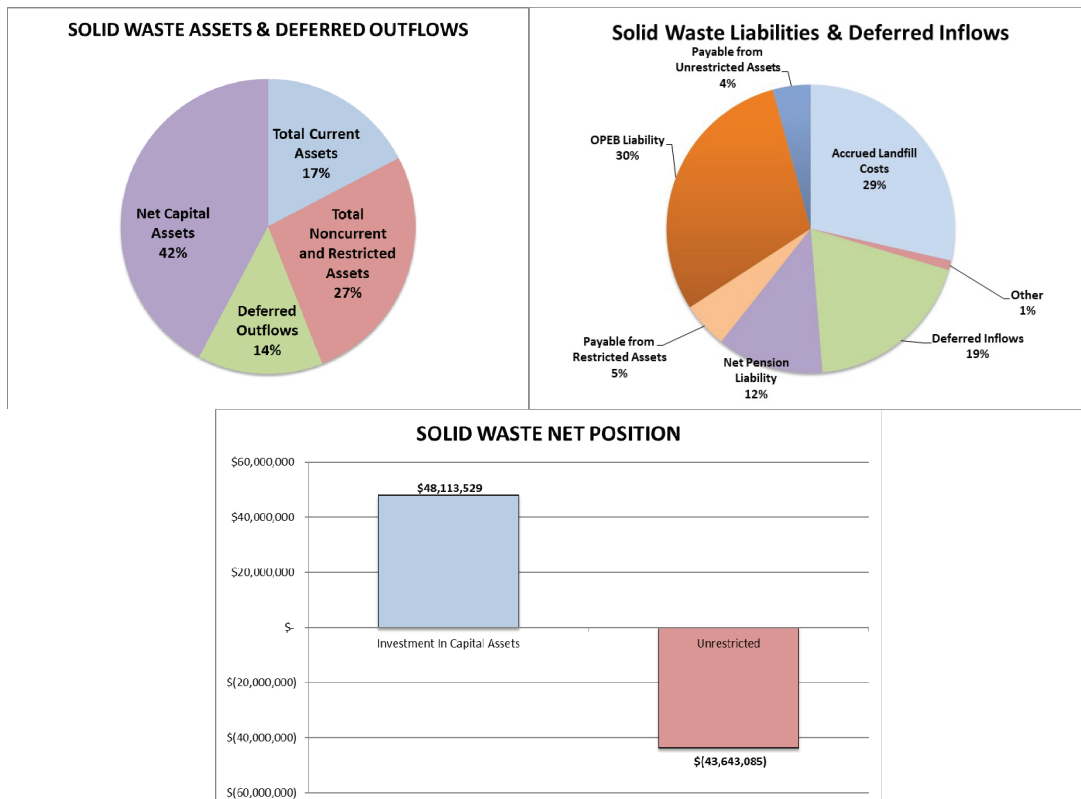
### **Solid Waste Division**

#### **Comparative Balance Sheet**

The Balance Sheet is the only financial statement that applies to a single point of time. This statement is intended to provide a snapshot of the Division's financial condition as of December 31<sup>st</sup>. The Division's Assets and Deferred Outflows exceed Liabilities and Deferred Inflows by over \$4.4 million which indicates a strong financial position.

Below is a synopsis of the Solid Waste Division's 2021 Balance Sheet with a comparison to the last two years:

	2021		2020		2019		2021-2020	
							\$ Change	% Change
Total Current Assets	\$	21,975,441	\$	27,195,970	\$	25,400,397	\$ (5,220,529)	-19%
Total Noncurrent & Restricted Assets		33,779,258		39,009,154		36,809,768	(5,229,896)	-13%
Capital Assets, Net of Depreciation		53,533,529		46,108,031		46,878,876	7,425,498	16%
Deferred Outflow Related to Pensions & OPEB		17,408,794		15,759,531		5,342,403	1,649,263	10%
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS</b>		<b>126,697,022</b>		<b>128,072,685</b>		<b>114,431,445</b>	<b>(1,375,665)</b>	<b>-1%</b>
Total Liabilities Payable from Unrestricted Assets	\$	5,193,750	\$	4,847,101	\$	4,218,941	\$ 346,649	7%
Total Liabilities Payable from Restricted Assets		2,584,802		1,756,558		713,580	828,244	47%
Total Noncurrent Liabilities Payable from Restricted		38,622,572		39,984,375		35,965,826	(1,361,803)	-3%
Other Non-Current Liabilities		52,512,500		55,261,012		44,417,234	(2,748,512)	-5%
Total Deferred Inflows Related to Pensions & OPEB		23,312,954		22,752,925		22,961,885	560,029	2%
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS</b>		<b>122,226,578</b>		<b>124,601,970</b>		<b>108,277,466</b>	<b>(2,375,393)</b>	<b>-2%</b>
Invested in Capital Assets, Net Debt		48,113,529		38,983,031		44,078,876	9,130,498	23%
Unrestricted		(43,643,085)		(35,512,316)		(37,924,897)	(8,130,769)	23%
<b>TOTAL NET POSITION</b>		<b>4,470,444</b>		<b>3,470,715</b>		<b>6,153,979</b>	<b>999,729</b>	<b>29%</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	\$	<b>126,697,022</b>	\$	<b>128,072,685</b>	\$	<b>114,431,445</b>	<b>\$ (1,375,664)</b>	<b>-1%</b>



The Solid Waste Division's Total Assets and Deferred Outflows are \$126,697,000, a decrease of \$1.4 million from 2021.

Current Assets decreased \$5.2 million and 19% because \$7.6 million in reserves was transferred to the Cell Construction Fund to pay for the construction of a portion of the MSE Cell Wall. Accrued Interest Receivable increased \$30,000 due to interest payments on US Treasury investments received in 2021. Accounts Receivable increased almost \$517,000 due to increased revenue for the year. Intercompany Accounts decreased

\$23,000 due to the timing of transactions between the divisions. These balances change daily and are in line with average balances for the Division.

Restricted and Noncurrent Assets decreased \$5.2 million and 13%. Cash and Investments decreased \$5.5 million primarily due to the construction of Phase 2 of the MSE wall. Total payments in 2021 exceeded \$12.5 million for the MSE wall. This wall was built to increase capacity. Phase 1 was completed in 2020 for a total cost of \$10.2 million. Phase 2 began in 2021 and will be complete and placed in service in 2022. Amounts held by the state of New Jersey increased \$260,000 and 1% and represents a combination of inflows and outflows. Deposits are made monthly to the ACUA escrow account equal to \$1 per ton of certain waste types received and interest income earned on the accounts are credited to them. There were withdrawals from the Pinelands Park Landfill (PPL) escrow accounts for post-closure care and maintenance costs. Accrued Interest Receivable decreased slightly by \$23,000 and this is due to less interest being paid in 2021 versus 2020 because Cash and Investments were spent as they were the funding source for the MSE wall.

Capital Assets increased over \$7.4 million and 16% and include the acquisition of \$5.1 million of heavy equipment and vehicles, \$13 million in Construction in Progress for the MSW Cell Wall and other building and campus improvements of \$723,000. There were \$272,000 in assets taken out of service during the year and sold on GovDeals.com. Accumulated Depreciation increased \$9.4 million and 8% and is due to a half year of depreciation taken on Phase 1 of the Cell Wall that only has a one-year life partially offset by depreciation removed with the assets sold on GovDeals. Depreciation is calculated straight line over the life of the asset with a half year of depreciation taken in the first and last years of an asset's life.

Deferred Outflows Related to Pensions decreased \$463,000 to \$2.8 million. The decrease is primarily due to the actuarial assumptions used to calculate pension obligations. Deferred Outflows Related to OPEB increased \$2.1 million to \$14.6 million also due to the actuarial assumptions used to calculate OPEB obligations.

Total Liabilities and Deferred Inflows decreased \$2.4 million and 2% to \$122.2 million. Current Liabilities Payable from Unrestricted Assets increased by \$347,000 and 7% primarily due to Pension Payable. Accounts Payable remained flat at \$3.5 million. Customer Deposits decreased \$46,000 and represent cash balances customers have available to draw down for tip fees. Pension Payable increased \$392,000 to \$1,446,000 and represents the amount owed to the New Jersey Public Employee's Retirement System for the current year.

Current Liabilities Payable from Restricted Assets consists of Construction Contracts Payable, Accrued Interest Payable and Lease Payable. Construction Contracts Payable represents the amount owed to vendors for the portion of capital projects and purchases that were complete but not yet paid as of December 31, 2020. There was \$851,000 due in 2021 whereas there was \$15,000 due in 2020. The full amount due in 2021 is for MSE Cell Wall construction completed in 2021 but not paid until 2022.



The Authority has three capital leases for the purchase of vehicles and equipment. There are \$5.4 million in leases payable as of December 31, 2021, of which \$1.7 million are current liabilities. Accrued Interest in the amount of \$28,600 is \$8,000 less than 2020 in accordance with lease payment schedules. No new leases were entered into in 2021. The leases were necessary to acquire collection trucks for new contracts as well a waste compactor required to run the landfill.

Accrued Landfill Closure and Post-Closure costs increased \$343,000. The ACUA owns two landfills, the active ACUA landfill and the closed Pinelands Park Landfill that was acquired by ACUA in 2012. The ACUA closure liability is calculated by the Authority's consulting engineer and includes total costs for closure and post-closure care of \$20.4 million, an increase of \$963,000 from 2020. The PPL Closure Liability is \$14.4 million and decreased more than \$620,000 due to closure expenses incurred in 2021 which are partially offset by interest income earned in the escrow accounts.

The amount accrued for ACUA's landfill is in accordance with the consulting Engineer's findings as reported. Total anticipated closure cost as of December 31, 2021 is \$20,459,633. The percent of cumulative landfill capacity utilized as of December 31, 2021 according to the consulting engineer report is 76%, up from 75.4% in 2020. This increase is the result of 310,896 current year tons of waste accepted, plus 128,765 tons of associated cover material used and buried in the landfill. The Authority's independent consulting engineer performs the necessary calculation to determine the estimated liability in accordance with provisions of Statement No. 18 of the Government Accounting Standards Board, Accounting for Municipal Solid Waste Landfill Closure and Post Closure Care Costs.

The Pinelands Park Landfill Post-Closure Costs assumed are \$14.4 million and are fully funded. The ACUA Landfill Post-Closure Costs are estimated to be \$20.4 million and \$11.8 million is funded. Both are shown in the Noncurrent Assets of the Authority.

Accrued Absences decreased \$34,000 to \$504,000 which represents the value associated with vacation and compensatory time earned by employees. Other Non-Current Liabilities include an accrual for expected future Post Retirement Benefit costs in the amount of \$800,000. This balance represents additional funds set aside by the Authority for Other Post-Employment Benefits.

The Net Pension Liability is required as part of the implementation of GASB 68 and represents an actuarial estimate of the current liability for future pension expenses. The Net Pension Liability decreased \$3.7 million and 20% to \$14.6 million in 2021. The decrease is attributable to an increase in plan assets as compared to last year. The OPEB Liability is required as part of the implementation of GASB 75 and represents an actuarial estimate of the current liability for future post-employment benefits for retirees. The liability is \$36.6 million and increased \$1 million from 2020. The increase is almost entirely attributable to changes in actuarial assumptions used to calculate OPEB obligations.

Deferred Inflows Related to Pensions increased \$1.1 million and Deferred Inflows Related to OPEB decreased \$528,000 due to changes in actuarial assumptions used to calculate pension and OPEB obligations.

The Division's Net Position of \$4,470,444 is comprised of the following:

- (1) Capital Assets are \$48,113,529 and include Property, Plant and Equipment, net of Accumulated Depreciation.
- (2) Unrestricted Net Position decreased \$8.1 million to (\$43,643,085) and represents the Net Position available to maintain the Authority's continuing obligations to the Authority's service area, certain creditors, current liabilities and other post-employment benefits. Also reflected in the balance are the financial impacts of the implementation of GASB 68 and GASB 75.

Comparative Statement of Revenues, Expenses, and Changes in Net Position

This financial statement is commonly referred to as the Income Statement and summarizes the Division's Revenue and Expenditures for the year. This financial statement provides valuable insight into both operating and non-operating performance and is most useful when compared to prior periods of performance. Net income for the year was \$1 million, an increase of over \$3 million from 2020.

Below is a synopsis of the Solid Waste Division's 2021 Statement of Revenues, Expenses and Changes in Net Position with a comparison to the last two years:

SW Revenue	2021-2020				
	2021	2020	2019	\$ Change	% Change
Tipping Fee	\$ 26,996,524	\$ 25,247,060	\$ 23,916,814	\$ 1,749,464	7%
Collections & Recycling	14,035,073	11,564,978	11,039,101	2,470,095	21%
Grant Income	455,026	464,760	110,357	(9,734)	-2%
Composting & Eco Product Income	1,266,609	1,369,363	1,156,850	(102,754)	-8%
Other	1,217,732	1,614,044	1,268,064	(396,312)	-25%
<b>Total Revenue</b>	<b>43,970,964</b>	<b>40,260,206</b>	<b>37,491,185</b>	<b>3,710,758</b>	<b>9%</b>
<b>SW Operating Expenses</b>					
Salaries	12,140,180	12,073,383	11,410,888	66,797	1%
Employee Benefits	7,126,632	6,997,607	6,378,213	129,025	2%
Power & Utilities	498,012	517,521	720,604	(19,509)	-4%
Fuel	1,498,855	1,066,547	1,201,413	432,308	41%
Supplies & Miscellaneous Maintenance	3,103,349	2,815,213	2,969,447	288,136	10%
Indirect Operating Expenses	7,266,625	4,002,809	3,845,003	3,263,816	82%
Administrative	1,067,252	1,105,176	1,183,063	(37,924)	-3%
Host Community Benefit Fee	2,784,763	2,671,314	2,570,125	113,449	4%
Recycling & Other Taxes	1,177,134	1,133,285	1,114,676	43,849	4%
Bad Debt Expense	32,906	-	-	32,906	100%
Depreciation	9,568,239	9,880,536	4,309,083	(312,297)	-3%
<b>Total Operating Expenses</b>	<b>46,263,947</b>	<b>42,263,392</b>	<b>35,702,516</b>	<b>4,000,555</b>	<b>9%</b>
<b>Operating Income</b>	<b>(2,292,983)</b>	<b>(2,003,185)</b>	<b>1,788,670</b>	<b>(289,798)</b>	<b>14%</b>
<b>SW Non-Operating Revenue/(Expenses)</b>					
County Appropriation	(450,000)	(464,597)	(461,158)	14,597	-3%
Interest Income	653,925	845,653	1,319,576	(191,728)	-23%
Interest Expense	(120,374)	(130,101)	(98,455)	9,727	7%
Change in Pension Obligation	2,154,640	307,391	(76,566)	1,847,249	-601%
Change in OPEB Obligation	1,649,455	(492,946)	1,212,121	2,142,401	435%
Gain on Sale of Fixed Asset	45,100	169,122	78,920	(124,022)	-73%
Adjustment to landfill closure and post-closure care cost	(640,034)	(914,601)	(760,069)	274,567	30%
<b>Total Non-Operating Revenue/(Expenses)</b>	<b>3,292,712</b>	<b>(680,079)</b>	<b>1,214,369</b>	<b>3,972,791</b>	<b>584%</b>
<b>NET INCOME</b>	<b>\$ 999,729</b>	<b>\$ (2,683,264)</b>	<b>\$ 3,003,039</b>	<b>\$ 3,682,993</b>	<b>-137%</b>

Tip Fees increased \$1.7 million and 7% primarily due to a \$1.4 million increase in trash and a \$236,000 increase in construction and demolition waste. The Covid-19 pandemic included lockdowns which significantly increased residential trash and casinos were open for the full year in 2021 whereas they were closed for three months in 2020. Recycling market revenue and revenue from collection contracts increased \$2.5 million and 21%. The increase is due to a new collection contract with City of Bridgeton that started January 1, 2021 and full year contracts with Hamilton Township, Mullica Township and Millville City that came online during 2020. In addition, recycling market income from our contract with Mazza Recycling was \$695,000 compared to 2020 when market income was approximately \$200,000. Grant income and Clean Communities reimbursements remained consistent. Compost and Eco-product income decreased over \$102,000 because more product was available to sell in 2020 and the pandemic-related improvements previously mentioned also included residential landscape projects and improvements in 2020. Other Income decreased over \$396,000 due to several factors as shown below. Significant changes are explained following the chart:

	<b>2021 - 2020</b>				
	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>\$ Change</u></b>	<b><u>% Change</u></b>
Insurance Reimbursements	\$ 147,792	\$ 568,181	\$ 55,611	\$ (420,389)	-74%
Rental Income	256,389	262,209	256,649	(5,821)	-2%
PPL Reimbursement	242,340	232,195	230,736	10,145	4%
Landfill Gas to Energy	180,538	201,886	175,959	(21,348)	-11%
CNG Tax Rebate	175,458	162,408	161,363	13,050	8%
Clean Energy/CNG Revenue	102,675	85,123	93,940	17,552	21%
Fuel Sales	87,083	49,023	87,155	38,060	78%
Legal Settlement	-	39,000	150,000	(39,000)	-100%
Miscellaneous	25,458	14,019	56,651	11,439	82%
<b>Total Other Income</b>	<b><u>\$1,217,732</u></b>	<b><u>\$1,614,044</u></b>	<b><u>\$1,268,064</u></b>	<b><u>\$(396,312)</u></b>	<b><u>-36%</u></b>

Insurance Reimbursements decreased \$420,000 because claims in 2020 were unusually high and were for several pieces of heavy equipment including a compactor, a loader, an articulated dump truck, a water truck and a sweeper. Insurance reimbursements are unique to the year the incidents occurred with 2020 having significantly more activity than normal. The ACUA has a partnership with AC Landfill Energy, LLC for a Landfill Gas to Energy (LFG) project that converts methane from the landfill to electricity. ACUA shares in total project revenue and earned approximately \$77,000 in 2021 which is \$22,000 less than the prior year. The ACUA also receives approximately \$100,000 annual for rental income from the project. The CNG tax rebate recognized in 2021 is a 50 cent per gallon equivalent rebate from the IRS for CNG dispensed by the station owner in 2020. Clean Energy built the Authority's CNG station and provides billing and operations and maintenance for the station. The Clean Energy/CNG Revenue represents the revenue for outside customers. Fuel sales increased in 2021 as compared to 2020 because 2020 was unusually low due to the Covid-19 pandemic. The legal settlement income of \$39,000 in 2020 is the result of liquidated damages for delays in project completion by the vendor awarded a bid contract for a portion of the transfer station floor replacement. These damages are in addition to the legal settlement in 2018 for \$150,000 for non-performance. There were no legal settlements in 2021.

Operating Expenses increased \$4 million which is the net result of increases and decreases among significant operating items.

Fuel, Supplies & Miscellaneous Maintenance and Indirect Operating Expenses experienced significant increases. The cost of fuel increased almost 60% in 2021 and is the primary reason for a \$432,000 increase over 2020. Supplies and Miscellaneous Maintenance increased \$288,000 due to higher prices for tire retreading in 2021 as compared to 2020 and because additional maintenance was performed on the fleet at higher prices than 2020. Indirect Operating Expenses increased \$3.3 million because in 2021 recyclable material began to be shipped to another processor as opposed to processing on-site. The cost of shipping recyclable material out was over \$3.3 million in 2021. Salaries, Employee Benefits, Host Community Benefit Fee and Recycling & Other Taxes had modest increases. In 2021, management reallocated certain salaries and related

benefit costs between the two divisions. This reallocation reduced these expenses in the Solid Waste division which is why the increase is modest in 2021.

Depreciation decreased \$312,000 primarily due to landfill improvements put in service in 2014 were only depreciated for a half year in 2021 and are now fully depreciated. Power and Utilities and Administrative Expenses had modest decreases.

Total Operating Expenses exceeded Total Operating Revenue resulting in operating loss of \$2,293,000 for 2021 versus an operating loss of \$2,003,000 in 2020.

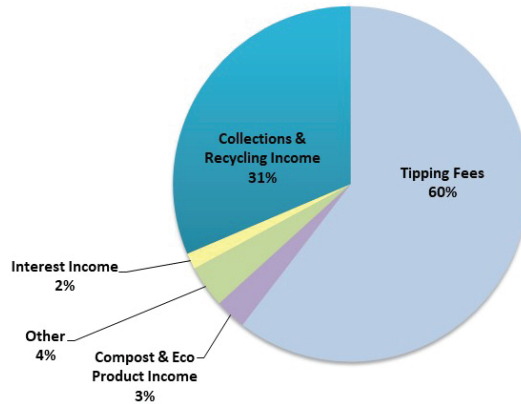
Total Net Non-Operating Revenue is \$3.3 million compared to Net Non-Operating Expense of \$680,000 in 2020, an increase of almost \$4 million.

The County requested \$500,000 per year for five years be paid towards Economic Development initiatives to be split pro-rata between Wastewater and Solid Waste. In addition, the County requested a total of \$400,000 per year for five years be paid towards the National Aviation Research and Technology Park, also to be split pro-rata between Wastewater and Solid Waste. The County Appropriation was reallocated in 2021 to be fifty percent per division. In 2021 the Solid Waste Division was responsible for \$450,000 of the \$900,000 due for both initiatives.

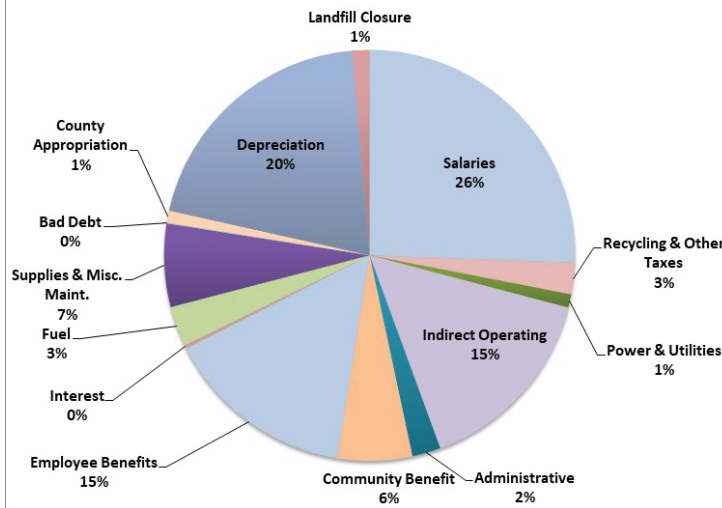
Interest Income decreased \$192,000 primarily due to less attractive interest rates, the realization of premiums paid on matured investments in 2021 and less funds available for investment due to the cash being used to fund capital projects. Interest Expense decreased \$10,000 and is related to the three capital leases for the purchase of vehicles and equipment between 2018 and 2020. Changes in Pension and OPEB Obligations represent almost \$4 million in additional non-cash revenue and are a function of actuarial assumptions used. Gain on Sale of fixed assets is \$45,000 and is unique to the surplus equipment sold in any given year. The Adjustment to Landfill Closure and Post-Closure Care Cost represents the charge necessary to bring the Landfill Closure Liability up to the estimated amount in the annual engineer's report. The adjustment was \$640,000 for 2021 as compared to \$915,000 in 2020.

Net Income 2021 is \$1 million compared to Net Loss of \$2,683,000 in 2020, a \$3,683,000 increase. The increase is almost entirely attributable to the increase in Pension and OPEB non-cash revenue as described above. Net income, if available, normally funds the capital improvements of the Authority which include the construction of new cells, the purchase of collection vehicles and other equipment, infrastructure improvements and landfill closure responsibilities.

### SOLID WASTE REVENUES



### Solid Waste Expenses



### Statement of Cash Flows

The Statement of Cash Flows is used to show how changes in balance sheet accounts and income affect Cash and Cash Equivalents. There are three categories in the Statement: Operating Activities, Capital and Financing Activities and Investing Activities.

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2021-2020</u>	
				<u>\$ Change</u>	<u>% Change</u>
<b>Cash Flows from Operating Activities</b>					
Receipts from Customers and Users	\$ 43,401,475	\$ 43,040,521	\$ 39,913,406	\$ 360,955	1%
Payments to Employees	(12,140,180)	(12,073,381)	(11,410,888)	(66,799)	-1%
Payments to Suppliers	(23,244,283)	(19,488,473)	(19,055,704)	(3,755,810)	-19%
Net Cash Provided by Operating Activities	<u>8,017,012</u>	<u>11,478,665</u>	<u>9,446,814</u>	<u>(3,461,653)</u>	<u>-30%</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers (to)/from Other Funds	<u>23,103</u>	<u>(328,145)</u>	<u>293,694</u>	<u>351,248</u>	<u>-107%</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Purchase of Capital Assets	(17,067,564)	(14,074,244)	(15,065,406)	(2,993,320)	-21%
Capital Lease Payments	(1,705,000)	(1,705,000)	-	-	0%
Interest Paid on Debt	(128,346)	(128,043)	-	(303)	0%
Gain on Sale of Fixed Assets	45,100	169,122	78,920	(124,022)	-73%
Net Cash Used by Capital and Financing	<u>(18,855,810)</u>	<u>(15,738,165)</u>	<u>(14,986,486)</u>	<u>(3,117,645)</u>	<u>-20%</u>
<b>Cash Flows from Investing Activities</b>					
Interest Income	647,687	857,311	1,322,971	(209,624)	-24%
County Appropriation	(450,000)	(464,597)	(461,158)	14,597	3%
Transferred from Investments	7,138,701	13,740,729	3,469,296	(6,602,028)	48%
Net Cash Provided by Investing Activities	<u>7,336,388</u>	<u>14,133,443</u>	<u>4,331,109</u>	<u>(6,797,055)</u>	<u>48%</u>
<b>Net Increase (decrease) in Cash and Cash Equivalents</b>	<u>(3,479,307)</u>	<u>9,545,799</u>	<u>(914,869)</u>	<u>(13,025,105)</u>	<u>136%</u>
<b>Cash and Cash Equivalents, January 1</b>	<u>20,430,772</u>	<u>10,884,972</u>	<u>11,799,841</u>	<u>9,545,800</u>	<u>88%</u>
<b>Cash and Cash Equivalents, December 31</b>	<u>\$ 16,951,465</u>	<u>\$ 20,430,772</u>	<u>\$ 10,884,972</u>	<u>\$ (3,479,307)</u>	<u>-17%</u>

The Operating Activities represent the revenue-generating activities of the Division and resulted in a net cash increase of \$8 million, \$3.5 million less than 2020, primarily due to increased Payments to Suppliers. The additional expense to ship recyclable material out accounts for most of the increased Payments to Suppliers.

The Capital and Financing Activities represent capital asset purchases, dispositions and loan activity for the year. These transactions resulted in a net cash decrease of \$18.9 million. The division invested \$17.1 million to build the MSE Cell Wall and acquire capital assets. Lease Payments totaled \$1.8 million and there was a gain on the disposition of assets of \$45,000 in 2021.

The Investing Activities represent the purchase and sale of investments, interest income and contributions to county-wide initiatives. Interest income generated \$255,000 less cash compared to 2020. The investment in county-wide initiatives increased slightly as previously explained and the transfer from Investments to Cash decreased \$6.6 million. Investing Activities generated \$7.3 million in 2021.

The Net Decrease in Cash and Cash Equivalents 2021 is \$3,479,000 leaving a balance of \$16,951,465 on December 31, 2021.



## **Core Competencies**

### **Wastewater Division**

The Wastewater Division provides wastewater conveyance and treatment (the System) under contracts with 14 municipalities and authorities within Atlantic County and one State-regulated public utility that services Atlantic City, NJ, also within Atlantic County. The System consists of a wastewater treatment plant, a wastewater collection system of approximately 60 miles of gravity interceptor and force mains, 20 pumping stations and an ocean outfall line discharging into the Atlantic Ocean through a diffuser system. The wastewater treatment plant provides primary and secondary wastewater treatment and is situated on about 300 acres located on the western outskirts of Atlantic City, NJ. The treatment plant has a capacity of 40 million gallons per day. The Atlantic County Utilities Authority owns and operates the regional piping and pumping systems that receive, meter, and transport the municipal wastewater to the Authority's Regional Plant on City Island for treatment and discharge.

The User Fee charged to the fourteen municipalities and Municipal Utilities Authorities within Atlantic County and the one State-regulated public utility that services Atlantic City, is the main source of revenue for the Wastewater Division. This is shown on the Comparative Statement of Revenues, Expenses and Changes in Net Position as "User Service Agreements: Operating and General" and reported as Operating Revenues. Other services provided include sludge, septage, and scum disposal, representing the next primary source of revenue to the Authority after User Fees. Lab services, such as water testing, are provided as needed for other governmental entities as well as private businesses. The Wastewater Division also provides certain maintenance services on a contractual basis for a local municipal utility and other governmental agencies.

### **Solid Waste Division**

In 1981 the Authority was designated by the Board of Chosen Freeholders of Atlantic County as the implementing agency for the County Solid Waste Management Plan, thereby empowering the division as the implementing agency to plan, design, construct and acquire all facilities for the implementation of a County-wide solid waste management program. The Atlantic County Utilities Authority operates an extensive solid waste management system that consists of a transfer station, landfill, recycling center, composting facility and maintenance center. In addition, the ACUA has a partnership with the Cumberland County Improvement Authority where an off-site location exists for ACUA staff and vehicles needed for the performance of collection service contracts for municipalities within Cumberland County.

Tip fees are the primary source of income for the Solid Waste Division. Atlantic County has Flow Control which means all waste generated in Atlantic County must be processed at the ACUA. Waste brought to the ACUA includes municipal, commercial, construction, and industrial waste. In 2021 approximately 311,000 tons of waste came in compared to approximately 297,000 tons in 2020.

Collection of municipal solid waste, bulk waste and yard waste is also provided to municipalities who elect to contract with the Authority for such services. Collection contracts are the second highest revenue stream for the Authority. Recycling collection is provided to twenty-five municipalities, trash collection is provided to nineteen municipalities and yard waste collection services are provided to nine municipalities in and around Atlantic County. Approximately 38,000 tons of recyclable materials were collected in 2021 as compared to 36,000 in 2020.

The Authority's compost operation processes leaves, grass clippings, tree branches, clean wood, brush and Christmas trees. In 2021 and 2020 over 26,000 tons and 31,000 tons of yard waste were processed, respectively. The branches, brush, and trees are processed into EcoSoil and sold to the public, providing additional income to support the Solid Waste system.

### **Centralized Maintenance**

The ACUA has a 17,000 square foot Maintenance Center where a fleet of over 145 vehicles and 31 pieces of specialized heavy equipment is maintained and serviced. In addition to a CNG fueling station open to the public, the Authority now has 59 CNG refuse collection trucks, 6 CNG roll off trucks, 9 CNG utility trucks, a CNG street sweeper, a CNG sewer cleaning truck and 13 bi-fuel trucks in its fleet.

### **Accountability**

The Atlantic County Utilities Authority's mission statement is:

**“The Atlantic County Utilities Authority is responsible for enhancing the quality of life through the protection of waters and lands from pollution by providing responsible waste management services. The Authority is an environmental leader and will continue to use new technologies, innovations and employee ideas to provide the highest quality and most cost effective environmental services.”**

The Authority's accountability, first and foremost, is to protect the environment. The goal is to provide a cost effective and reliable service, and at the same time to protect the environment. Equally important to the Authority are the ACUA's ratepayers, customers, the local governments, agencies and people served, and the employees of the ACUA. Excellent customer service is a top priority. Fair and reasonable fees is another top priority. Excellent employee relations and striving to be “a best place to work” is another priority. Embracing technology and innovation is high on the ACUA's list of objectives, as is community service, volunteering, and fundraising for community causes.

As an environmental utility, the Authority is also guided by and accountable to state government and the applicable rules and regulations that govern the Atlantic County Utilities Authority. The Authority is financially accountable to the Department of Community Affairs, Division of Local Government Services. As an environmental

utility, the Authority is accountable to the U.S Environmental Protection Agency and the New Jersey Department of Environmental Protection.

The Atlantic County Utilities Authority is accountable to the governing body of the Authority, the Atlantic County Utilities Authority Board of Commissioners, and as such, accountable to other government officials.

### **Governing Body**

The governing body of the Atlantic County Utilities Authority consists of a seven-member board that is appointed for five-year terms by the County Executive, with the advice and consent of the Commissioners. The County Executive is a non-voting, ex-officio member of the Authority.

Actions taken at the meetings of the Authority are not effective until approved by the County Executive or until ten days after the minutes of the meeting of the Authority Board have been delivered to the County Executive.

The Authority Board Members as of December 31, 2021 were:

Marvin E. Embry, Chairman  
Fred Akers, Vice Chairman  
Andrew Berenato, Treasurer  
Laura Pfrommer, Assistant Treasurer

John E. Lyons, Member  
Maria Mento, Member  
Judy Ward, Member

Dennis Levinson, County Executive

### **Management of the Authority**

Richard S. Dovey, President  
Linda Bazemore, VP of Administration and Finance/CFO  
Brian Lefke, Senior VP – Solid Waste Division and Board Secretary  
Joseph Pantalone, VP – Wastewater Division  
Thomas Ganard, Chief Engineer  
Matthew DeNafo, VP of Centralized Maintenance and Asset Management

### **Funding of Infrastructure and Debt Management**

It is the current policy of the Atlantic County Utilities Authority Board of Commissioners and President that funding for capital improvements, additions or replacements, is to be accomplished using one or more of the following methods:

Borrowings from the New Jersey Infrastructure Bank  
Capital Lease Purchases  
Lease with Option to Purchase Financing  
Funding incrementally or annually from the Operating Budget

### **Auditors**

The Authority has a policy of changing Auditors every 3 to 5 years to encourage any new or fresh reviews of the Atlantic County Utilities Authority financial operations and reporting of financial status, and to eliminate any perceived or potential conflicts of interest that may develop due to long-term relationships.

Prior audits and additional information can be obtained by contacting the Atlantic County Utilities Authority or on the web site at [www.acua.com](http://www.acua.com).

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Statements of Net Position**  
**December 31, 2021 and 2020**

	2021			2020
	Wastewater Division	Solid Waste Division	Total	
<b>ASSETS</b>				
Unrestricted current assets:				
Cash and cash equivalents	\$ 31,653,864	\$ 13,793,666	\$ 45,447,530	\$ 44,013,426
Investments	6,500,000	3,240,868	9,740,868	28,796,694
Accrued interest receivable	10,911	52,543	63,454	46,051
Accounts receivable (net of allowance)	831,934	4,071,717	4,903,651	3,819,718
Accounts receivable - other	675,784	244,178	919,962	733,538
Internal accounts	(572,469)	572,469	-	-
Total unrestricted current assets	<u>39,100,024</u>	<u>21,975,441</u>	<u>61,075,465</u>	<u>77,409,427</u>
Restricted noncurrent assets:				
Cash and cash equivalents	9,079,832	3,157,798	12,237,630	8,572,595
Investments	-	-	-	5,938,979
Amounts held by State of New Jersey	-	30,539,710	30,539,710	30,279,251
Accrued interest receivable	20	81,750	81,770	105,102
Loans receivable	166,251	-	166,251	220,925
Total restricted noncurrent assets	<u>9,246,103</u>	<u>33,779,258</u>	<u>43,025,361</u>	<u>45,116,852</u>
Capital assets, gross	255,415,543	182,461,450	437,876,993	412,974,436
Accumulated depreciation	(187,348,048)	(128,927,921)	(316,275,969)	(303,617,644)
Capital assets, net	<u>68,067,495</u>	<u>53,533,529</u>	<u>121,601,024</u>	<u>109,356,792</u>
<b>TOTAL ASSETS</b>	<u>116,413,622</u>	<u>109,288,228</u>	<u>225,701,850</u>	<u>231,883,071</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred outflows related to pensions	2,270,824	2,797,849	5,068,673	5,931,893
Deferred outflows related to OPEB	14,610,945	14,610,945	29,221,890	23,932,210
Total deferred inflows of resources	<u>16,881,769</u>	<u>17,408,794</u>	<u>34,290,563</u>	<u>29,864,103</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<u>\$ 133,295,391</u>	<u>\$ 126,697,022</u>	<u>\$ 259,992,413</u>	<u>\$ 261,747,174</u>

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Statements of Net Position**  
**December 31, 2021 and 2020**

	2021			2020
	Wastewater Division	Solid Waste Division	Total	
<b>LIABILITIES</b>				
Current liabilities payable from unrestricted assets:				
Accounts payable and accrued expenses	\$ 2,015,186	\$ 3,473,647	\$ 5,488,833	\$ 5,783,982
Customer deposits	-	273,945	273,945	320,332
Pension payable	1,049,369	1,446,158	2,495,527	1,877,169
Total current liabilities payable from unrestricted assets	3,064,555	5,193,750	8,258,305	7,981,483
Current liabilities payable from restricted assets:				
Construction contracts payable	134,926	851,181	986,107	120,793
Current portion of bonds payable	1,652,113	-	1,652,113	1,751,753
Current portion of lease payable	-	1,705,000	1,705,000	1,705,000
Accrued interest	69,334	28,621	97,955	114,995
Total current liabilities payable from restricted assets	1,856,373	2,584,802	4,441,175	3,692,541
Noncurrent liabilities payable from restricted assets:				
Long-term portion of bonds payable	15,715,620	-	15,715,620	17,367,732
Long-term portion of lease payable	-	3,715,000	3,715,000	5,420,000
Accrued landfill closure and post-closure care cost	-	34,907,572	34,907,572	34,564,375
Total noncurrent liabilities payable from restricted assets	15,715,620	38,622,572	54,338,192	57,352,107
Noncurrent liabilities:				
Accrued compensated absences	376,916	503,924	880,840	899,072
Post retirement benefits payable	535,019	800,000	1,335,019	1,335,019
Net pension liability	10,614,959	14,628,700	25,243,659	32,640,095
Net OPEB liability	36,579,875	36,579,876	73,159,751	66,654,259
Total noncurrent liabilities	48,106,769	52,512,500	100,619,269	101,528,445
<b>TOTAL LIABILITIES</b>	<b>68,743,317</b>	<b>98,913,624</b>	<b>167,656,941</b>	<b>170,554,576</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred inflows related to pensions	7,134,421	8,790,218	15,924,639	14,005,625
Deferred inflows related to OPEB	14,522,735	14,522,736	29,045,471	28,308,304
Total deferred inflows of resources	21,657,156	23,312,954	44,970,110	42,313,929
<b>TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES</b>	<b>90,400,473</b>	<b>122,226,578</b>	<b>212,627,051</b>	<b>212,868,505</b>

ATLANTIC COUNTY UTILITIES AUTHORITY  
(A Component Unit of the County of Atlantic, New Jersey)  
Statements of Net Position  
December 31, 2021 and 2020

	2021		Total	2020
	Wastewater Division	Solid Waste Division		
<b>NET POSITION</b>				
Investment in capital assets, net of related debt	50,699,762	48,113,529	98,813,291	83,112,307
Restricted for:				
Wastewater:				
Renewal and replacement	7,000,000	-	7,000,000	7,000,000
Debt service fund	521,613	-	521,613	518,847
Debt service reserve fund	298,902	-	298,902	424,898
Unrestricted	(15,625,359)	(43,643,085)	(59,268,444)	(42,177,383)
<b>TOTAL NET POSITION</b>	<u>42,894,918</u>	<u>4,470,444</u>	<u>47,365,362</u>	<u>48,878,669</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 133,295,391</u>	<u>\$ 126,697,022</u>	<u>\$ 259,992,413</u>	<u>\$ 261,747,174</u>



**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the years ended December 31, 2021 and 2020**

	<b>2021</b>			<b>2020</b>
	<b>Wastewater Division</b>	<b>Solid Waste Division</b>	<b>Total</b>	
Operating revenues:				
Wastewater:				
User service agreements:				
Operating	\$ 20,213,203	\$ -	\$ 20,213,203	\$ 22,007,299
General	1,939,917	-	1,939,917	1,686,774
Sludge	1,839,432	-	1,839,432	2,261,913
Septage and leachate	424,414	-	424,414	395,872
Other	1,406,293	-	1,406,293	1,433,622
Solid Waste:				
Tipping fees	-	26,996,524	26,996,524	25,247,060
Collections and recycling income	-	14,035,073	14,035,073	11,564,979
Grant income	-	455,026	455,026	464,760
Composting income	-	1,266,609	1,266,609	1,369,363
Other	-	1,217,732	1,217,732	1,614,044
Total operating revenues	<u>25,823,259</u>	<u>43,970,964</u>	<u>69,794,223</u>	<u>68,045,686</u>
Operating expenses:				
Salaries	7,548,797	12,140,180	19,688,977	19,049,991
Employee benefits	4,446,001	7,126,632	11,572,633	10,849,125
Power and utilities	2,566,332	498,012	3,064,344	3,111,023
Chemicals	912,838	-	912,838	831,146
Fuel	1,190,792	1,498,855	2,689,647	2,411,443
Supplies and miscellaneous maintenance	3,174,166	3,103,349	6,277,515	5,817,926
Contractual services	1,168,343	-	1,168,343	1,619,676
Indirect operating expenses	772,068	7,266,625	8,038,693	4,540,172
Administrative	1,552,223	1,067,252	2,619,475	2,279,286
Community benefit	-	2,784,763	2,784,763	2,671,314
Recycling and other taxes	-	1,177,134	1,177,134	1,133,285
Licenses and permits	271,902	-	271,902	157,919
Depreciation	3,288,563	9,568,239	12,856,802	13,023,146
Bad debt expense	-	32,906	32,906	-
Total operating expenses	<u>26,892,025</u>	<u>46,263,947</u>	<u>73,155,972</u>	<u>67,495,452</u>
Operating (loss)/income	<u>(1,068,766)</u>	<u>(2,292,983)</u>	<u>(3,361,749)</u>	<u>550,234</u>
Non-operating revenues / (expenses):				
County appropriation	(450,000)	(450,000)	(900,000)	(800,000)
Interest income	327,698	653,925	981,623	1,407,655
Interest expense	(179,096)	(120,374)	(299,470)	(331,368)
Change in Pension obligation	2,459,562	2,154,640	4,614,202	516,971
Change in OPEB obligation	(3,602,434)	1,649,455	(1,952,979)	(947,519)
Gain on sale of fixed assets	-	45,100	45,100	169,122
Adjustment to landfill closure and post-closure care cost	-	(640,034)	(640,034)	(914,601)
Total non-operating revenues / (expenses)	<u>(1,444,270)</u>	<u>3,292,712</u>	<u>1,848,442</u>	<u>(899,740)</u>
Net (loss)/income	<u>(2,513,036)</u>	<u>999,729</u>	<u>(1,513,307)</u>	<u>(349,506)</u>
Net position, January 1,	<u>45,407,954</u>	<u>3,470,715</u>	<u>48,878,669</u>	<u>49,228,175</u>
Net position, December 31,	<u>\$ 42,894,918</u>	<u>\$ 4,470,444</u>	<u>\$ 47,365,362</u>	<u>\$ 48,878,669</u>

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Statements of Cash Flows**  
**For the years ended December 31, 2021 and 2020**

	<b>2021</b>			<b>2020</b>
	<b>Wastewater Division</b>	<b>Solid Waste Division</b>	<b>Total</b>	
Cash flows from operating activities:				
Receipts from customers and users	\$ 25,136,627	\$ 43,401,475	\$ 68,538,102	\$ 70,949,578
Payments to employees	(7,548,797)	(12,140,180)	(19,688,977)	(19,049,990)
Payments to suppliers	(16,079,975)	(23,244,283)	(39,324,258)	(34,970,283)
Net cash flows from operating activities	<u>1,507,855</u>	<u>8,017,012</u>	<u>9,524,867</u>	<u>16,929,305</u>
Cash flows from non-capital financing activities:				
Operating subsidies and transfers to other funds	(23,103)	23,103	-	-
Net cash flows from non-capital financing activities	<u>(23,103)</u>	<u>23,103</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(8,648,415)	(17,067,564)	(25,715,979)	(18,649,917)
Principal paid on debt	(1,751,752)	-	(1,751,752)	(1,700,354)
Capital lease payments	-	(1,705,000)	(1,705,000)	(1,705,000)
Interest paid on debt	(188,164)	(128,346)	(316,510)	(319,951)
Gain on sale of fixed assets	-	45,100	45,100	169,122
Net cash flows from capital and related financing activities	<u>(10,588,331)</u>	<u>(18,855,810)</u>	<u>(29,444,141)</u>	<u>(22,206,100)</u>
Cash flows from investing activities:				
Interest income	339,845	647,687	987,532	1,619,057
County appropriation	(450,000)	(450,000)	(900,000)	(800,000)
Transferred from/(to) investments	17,792,180	7,138,701	24,930,881	30,413,621
Net cash flows from investing activities	<u>17,682,025</u>	<u>7,336,388</u>	<u>25,018,413</u>	<u>31,232,678</u>
Net change in cash and cash equivalents	8,578,446	(3,479,307)	5,099,139	25,955,883
Cash and cash equivalents, January 1	<u>32,155,250</u>	<u>20,430,771</u>	<u>52,586,021</u>	<u>26,630,138</u>
Cash and cash equivalents, December 31,	<u>\$ 40,733,696</u>	<u>\$ 16,951,464</u>	<u>\$ 57,685,160</u>	<u>\$ 52,586,021</u>
Reconciliation of Statements of Net Positions:				
Unrestricted cash and cash equivalents	\$ 31,653,864	\$ 13,793,666	\$ 45,447,530	\$ 44,013,426
Restricted cash and cash equivalents	<u>9,079,832</u>	<u>3,157,798</u>	<u>12,237,630</u>	<u>8,572,595</u>
Total cash and cash equivalents	<u>\$ 40,733,696</u>	<u>\$ 16,951,464</u>	<u>\$ 57,685,160</u>	<u>\$ 52,586,021</u>

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Statement of Cash Flows**  
**For the year ended December 31, 2021**

	<b>2021</b>			<b>2020</b>
	<b>Wastewater Division</b>	<b>Solid Waste Division</b>	<b>Total</b>	
<b>Reconciliation of operating income to net cash flows from operating activities:</b>				
Operating (loss)/income	\$ (1,068,766)	\$ (2,292,983)	\$ (3,361,749)	\$ 550,234
Items which did not use/(provide) cash:				
Depreciation expense	3,288,563	9,568,239	12,856,802	13,023,146
Amortization of bond issuance costs	-	32,906	32,906	-
Working capital changes which provided/(used) cash:				
Accounts receivable	(686,632)	(523,102)	(1,209,734)	2,901,988
Accounts receivable - other	-	-	-	-
Accrued landfill post-closure costs	-	343,197	343,197	698,548
Accounts and other payables	(25,310)	1,195,601	1,170,291	263,032
Unearned revenues	-	-	-	(41,361)
Customer deposits	-	(46,387)	(46,387)	43,264
Amounts held by the State	-	(260,459)	(260,459)	(509,546)
Net cash flows from operating activities	<u>\$ 1,507,855</u>	<u>\$ 8,017,012</u>	<u>\$ 9,524,867</u>	<u>\$ 16,929,305</u>

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements**

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

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

**Reporting Entity**

The Atlantic County Utilities Authority (the “Authority”) is a public body corporate and politic of the State of New Jersey and was organized as a sewerage authority having the name “The Atlantic County Sewerage Authority” by a resolution of the Board of Chosen Freeholders of the County of Atlantic (the “County”) adopted on May 14, 1969, pursuant to the New Jersey Sewerage Authorities Law of 1946 and a Regional Sewerage Feasibility Study recommending division of the County into regions on the basis of natural drainage features. On August 19, 1981, the Freeholders filed with the State an ordinance reorganizing the Authority as a county authority pursuant to the New Jersey Municipal and County Utilities Authorities Law, Chapter 183 of the Laws of 1957 of the State of New Jersey, as amended and supplemented, and changed the Authority’s name to “Atlantic County Utilities Authority”. By such reorganization, the Act largely superseded the 1946 Act as the Authority’s governing legislation.

The Authority was created for the purpose, among other things, of acquiring, constructing, maintaining, and operating sewage facilities (the “Wastewater System”) for the relief from pollution or threatened pollution of the waters, bordering, or entering the areas within the territorial boundaries of the County and for the improvement of conditions affecting the public health. The Authority’s Wastewater Division operates the Wastewater System. In 1986, the Authority was designated by Atlantic County as its implementing agency for solid waste management pursuant to the Solid Waste Management Act of the State of New Jersey. The Solid Waste Division operates a regional landfill, transfer station, recycling processing, composting site, and collection operations.

The Solid Waste and Wastewater Divisions are separate and distinct for ratemaking and operating purposes. Accordingly, the holders of bonds or notes of each division have no claims on the revenues or assets of the other Division.

The Solid Waste Division commenced operations in August of 1990 with the opening of a transfer station for waste disposal. The Solid Waste Division’s recycling activities were still considered to be in a construction state as of December 31, 1991. Recycling operations commenced January 1, 1992, the date when recycling activities were initially included in rates charged to customers.

In the opinion of management, revenues of the Wastewater and Solid Waste Divisions are adequate to cover all operating expenses, debt service and current capital costs.

**Component Unit**

The Authority’s financial statements include all the accounts of all the Authority’s operations.

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Component Unit (continued)**

The primary criterion for including activities within a reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the primary government holds the corporate powers of the organization;
- the primary government appoints a voting majority of the organization's board;
- the primary government is able to impose its will on the organization;
- the organization has the potential to impose a financial benefit/burden on the primary government;
- there is a fiscal dependency by the organization on the primary government;

Based on the above criterion, the Authority is a component unit of the County. The Authority does issue separate financial statements from the County. However, if the County presented its financial statements in accordance with GAAP, these financial statements would be included with the County's on a blended basis.

**Basis of Presentation**

The financial statements of the Authority have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles ("GAAP") applicable to enterprise funds of State and Local Governments on a going concern basis.

All activities of the Authority are accounted for within proprietary (enterprise) funds. Proprietary funds are 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 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 net income is appropriate for capital maintenance, public policy, accountability or other purposes.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities and deferred inflow or outflow of resources associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) are segregated into invested in capital assets, net of related debt and unrestricted components.

**Basis of Accounting**

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

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Accounting (continued)**

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

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

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

**Budgets and Budgetary Accounting**

The Authority must adopt an annual budget in accordance with *N.J.A.C. 5:31-2*. *N.J.A.C. 5:31-2* requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current fiscal year and to adopt no later than the beginning of the Authority's fiscal year.

The governing body may amend the budget at any point during the year by resolution of the Board of Commissioners. The budgetary basis of accounting is utilized to determine the Authority has sufficient cash to operate and pay debt service. As such, certain items such as bond payments are included in budgetary expenses while depreciation is not included.

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

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

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Wastewater Service Contract**

The Authority has a Wastewater Service Contract with the Atlantic City Sewerage Company, the Cities of Absecon, Brigantine, Egg Harbor, Linwood, Margate, Northfield, Pleasantville, Somers Point, Ventnor, the Borough of Longport, the Township of Galloway, the Township of Hamilton Municipal Utilities Authority, and the Egg Harbor Township Municipal Utilities Authority, collectively referred to as the “Participants”. Presently, Participants make up the Atlantic County Coastal Region.

The Service Contract provides for the determination of an annual charge to each Participant, which consists of an operating charge and a general charge. The service contract further provides that the operating charge shall, at times, be sufficient to provide annually for the expenses of operating, repairing, and maintaining the Wastewater System and the costs of all enlargements and alterations to the System not otherwise provided for, and the general charge shall, at times, be sufficient annually to pay the principal and interest on all bonds or other obligations of the Authority as they become due, to provide for any deficits of the Authority resulting from the failure to receive sums payable to the Authority, and to provide and maintain such reserves and sinking funds for any of the foregoing purposes as may be required by the terms of any contract or other obligation of the Authority.

**Wastewater Bond Resolutions**

The Sewer Revenue Refunding and Sewer Revenue Bonds were issued pursuant to a general bond resolution of the Authority. The general bond resolution, as supplemented, is hereinafter referred to as the “Resolution.”

Revenue Fund – All cash receipts attributable to the operations, maintenance and repair of the Wastewater System are deposited in this fund and are used to pay for the cost of such. On a monthly basis, the Trustee shall retain in the Revenue Fund, a reserve for operations, the amount shown by the Authority’s annual budget to be required for operating expenses, less other sources of revenue, for the next succeeding period of three consecutive calendar months and transfer the remaining balance to satisfy the requirements of the following funds, listed in order of priority.

Restricted Funds:

Construction Fund – All costs pertaining to the acquisition or construction of a designated project shall be paid from this Fund and capitalized herein. The proceeds from the sale of bonds and certain receipts are deposited herein to pay for all such construction costs. Interest earned on investments in this fund is credited to project costs.

Rebate Fund – The balance in this fund shall be maintained in an amount sufficient to make payments to the United States Treasury for investment earnings above levels permitted by Section 148(f) of the Internal Revenue Code of 1986, as amended.



**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Wastewater Bond Resolutions (continued)**

Debt Service Fund – The Debt Service Fund is to accumulate a balance sufficient to pay the interest and principal to become due at or before the January 15<sup>th</sup> next ensuing, plus any unpaid principal and interest then due. Interest earnings in excess of the required fund balance may be paid to the Revenue Fund. In addition, a sinking fund is included which shall equal the aggregate amount of all sinking fund installments required to redeem bonds on the next January 15<sup>th</sup> for the Sewer Revenue Refunding Bonds.

Debt Service Reserve Fund (2001, 2004, 2009 and 2013 Series) – The balance in this Reserve Fund shall be maintained equal to the maximum amount of principal and interest payable in any one year on the Wastewater Revenue Bonds (2001, 2004, 2009 and 2013 Series) less any surety. Interest earnings in excess of the required fund balance may be paid to the Revenue Fund.

Renewal and Replacement Fund – The balance in this fund shall be maintained equal to 3% of gross revenues or such larger amount as determined by the Consulting Engineer. Interest earnings in excess of the required fund balance may be paid to the Revenue Fund. With approval of the Consulting Engineer, this fund may be used to meet reasonable and necessary expenses for major repairs, renewals, replacements or maintenance items of a type not recurring annually. The System Reserve Fund is a component of the Renewal and Replacement Fund.

**Cash, Cash Equivalents and Investments**

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

New Jersey Authorities are required by *N.J.S.A. 40A:5-14* to deposit public funds into 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 of America or State of New Jersey or the New Jersey Cash Management Fund. *N.J.S.A. 40A:5-15.1* provides a list of securities which may be purchased by New Jersey Authorities. The Authority is required by *N.J.S.A. 17:9-41* to deposit 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.

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Cash, Cash Equivalents and Investments (continued)**

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

**Capital Assets**

Capital assets primarily consist of expenditures to acquire, construct, place in operation and improve the facilities of the Authority. Assets purchased are stated at cost. Assets contributed by developer's are valued at estimated fair market value as of the date of contribution. Costs incurred for construction projects are recorded as construction in progress. In the year that the project is completed, these costs are transferred to capital assets.

Depreciation is determined on a straight-line basis for all capital assets. Depreciation was provided over the following estimated useful lives:

	<u>Years</u>
Sewer mains and interceptors	50
Buildings and improvements	40
Incinerator facility	40
Atlantic coastal alternative	35
Equipment and vehicles	5-10
Landfill Design and Implementation	4-25
Planning and Design	25

Landfill cells are depreciated on the basis of capacity utilized.

The cost and related accumulated depreciation of all capital assets retired or otherwise disposed of are removed from the accounts and any resulting gain or loss is included in income.

**Restricted Assets**

Restricted cash and investments are for future construction, debt service requirements and system reserve requirements.

**Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Compensated Absences**

Compensated absences represent amounts to which employees are entitled, based on accumulated vacation leave and compensatory leave earned in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated vacation leave in the event of termination or retirement from service at their current salary.

**Unearned Revenue**

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

**Wastewater Revenues**

Charges imposed with respect to sewage or other wastes delivered into the System by anyone who is not a Participant are included in other operating revenues.

**Allocation of Common Costs**

Certain administrative salaries and other administrative costs are allocated between the Wastewater and Solid Waste Division based on management's estimates.

**Pensions and Other Post-Employment Benefits Other Than Pensions ("OPEB")**

For purposes of measuring the net pension liability, OPEB Liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and OPEB and additions to/deductions from the PERS's and OPEB's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net Position**

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

Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Net Position (continued)**

Restricted Net Position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

**Income Taxes**

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

**Use of Estimates**

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amount.

**Impact of Recently Issued Accounting Principles**

*Recently Issued Accounting Pronouncements Not Yet Adopted*

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

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 30, 2022. Management has not yet determined the potential impact on the Authority's financial statements.

**Fair Value Measurement**

The Authority categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fair Value Measurement (continued)**

Level I – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Level II – Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level III – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity’s assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

Subsequent to initial recognition, the Authority may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

**Subsequent Events**

Atlantic County Utilities Authority has evaluated subsequent events occurring after December 31, 2021 through March 15, 2023, which is the date the financial statements were available to be issued.

**NOTE 2: CASH AND CASH EQUIVALENTS**

This Authority is governed by the deposit and investment limitations of New Jersey state law. The deposits held at December 31, 2021 and 2020, reported at fair value, are as follows:

	<u>2021</u>	<u>2020</u>
<b>Deposits:</b>		
Demand deposits	<u>\$57,685,160</u>	<u>\$52,586,021</u>
Total deposits	<u>\$57,685,160</u>	<u>\$52,586,021</u>
<b>Reconciliation to Statements of Net Position:</b>		
Current unrestricted assets:		
Cash and cash equivalents	\$45,447,530	\$44,013,426
Current restricted assets:		
Cash and cash equivalents	<u>12,237,630</u>	<u>8,572,595</u>
Total deposits	<u>\$57,685,160</u>	<u>\$52,586,021</u>

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 2: CASH AND CASH EQUIVALENTS (continued)**

As of December 31, 2021, and 2020, the Authority had the following restricted and unrestricted cash and cash equivalents:

	<b>2021</b>	<b>2020</b>
<b>Waster Water</b>		
Unrestricted		
Cash	\$ 563,024	\$ 2,845,111
First American Treasury Obligation Fund	6,535,221	9,853,296
NJ ARM	24,555,619	17,023,236
Restricted		
NJ ARM	5,283,239	1,914,608
First American Treasury Money Market	3,796,593	519,001
<b>Solid Waste</b>		
Unrestricted		
Cash	230,985	308,700
NJ ARM	7,262,376	11,682,099
Wells Fargo Government Money Market	1,300,038	2,300,984
Ocean First Bank Government Interest	5,000,267	-
Restricted		
NJ ARM	3,157,798	3,823,353
Escrow Fund Capital Leases	-	2,315,633
Total	\$ 57,685,160	\$ 52,586,021

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

	<b>2021</b>	<b>2020</b>
Restricted funds:		
Debt service fund	\$ 521,613	\$ 518,847
Debt service reserve fund	429,744	424,898
Renewal and replacement fund*	11,286,273	7,628,850
Total	\$ 12,237,630	\$ 8,572,595

\*Includes \$7,000,000 in the system reserve fund at December 31, 2021 and 2020, respectively.

**Custodial Credit Risk Related to Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. Although the Authority does not have a formal policy regarding custodial credit risk, *N.J.S.A. 17:9-41 et seq.* requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA.

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 2: CASH AND CASH EQUIVALENTS (continued)**

However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. If the Authority had any such funds, they would be shown as Uninsured and Uncollateralized in the schedule below. As of December 31, 2021 and 2020, the Authority's bank balances, excluding cash held with New Jersey Asset & Rebate Management Program that is not insured or guaranteed and any financial instruments considered investments were insured or collateralized as follows:

	<b>2021</b>	<b>2020</b>
Insured by FDIC	\$ 619,278	\$ 500,000
Collateralized in the Authority's name under GUDPA	1,905,890	3,785,568
Total	\$ 2,525,168	\$ 4,285,568

**NOTE 3: INVESTMENTS**

**Custodial Credit Risk**

For investments, custodial credit risk is a 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 are held in the name of the Authority and are collateralized by GUDPA.

**Investment Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure; however, investments are matched with anticipated cash flows to minimize interest rate risk.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Other than the rules and regulations promulgated by *N.J.S.A. 40A:5-15.1*, the Authority's investment policies place no limit on the amount the Authority may invest in any one issuer.

**Investment Credit Risk**

New Jersey authorities are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.A. 40A:5-15.1* provides a list of permissible investments that may be purchased by New Jersey authorities. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the



**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 3: INVESTMENTS (continued)**

**Investment Credit Risk (continued)**

local unit or other obligations of the local unit or units within which the Authority is located, bonds or other obligations approved by the Division of Investment in the Department of Treasury for investment by authorities, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions.

The Authority has also adopted a cash management plan stating that “Authority funds may be invested in Investment Obligations, which shall mean and include any security that is legal for the investment of funds of the Authority, at the time of such investment, as authorized by applicable law including, without limitation, N.J.S. 40A:5-15.1, provided, however that such Investment Obligations must be authorized investments pursuant to any applicable Bond Documents.”

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

	<b>2021</b>		<b>2020</b>	
	<u>Face Value</u>	<u>Fair/Market</u>	<u>Face Value</u>	<u>Fair/Market</u>
<b>Wastewater:</b>				
Unrestricted				
Certificates of Deposit - Various Issuers	\$ 6,500,000	\$ 6,500,000	\$ 8,300,000	\$ 8,333,730
US Treasury Notes	-	-	12,029,758	11,976,334
Restricted				
US Treasury Notes	-	-	3,478,117	3,453,166
<b>Solid Waste:</b>				
Unrestricted				
Certificates of Deposit - Various Issuers	-	-	2,215,000	2,238,243
US Treasury Notes	-	-	6,279,009	6,248,387
Bonds - various issuers	3,250,000	3,240,868		
Restricted				
US Treasury Notes	-	-	2,498,019	2,485,813
Total	<u>\$ 9,750,000</u>	<u>\$ 9,740,868</u>	<u>\$ 34,799,903</u>	<u>\$ 34,735,673</u>

**Fair Value of Investments**

The Authority’s investment are Level 2 investments and are shown at fair value on the statement of net position. Fair value and face value of investments at December 31, 2021 and 2020 are summarized above.

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 4: ACCOUNTS RECEIVABLE**

Consumer accounts receivable, net of allowance for doubtful accounts of \$63,615, totaled \$4,903,651 at December 31, 2021. Consumer accounts receivable, net of allowance for doubtful accounts of \$49,814, totaled \$3,819,718 at December 31, 2020. Consumer accounts receivable consisted of unrestricted receivables entirely from customer accounts.

**NOTE 5: CAPITAL ASSETS**

The activity in capital assets for the year ended December 31, 2021 is as follows:

<u>Wastewater Division</u>	Balance December 31, <u>2020</u>	<u>Additions</u>	Retirements and Transfers	Balance December 31, <u>2021</u>
Capital Assets not being depreciated:				
Land	\$ 12,691,336	\$ -	\$ -	\$ 12,691,336
Construction in Progress	9,089	542,633	-	551,722
Total Capital Assets not being depreciated	<u>12,700,425</u>	<u>542,633</u>	<u>-</u>	<u>13,243,058</u>
Capital Assets being depreciated:				
Sewer Mains and Interceptors	83,755,898	7,555,814	-	91,311,712
Buildings and Improvements	55,116,684	8,850	-	55,125,534
Equipment and Vehicles	52,752,140	-	-	52,752,140
Incinerator Facility	16,353,524	-	-	16,353,524
Atlantic Coastal Alternative	26,629,575	-	-	26,629,575
Total Capital Assets being depreciated	<u>234,607,821</u>	<u>7,564,664</u>	<u>-</u>	<u>242,172,485</u>
Less: Accumulated Depreciation:	(184,059,485)	(3,288,563)	-	(187,348,048)
Total Capital Assets being depreciated, net	<u>50,548,336</u>	<u>4,276,101</u>	<u>-</u>	<u>54,824,437</u>
Total Capital Assets, net	<u>\$ 63,248,761</u>	<u>\$ 4,818,734</u>	<u>\$ -</u>	<u>\$ 68,067,495</u>
<u>Solid Waste</u>	Balance December 31, <u>2020</u>	<u>Additions</u>	Retirements and Transfers	Balance December 31, <u>2021</u>
Capital Assets not being depreciated:				
Land	\$ 14,758,845	\$ -	\$ -	\$ 14,758,845
Construction in Progress	73,827	13,023,323	(73,827)	13,023,323
Total Capital Assets not being depreciated	<u>14,832,672</u>	<u>13,023,323</u>	<u>(73,827)</u>	<u>27,782,168</u>
Capital Assets being depreciated:				
Buildings and Improvements	32,740,698	160,881	-	32,901,579
Equipment and Vehicles	39,754,145	3,682,552	(198,477)	43,238,220
Landfill Design and Implementation	74,962,843	200,808	-	75,163,651
Planning and Design	3,375,832	-	-	3,375,832
Total Capital Assets being depreciated	<u>150,833,518</u>	<u>4,044,241</u>	<u>(198,477)</u>	<u>154,679,282</u>
Less: Accumulated Depreciation:	(119,558,159)	(9,568,239)	198,477	(128,927,921)
Total Capital Assets being depreciated, net	<u>31,275,359</u>	<u>(5,523,998)</u>	<u>-</u>	<u>25,751,361</u>
Total Capital Assets, net	<u>\$ 46,108,031</u>	<u>\$ 7,499,325</u>	<u>\$ (73,827)</u>	<u>\$ 53,533,529</u>

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 5: CAPITAL ASSETS (continued)**

The activity in capital assets for the year ended December 31, 2020 is as follows:

<u>Wastewater Division</u>	Balance December 31, <u>2019</u>	<u>Additions</u>	Retirements and Transfers	Balance December 31, <u>2020</u>
Capital Assets not being depreciated:				
Land	\$ 12,691,336	\$ -	\$ -	\$ 12,691,336
Construction in Progress	286,673	-	(277,584)	9,089
Total Capital Assets not being depreciated	<u>12,978,009</u>	<u>-</u>	<u>(277,584)</u>	<u>12,700,425</u>
Capital Assets being depreciated:				
Sewer Mains and Interceptors	79,852,874	3,903,024	-	83,755,898
Buildings and Improvements	55,116,684	-	-	55,116,684
Equipment and Vehicles	52,079,491	672,649	-	52,752,140
Incinerator Facility	16,353,524	-	-	16,353,524
Atlantic Coastal Alternative	26,629,575	-	-	26,629,575
Total Capital Assets being depreciated	<u>230,032,148</u>	<u>4,575,673</u>	<u>-</u>	<u>234,607,821</u>
Less: Accumulated Depreciation:	(180,916,875)	(3,142,610)	-	(184,059,485)
Total Capital Assets being depreciated, net	<u>49,115,273</u>	<u>1,433,063</u>	<u>-</u>	<u>50,548,336</u>
Total Capital Assets, net	<u>\$ 62,093,282</u>	<u>\$ 1,433,063</u>	<u>\$ (277,584)</u>	<u>\$ 63,248,761</u>
<u>Solid Waste</u>	Balance December 31, <u>2019</u>	<u>Additions</u>	Retirements and Transfers	Balance December 31, <u>2020</u>
Capital Assets not being depreciated:				
Land	\$ 14,758,845	\$ -	\$ -	\$ 14,758,845
Construction in Progress	6,797,598	73,827	(6,797,598)	73,827
Total Capital Assets not being depreciated	<u>21,556,443</u>	<u>73,827</u>	<u>(6,797,598)</u>	<u>14,832,672</u>
Capital Assets being depreciated:				
Buildings and Improvements	32,526,751	213,947	-	32,740,698
Equipment and Vehicles	35,599,454	5,203,106	(1,048,415)	39,754,145
Landfill Design and Implementation	64,546,434	10,416,409	-	74,962,843
Planning and Designs	3,375,832	-	-	3,375,832
Total Capital Assets being depreciated	<u>136,048,471</u>	<u>15,833,462</u>	<u>(1,048,415)</u>	<u>150,833,518</u>
Less: Accumulated Depreciation:	(110,726,038)	(9,880,536)	1,048,415	(119,558,159)
Total Capital Assets being depreciated, net	<u>25,322,433</u>	<u>5,952,926</u>	<u>-</u>	<u>31,275,359</u>
Total Capital Assets, net	<u>\$ 46,878,876</u>	<u>\$ 6,026,753</u>	<u>\$ (6,797,598)</u>	<u>\$ 46,108,031</u>

The Atlantic County Coastal Alternative project comprises the force mains and pumping stations necessary to connect Hamilton and Egg Harbor Township into the Authority's Wastewater System.

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 6: LIABILITIES**

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

	Balance			Balance	
	<u>December 31, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2021</u>	<u>Due Within One Year</u>
Bonds Payable	\$ 19,119,485	\$ -	\$ 1,751,753	\$ 17,367,733	\$ 1,652,113
Lease payable	7,125,000	-	1,705,000	5,420,000	1,705,000
Accrued compensated absences	899,072	-	18,232	880,840	-
Net pension liability	32,640,095		7,396,436	25,243,659	-
Net OPEB liability	66,654,259	6,505,492	-	73,159,751	-
Post-retirement benefits	1,335,019	-	-	1,335,019	-
	<u>\$ 127,772,930</u>	<u>\$ 6,505,492</u>	<u>\$ 10,871,421</u>	<u>\$ 123,407,002</u>	<u>\$ 3,357,113</u>

	Balance			Balance	
	<u>December 31, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2020</u>	<u>Due Within One Year</u>
Bonds Payable	\$ 20,872,150	\$ -	\$ 1,752,665	\$ 19,119,485	\$ 1,751,753
Lease payable	2,800,000	5,025,000	700,000	7,125,000	1,705,000
Accrued compensated absences	842,209	56,863	-	899,072	-
Net pension liability	33,880,857		1,240,762	32,640,095	-
Net OPEB liability	44,454,548	22,199,711		66,654,259	-
Post-retirement benefits	1,335,019	-	-	1,335,019	-
	<u>\$ 104,184,783</u>	<u>\$ 27,281,574</u>	<u>\$ 3,693,427</u>	<u>\$ 127,772,930</u>	<u>\$ 3,456,753</u>

**Bonds Payable**

At December 31, 2021, bonds payable consisted of the following issues:

\$1,972,543 New Jersey Wastewater Trust Fund Loan dated 2001, due in semiannual installments for principal and interest through August 1, 2021, bearing interest at various rates from 0.00% to 5.50% per annum. The balance remaining as of December 31, 2021 and 2020, is \$-0- and \$108,828, respectively.

\$4,919,402 New Jersey Environmental Infrastructure Trust Fund Loan dated 2004, due in semiannual installments for principal and interest through August 1, 2024, bearing interest at various rates from 0.00% to 5.00% per annum. The balance remaining as of December 31, 2021 and 2020, is \$858,519 and \$1,136,857, respectively.

\$2,551,272 New Jersey Environmental Infrastructure Trust Fund Loan dated 2006, due in semiannual installments for principal and interest through August 1, 2026, bearing interest at various rates from 0.00% to 5.00% per annum. The balance remaining as of December 31, 2021 and 2020, is \$585,233 and \$720,319, respectively.

\$3,008,252 New Jersey Environmental Infrastructure Trust Fund Loan dated 2007, due in semiannual installments for principal and interest through August 1, 2027, bearing interest at various rates from

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 6: LIABILITIES (continued)**

**Bonds Payable (continued)**

0.00% to 5.00% per annum. The balance remaining as of December 31, 2021 and 2020, is \$997,972 and \$1,157,555, respectively.

\$3,987,500 New Jersey Environmental Infrastructure Trust Fund Loan Series 2010A, dated February 2010, due in semiannual installments for principal and interest through August 1, 2029, bearing interest at various rates from 0.00% to 5.00% per annum. The balance remaining as of December 31, 2021 and 2020, is \$1,892,500 and \$2,108,438, respectively.

\$1,710,000 New Jersey Environmental Infrastructure Trust Fund Loan Series 2010B, dated December 2010, due in semiannual installments for principal and interest through September 1, 2030, bearing interest at various rates from 0.00% to 5.00% per annum. The balance remaining as of December 31, 2021 and 2020, is \$914,643 and \$1,005,714, respectively.

\$2,065,563 New Jersey Environmental Infrastructure Trust Fund Loan Series 2012, dated January 2012, due in semiannual installments for principal and interest through August 1, 2031, bearing interest at various rates from 0.00% to 5.00% per annum. The balance remaining as of December 31, 2021 and 2020, is \$1,153,695 and \$1,262,564, respectively.

\$1,504,928 New Jersey Environmental Infrastructure Trust Fund Loan Series 2017, dated November 2017, due in semiannual installments for principal and interest through August 1, 2037, bearing interest at various rates from 0.00% to 5.00% per annum. The balance remaining as of December 31, 2021 and 2020, is \$1,196,951 and \$1,269,406, respectively.

\$4,713,095 New Jersey Environmental Infrastructure Trust Fund Loan Series 2018, dated January 2018, due in semiannual installments for principal and interest through August 1, 2037, bearing interest at various rates from 0.00% to 5.00% per annum. The balance remaining as of December 31, 2021 and 2020, is \$3,760,846 and \$3,998,715, respectively.

\$3,099,412 New Jersey Infrastructure Bank Direct Loan, dated December 2018, due in semiannual installments for principal only through August 1, 2038. The balance remaining as of December 31, 2021 and 2020, is \$2,822,679 and \$2,988,719, respectively.

\$3,635,165 New Jersey Infrastructure Bank Direct Loan, dated May 2019, due in semiannual installments for principal only through August 1, 2038. The balance remaining as of December 31, 2021 and 2020, is \$3,184,695 and \$3,362,371, respectively.

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 6: LIABILITIES (continued)**

**Bonds Payable (continued)**

The following is a summary of remaining long-term revenue bond payments:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,652,113	\$ 166,401	\$ 1,818,514
2023	1,689,355	146,401	1,835,756
2024	1,684,214	126,276	1,810,490
2025	1,401,872	105,120	1,506,992
2026	1,341,981	87,520	1,429,501
2027-2031	5,333,419	216,968	5,550,387
2032-2036	3,324,905	68,363	3,393,268
2037-2038	939,874	6,544	946,418
	<u>\$17,367,733</u>	<u>\$ 923,593</u>	<u>\$ 18,291,326</u>

**Compensated Absences**

The estimated liability for vested compensated absences is recorded as a noncurrent liability. The current portion of the compensated absences balance is not considered material and therefore is not shown separately from the long-term liability of compensated absences.

**Net Pension Liability and Net OPEB Liability**

For details on the net pension liability, see Pension Obligations in Note 7. The Authority's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis. For details on the net OPEB liability, see Note 8, *Other Post-employment Benefits Other Than Pensions*.

**Lease Payable**

The Authority entered into a lease purchase agreement with TD Equipment Finance, Inc. on October 31, 2018, to lease 11 new garbage trucks and two new Ford F150 trucks. The total lease payable is for \$3,500,000 with a fixed interest rate of 2.91%; \$1,400,000 is payable as of December 31, 2021. The lease payable matures November 1, 2023.

The Authority entered into a lease purchase agreement with TD Equipment Finance, Inc. on February 5, 2020, to lease five new garbage trucks. The total lease payable is for \$2,700,000 with a fixed interest rate of 1.94%; \$2,160,000 is payable as of December 31, 2021.

The Authority entered into a lease purchase agreement with TD Equipment Finance, Inc. on October 30, 2020, to lease four new garbage trucks. The total lease payable is for \$2,325,000 with a fixed interest rate of 1.94%; \$1,860,000 is payable as of December 31, 2021.

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 6: LIABILITIES (continued)**

**Lease Payable (continued)**

The following is a summary of remaining lease payments:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,705,000	\$ 94,980	\$ 1,799,980
2023	1,705,000	59,673	1,764,673
2024	1,005,000	24,456	1,029,456
2025	1,005,000	9,609	1,014,609
	<u>\$ 5,420,000</u>	<u>\$ 188,718</u>	<u>\$ 5,608,718</u>

**NOTE 7: PENSION OBLIGATIONS**

**Public Employees' Retirement System (PERS)**

**Plan Description**

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

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.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
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 with 25 or more years 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



**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 7: PENSION OBLIGATIONS (continued)**

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.

**Basis of Presentation**

The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions**

The contribution policy for PERS is set by N.J.S.A. 43:15A 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 the fiscal year 2021, 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. For the year ended December 31, 2021, the Authority's contractually required contribution to PERS plan was \$2,495,527.

**Components of Net Pension Liability**

At December 31, 2021, the Authority's proportionate share of the PERS net pension liability was \$25,243,659. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The Authority's proportion of the net pension liability was based on the Authority's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The Authority's proportion measured as of June 30, 2021, was 0.2130896103% which was an increase of 0.00012934% from its proportion measured as of June 30, 2020.

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 7: PENSION OBLIGATIONS (continued)**

**Components of Net Pension Liability (continued)**

**Balances at December 31, 2021 and December 31, 2020**

	<u>12/31/2021</u>	<u>12/30/2020</u>
Actuarial valuation date (including roll forward)	June 30, 2021	June 30, 2020
Deferred Outflows of Resources	\$ 5,068,673	\$ 5,931,893
Deferred Inflows of Resources	15,924,639	14,005,625
Net Pension Liability	25,243,659	32,640,095
Authority's portion of the Plan's total Net Pension Liability	0.21309%	0.20016%

**Pension Expense/(Credit) and Deferred Outflows/Inflows of Resources**

At December 31, 2021, the Authority's proportionate share of the PERS expense/(credit), calculated by the plan as of the June 30, 2021 measurement date is \$(2,118,675). At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 398,125	\$ 180,715
Changes of Assumptions	131,469	8,986,906
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	6,649,843
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	<u>4,539,079</u>	<u>107,175</u>
	<u>\$ 5,068,673</u>	<u>\$ 15,924,639</u>

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 7: PENSION OBLIGATIONS (continued)**

**Pension Expense/(Credit) and Deferred Outflows/Inflows of Resources (continued)**

The Authority will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

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

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 7: PENSION OBLIGATIONS (continued)**

**Pension Expense/(Credit) and Deferred Outflows/Inflows of Resources (continued)**

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

<b>Year Ending</b>	<b><u>June 30,</u></b>	<b><u>Amount</u></b>
2022		\$ (1,315,153)
2023		(1,315,153)
2024		(1,621,344)
2025		(6,577,978)
2026		<u>(26,338)</u>
		<u><u>\$ (10,855,966)</u></u>

**Actuarial Assumptions**

The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
PERS	Pub-2010 General Below-Median Income Employee mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2014 - June 30, 2018

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 7: PENSION OBLIGATIONS (continued)**

**Actuarial Assumptions (continued)**

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.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return**

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's target asset allocation as of June 30, 2021 are summarized in the following table:

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 7: PENSION OBLIGATIONS (continued)**

**Long-Term Expected Rate of Return (continued)**

<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-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets 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>	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% 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.

**Sensitivity of the Authority's proportionate share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Authority's proportionate share of the net pension liability 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-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 7: PENSION OBLIGATIONS (continued)**

**Sensitivity of the Authority's proportionate share of the Net Pension Liability to Changes in the Discount Rate (continued)**

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 32,634,325</u>	<u>\$ 25,243,659</u>	<u>\$ 16,606,294</u>

**NOTE 8: OTHER POSTEMPLOYMENT BENEFITS**

**General Information about the OPEB Plan**

The State Health Benefit Local Government Retired Employees Plan (the Plan) 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. 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>.

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.



**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (continued)**

**General Information about the OPEB Plan (continued)**

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.

**Basis of Presentation**

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Allocation Methodology**

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense (benefit). The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2021 were \$3,872,142,278 and \$14,177,910,609, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2020 through June 30, 2021. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (continued)**

**Net OPEB Liability**

The components of the collective net OPEB liability of the plan as of June 30, 2021 is as follows:

Total OPEB Liability	\$	18,050,052,887
Plan fiduciary net position		50,271,652
Net OPEB liability	\$	17,999,781,235

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

Inflation	2.50%
-----------	-------

Salary Increases\*:

Public Employees' Retirement System (PERS)	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all future periods	3.25% to 15.25%

Mortality Rate Table:

PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

\* Salary increases are based on years of service within the respective plan

Actuarial assumptions used in the July 1, 2020 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (continued)**

**OPEB Obligation and OPEB (Benefit) Expense**

The Authority's proportionate share of the total Other Post-Employment Benefits Obligations was \$73,159,751. The OPEB Obligation was measured as of June 30, 2021, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The State's proportionate share of the OPEB Obligation associated with the Authority was based on projection of the State's long-term contributions to the OPEB plan associated with the Authority relative to the projected contributions by the State associated with all participating entities, actuarially determined. At June 30, 2021, the State proportionate share of the OPEB Obligation attributable to the Authority was 0.406448%, which was an increase of 0.035045% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2021, the State of New Jersey recognized an OPEB (benefit) expense in the amount of \$3,427,877 for the State's proportionate share of the OPEB (benefit) expense attributable to the Authority. This OPEB (benefit) expense was based on the OPEB plans June 30, 2021 measurement date.

**Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7% decreasing to a 4.5% long-term trend rate after seven years.

**Discount Rate**

The discount rate for 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.

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

The following presents the net OPEB liability as of June 30, 2021, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (continued)**

**Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate (continued)**

	1% Decrease	Healthcare Cost Trend Rate	1% increase
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with the Authority	\$ 61,039,872	\$ 73,159,751	\$ 88,974,692
State of New Jersey's Total Nonemployer OPEB Liability	\$ 15,017,879,689	\$ 17,999,781,235	\$ 21,890,793,528

The following presents the collective net OPEB liability of the participating employers as of June 30, 2021, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (1.16%)	At Discount Rate (2.16%)	At Discount Rate (3.16%)
State of New Jersey's Proportionate Share of Total OPEB obligation associated with the Authority	\$ 86,094,994	\$ 73,159,751	\$ 62,908,293
State of New Jersey's Total Nonemployer OPEB Liability	\$ 21,182,289,882	\$ 17,999,781,235	\$ 15,477,574,697

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (continued)**

**Additional Information**

The following is a summary of the deferred outflows of resources, deferred inflows of resources, and net OPEB liability balances as of June 30, 2021:

**Balances at December 31, 2021 and December 31, 2020**

	<u>12/31/2021</u>	<u>12/31/2020</u>
Actuarial valuation date (including roll forward)	June 30, 2021	June 30, 2020
Deferred Outflows of Resources	\$ 29,221,890	\$ 23,932,210
Deferred Inflows of Resources	29,045,471	28,308,304
Net OPEB Liability	73,159,751	66,654,259
Authority's portion of the Plan's total net OPEB Liability	0.40645%	0.37140%

**OPEB Deferred Outflows/Inflows of Resources**

At December 31, 2021, the Authority's proportionate share of the OPEB outflows and inflows, calculated by the plan as of the June 30, 2021 measurement date is \$29,221,890 and \$29,045,471, respectively. At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 1,641,617	\$ 15,306,100
Changes of Assumptions	10,524,249	12,931,845
Net Difference between Projected and Actual Earnings on Pension	34,981	-
Changes in Proportion	<u>17,021,043</u>	<u>807,526</u>
	<u>\$ 29,221,890</u>	<u>\$ 29,045,471</u>

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (continued)**

**OPEB Deferred Outflows/Inflows of Resources**

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to OPEB that will be recognized in future periods:

<b>Year Ending</b>	
<b><u>Dec 31,</u></b>	
2022	\$ (627,963)
2023	(636,736)
2024	(640,976)
2025	549,996
2026	(2,909,321)
2027-2029	<u>4,441,419</u>
	<u><u>\$ 176,419</u></u>

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 7.82, 7.87, 8.05, 8.14 and 8.04 years for the 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

**Plan Membership**

At June 30, 2020, the Program membership consisted of the following:

Active Plan Members	64,243
Retirees Currently Receiving Benefits	<u>32,624</u>
Total Plan Members	<u>96,867</u>

**Changes in the Total OPEB Liability**

The change in the State's Total OPEB liability for the measurement date June 30, 2021 is as follows:

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (continued)**

**Changes in the Total OPEB Liability**

The change in the State's Total OPEB liability for the measurement date June 30, 2021 is as follows:

Service Cost	\$	846,075,674
Interest on the Total OPEB Liability		413,837,061
Changes of Benefit Terms		2,029,119
Differences Between Expected and Actual Experience		(1,196,197,410)
Changes of Assumptions		339,165,715
Contributions from the Employer		(325,097,477)
Contributions from Non-Employer Contributing Entities		(37,777,433)
Net Investment Income		(201,343)
Administrative Expenses		11,334,383
		<hr/>
Net Change in Total OPEB Liability		53,168,289
Total OPEB Liability (Beginning)		17,946,612,946
		<hr/>
Total OPEB Liability (Ending)	\$	<u>17,999,781,235</u>

**NOTE 9: LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

The Authority adopted the provisions of Statement No. 18 of the Government Accounting Standards Board, Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs, in 1993. This Standard requires the Authority to recognize an expense and a liability in each period it accepts solid waste for a portion of the landfill closure and postclosure costs expected to be incurred in future periods. The estimated current cost is based on use of landfill capacity rather than passage of time. The estimated liability as of December 31, 2021 and 2020 totaled \$34,907,572 and \$34,564,375, respectively. For the years ended December 31, 2021 and 2020 landfill closure capacity used was 76% and 73.3% respectively.

**NOTE 10: AMOUNTS HELD BY THE STATE OF NEW JERSEY**

The State of New Jersey holds the Landfill Closure Escrow Account in the name of the Atlantic County Utilities Authority. These cash and investments consisted of the following at December 31, 2021 and 2020, respectively:

	<u>2021</u>	<u>2020</u>
Investments	\$ 30,156,922	\$ 29,982,334
Cash	382,788	296,917
Total	<u>30,539,710</u>	<u>30,279,251</u>



**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to Financial Statements (continued)**

**NOTE 11: 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. These risks are covered by commercial insurance purchased from independent third parties.

**NOTE 12: DEFERRED COMPENSATION**

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all eligible regular employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights have been removed from the books and accounts of the Authority as they are not the property or rights of the Authority.

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Wastewater Division**  
**Statements of Net Position**  
*Modified Accrual Basis*  
**December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Unrestricted current assets:		
Cash and cash equivalents	\$ 31,653,864	\$ 29,721,643
Investments	6,500,000	20,310,063
Accrued interest receivable	10,911	23,098
Accounts receivable	831,934	405,464
Accounts receivable - other	675,784	348,761
	<u>39,672,493</u>	<u>50,809,029</u>
 Restricted noncurrent assets:		
Cash and cash equivalents	9,079,832	2,433,607
Investments	-	3,453,166
Accrued interest receivable	20	-
Loans receivable	166,251	220,925
	<u>9,246,103</u>	<u>6,107,698</u>
 Capital assets, gross	255,415,543	247,308,246
Accumulated depreciation	<u>(187,348,048)</u>	<u>(184,059,485)</u>
 Capital assets, net	<u>68,067,495</u>	<u>63,248,761</u>
 <b>TOTAL ASSETS</b>	<u>116,986,091</u>	<u>120,165,488</u>

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Wastewater Division**  
**Statement of Net Position**  
*Modified Accrual Basis*  
**December 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>LIABILITIES</b>		
Current liabilities payable from current assets:		
Accounts payable and accrued expenses	3,795,838	4,399,771
Unearned revenue, current	-	-
Due to Solid Waste Division	572,469	595,572
Pension payable	1,049,369	822,732
Total current liabilities payable from current assets	5,417,676	5,818,075
Current liabilities payable from restricted assets:		
Construction contracts payable	134,926	105,828
Current portion of long-term debt	1,652,113	1,751,753
Accrued interest	69,334	78,402
Total current liabilities payable from restricted assets	1,856,373	1,935,983
Noncurrent liabilities:		
Accrued compensated absences	376,916	361,497
Post retirement benefits payable	535,019	535,019
Long-term portion of bonds payable	15,715,620	17,367,732
Total noncurrent liabilities	16,627,555	18,264,248
<b>TOTAL LIABILITIES</b>	<b>23,901,604</b>	<b>26,018,306</b>
<b>NET POSITION</b>		
Investment in capital assets, net of related debt	50,699,762	44,129,276
Restricted for:		
Renewal and replacement	7,000,000	7,000,000
Debt service fund	521,613	518,847
Debt service reserve fund	298,902	424,898
Unrestricted	34,564,210	42,074,161
<b>TOTAL NET POSITION</b>	<b>93,084,487</b>	<b>94,147,182</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 116,986,091</b>	<b>\$ 120,165,488</b>

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Wastewater Division**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Modified Accrual Basis**  
**For the years ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Operating revenues:		
User service agreements:		
Operating	\$ 20,213,203	\$ 22,007,299
General	1,939,917	1,686,774
Sludge	1,839,432	2,261,913
Septage	424,414	395,872
Other	1,406,293	1,433,622
Total operating revenues	<u>25,823,259</u>	<u>27,785,480</u>
Operating expenses:		
Salaries	7,548,797	6,976,608
Employee benefits	4,446,001	3,846,904
Power and utilities	2,566,332	2,593,503
Chemicals	912,838	758,007
Fuel	1,190,792	1,344,730
Supplies and miscellaneous maintenance	2,866,697	3,035,687
Contractual services	1,168,343	1,558,612
Indirect operating expenses	772,068	532,828
Administrative	1,552,223	1,471,346
Licenses and permits	271,902	157,919
Depreciation	3,288,563	3,142,610
Total operating expenses	<u>26,584,556</u>	<u>25,418,754</u>
Operating income	<u>(761,297)</u>	<u>2,366,726</u>
Non-operating revenues/(expenses):		
County appropriation	(450,000)	(335,403)
Interest income	327,698	562,002
Interest expense	(179,096)	(201,266)
Total non-operating revenues/(expenses)	<u>(301,398)</u>	<u>25,333</u>
Net income	(1,062,695)	2,392,059
Net position, January 1,	<u>94,147,182</u>	<u>91,755,123</u>
Net position, December 31,	<u>\$ 93,084,487</u>	<u>\$ 94,147,182</u>
<b>Reconciliation to Statements of Revenues, Expenses and Changes in Net Position - GAAP Basis:</b>		
Net income - modified accrual basis	\$ (1,062,695)	\$ 2,392,059
Prior year wastewater GAAP adjustment	(2,088,121)	(1,901,429)
Current year wastewater GAAP Adjustment	1,780,652	2,088,121
Unbudgeted pension expense	2,459,562	209,580
Unbudgeted OPEB expense	(3,602,434)	(454,573)
Net (loss)/income - GAAP basis	<u>\$ (2,513,036)</u>	<u>\$ 2,333,758</u>

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**

**Wastewater Division**

**Schedule of Operating Revenues and Costs Funded by Operating Revenues Compared to Budget**

*Rate Basis*

**For the year ended December 31, 2021**

	<b>Original Budget</b>	<b>Modified Budget</b>	<b>Actual</b>	<b>Favorable/ (Unfavorable) Variance</b>
<b>Revenues:</b>				
User service agreements	\$ 22,153,121	\$ 22,153,121	\$ 22,153,121	\$ -
Sludge and septage	2,294,651	2,294,651	2,263,846	(30,805)
Interest on investments and deposits	400,000	400,000	327,699	(72,301)
Miscellaneous	1,303,565	1,303,565	1,406,293	102,728
Fund balance and reserves anticipated	1,990,957	1,990,957	450,000	(1,540,957)
<b>Total revenues</b>	<b>28,142,294</b>	<b>28,142,294</b>	<b>26,600,959</b>	<b>(1,541,335)</b>
<b>Expenses:</b>				
Salaries	7,958,547	7,958,547	7,548,797	409,750
Employee benefits	4,554,232	4,554,232	4,446,001	108,231
Power and utilities	2,660,000	2,660,000	2,736,847	(76,847)
Chemicals	1,305,000	1,305,000	1,003,648	301,352
Fuel	1,318,000	1,318,000	1,190,792	127,208
Supplies and miscellaneous maintenance	1,975,750	1,975,750	2,087,607	(111,857)
Contractual services	1,603,795	1,603,795	1,231,085	372,710
Indirect operating expenses	980,268	980,268	1,047,997	(67,729)
Administrative	2,072,375	2,072,375	1,560,265	512,110
Maintenance program expense	750,000	750,000	752,984	(2,984)
Cancelled purchase orders	-	-	(310,028)	310,028
<b>Total operating expenses</b>	<b>25,177,967</b>	<b>25,177,967</b>	<b>23,295,995</b>	<b>1,881,972</b>
<b>Non-operating expenses:</b>				
County appropriation	450,000	450,000	450,000	-
System reserve requirements	583,478	583,478	583,478	-
Debt service interest	179,096	179,096	179,096	-
Debt service principal	1,751,753	1,751,753	1,751,753	-
<b>Total non-operating expenses</b>	<b>2,964,327</b>	<b>2,964,327</b>	<b>2,964,327</b>	<b>-</b>
<b>Total expenses</b>	<b>28,142,294</b>	<b>28,142,294</b>	<b>26,260,322</b>	<b>1,881,972</b>
<b>Net income from operations</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 340,637</b>	<b>\$ 340,637</b>

**Reconciliation to Statements of Revenues, Expenses  
and Changes in Net Position - Modified Accrual Basis:**

Net income - rate basis	\$ 340,637
Fund balance and reserves anticipated	(450,000)
System reserve requirements	583,478
Principal payments	1,751,753
Depreciation expense	(3,288,563)
Prior year wastewater GAAP adjustment	(2,088,121)
Current year wastewater GAAP Adjustment	1,780,652
Unbudgeted pension expense	2,459,562
Unbudgeted OPEB expense	(3,602,434)
<b>Net loss - GAAP basis</b>	<b>\$ (2,513,036)</b>

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Wastewater Division**  
**Schedule of Cash and Cash Equivalents and Investments**  
**December 31, 2021**

Description	Face Amount	Interest Rate	Maturity Date	Fair Value December 31, 2021
Unrestricted accounts:				
Cash	\$ 563,024			\$ 563,024
First American Treasury Obligation Fund	5,468,154	0.01%		5,468,154
Certificates of Deposit - Republic Bank	4,000,000	0.50%	1/28/2023	4,000,000
PFM Asset Management - NJ ARM	10,362,150	0.02%		10,362,150
PFM Asset Management - NJ ARM	12,345,456	0.02%		12,345,456
	<u>32,738,784</u>			<u>32,738,784</u>
Operating reserve:				
First American Treasury Obligation Fund	1,067,067	0.01%		1,067,067
Certificates of Deposit - Republic Bank	2,500,000	0.25%	2/27/2023	2,500,000
PFM Asset Management - NJ ARM	1,848,013	0.02%		1,848,013
	<u>38,153,864</u>			<u>38,153,864</u>
Total unrestricted accounts				
	<u>38,153,864</u>			<u>38,153,864</u>
Restricted accounts:				
Debt Service Fund:				
First American Treasury	521,613	0.02%		521,613
Debt Service Reserve Fund:				
PFM Asset Management - NJ ARM	429,744	0.02%		429,744
	<u>429,744</u>			<u>429,744</u>
Renewal and Replacement Fund:				
PFM Asset Management - NJ ARM	4,853,495	0.02%		4,853,495
First American Treasury Obligation Fund	3,274,980	0.01%		3,274,980
	<u>8,128,475</u>			<u>8,128,475</u>
Total restricted accounts				
	<u>9,079,832</u>			<u>9,079,832</u>
Total				
	<u>\$ 47,233,696</u>			<u>\$ 47,233,696</u>
Unrestricted:				
Cash and cash equivalents	\$ 31,653,864			\$ 31,653,864
Investments	6,500,000			6,500,000
Restricted:				
Cash and cash equivalents	9,079,832			9,079,832
Total				
	<u>\$ 47,233,696</u>			<u>\$ 47,233,696</u>

ATLANTIC COUNTY UTILITIES AUTHORITY  
(A Component Unit of the County of Atlantic, New Jersey)  
Wastewater Division

Schedule of Property, Plant and Equipment  
Modified Accrual Basis  
For the years ended December 31, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014

	2021	2020	2019	2018	2017	2016	2015	2014
Property, plant and equipment:								
Property, plant and equipment, gross - January 1,	\$ 247,308,246	\$ 243,010,157	\$ 240,553,141	\$ 231,904,726	\$ 225,924,312	\$ 225,276,984	\$ 225,276,984	\$ 223,760,258
Additions:								
Sewer mains and interceptors	7,555,814	3,903,024	755,387	-	1,043,421	-	-	-
Buildings and improvements	8,850	-	3,966,244	-	-	-	-	1,516,726
Construction in progress	542,633	(277,584)	(7,942,787)	2,930,711	4,651,421	647,328	-	-
Equipment and vehicles	-	672,649	5,678,172	5,717,704	285,572	-	-	-
Total additions	8,107,297	4,298,089	2,457,016	8,648,415	5,980,414	647,328	-	1,516,726
Property, plant and equipment, gross - December 31,	255,415,543	247,308,246	243,010,157	240,553,141	231,904,726	225,924,312	225,276,984	225,276,984
Less:								
Accumulated depreciation and amortization	(187,348,048)	(184,059,485)	(180,916,875)	(177,992,436)	(172,430,062)	(167,035,343)	(161,648,228)	(156,246,558)
Property, plant and equipment, net - December 31,	\$ 68,067,495	\$ 63,248,761	\$ 62,093,282	\$ 62,560,705	\$ 59,474,664	\$ 58,888,969	\$ 63,628,756	\$ 69,030,426



**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Wastewater Division**  
**Special-Purpose Statement of Revenues and Expenses to Comply**  
**With Bond Resolutions**  
**For the years ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Operating revenues:		
User service agreements:		
Operating	\$ 20,213,203	\$ 22,007,299
General	1,939,917	1,686,774
Sludge	1,839,432	2,261,913
Septage and leachate	424,414	395,872
Other	1,406,293	1,433,622
	<u>25,823,259</u>	<u>27,785,480</u>
Operating expenses:		
Salaries	7,548,797	6,976,608
Employee benefits	4,446,001	3,846,904
Power and utilities	2,566,332	2,593,503
Chemicals	912,838	758,007
Fuel	1,190,792	1,344,730
Supplies and miscellaneous maintenance	2,866,697	3,035,687
Contractual services	1,168,343	1,558,612
Indirect operating expenses	772,068	532,828
Administrative	1,552,223	1,471,346
Licenses and permits	271,902	157,919
	<u>23,295,993</u>	<u>22,276,144</u>
Operating income	<u>2,527,266</u>	<u>5,509,336</u>
Non-operating revenues / (expenses):		
County appropriation	(450,000)	(335,403)
Interest income	327,698	562,002
Interest expense	(179,096)	(201,266)
	<u>(301,398)</u>	<u>25,333</u>
Net income	<u>\$ 2,225,868</u>	<u>\$ 5,534,669</u>

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Solid Waste Division**  
**Statements of Net Position**  
*Modified Accrual Basis*  
**December 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Unrestricted current assets:		
Cash and cash equivalents	\$ 13,793,666	\$ 14,291,783
Investments	3,240,868	8,486,631
Accrued interest receivable	52,543	22,953
Accounts receivable (net of allowance of \$63,615 and \$49,814 in 2021 and 2020, respectively)	4,071,717	3,414,254
Accounts receivable - other	244,178	384,777
Due from Wastewater Division	572,469	595,572
	<b>21,975,441</b>	<b>27,195,970</b>
Restricted noncurrent assets:		
Cash and cash equivalents	3,157,798	6,138,988
Investments	-	2,485,813
Amounts held by State of New Jersey	30,539,710	30,279,251
Accrued interest receivable	81,750	105,102
	<b>33,779,258</b>	<b>39,009,154</b>
Capital assets, gross	182,461,450	165,666,190
Accumulated depreciation	(128,927,921)	(119,558,159)
	<b>53,533,529</b>	<b>46,108,031</b>
Capital assets, net	<b>53,533,529</b>	<b>46,108,031</b>
<b>TOTAL ASSETS</b>	<b>109,288,228</b>	<b>112,313,155</b>

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Solid Waste Division**  
**Statement of Net Position**  
*Modified Accrual Basis*  
**December 31, 2021 and 2020**

**Schedule VII**  
**(continued)**

	<b>2021</b>	<b>2020</b>
<b>LIABILITIES</b>		
Current liabilities payable from current assets:		
Accounts payable and accrued expenses	4,046,843	3,783,206
Customer deposits	273,945	320,332
Pension payable	1,446,158	1,054,437
Total current liabilities payable from current assets	5,766,946	5,157,975
Current liabilities payable from restricted assets:		
TD Lease payable	1,705,000	1,705,000
Accrued interest	28,621	36,593
Construction contracts payable	851,181	14,965
Total current liabilities payable from restricted assets	2,584,802	1,756,558
Noncurrent liabilities payable from restricted assets:		
TD Lease payable	3,715,000	5,420,000
Accrued landfill closure and post-closure care cost	34,907,572	34,564,375
Total noncurrent liabilities payable from restricted assets:	38,622,572	39,984,375
Noncurrent liabilities:		
Accrued compensated absences	503,924	537,575
Post retirement benefits payable	800,000	800,000
Total noncurrent liabilities	1,303,924	1,337,575
<b>TOTAL LIABILITIES</b>	<b>48,278,244</b>	<b>48,236,483</b>
<b>NET POSITION</b>		
Investment in capital assets, net of related debt	48,113,529	38,983,031
Unrestricted	12,896,455	25,093,641
<b>TOTAL NET POSITION</b>	<b>61,009,984</b>	<b>64,076,672</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 109,288,228</b>	<b>\$ 112,313,155</b>

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Solid Waste Division**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Modified Accrual Basis**  
**For the years ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Tipping fees	\$ 26,996,524	\$ 25,247,060
Collections and recycling income	14,035,073	11,564,978
Grant income	455,026	464,760
Composting income	1,266,609	1,369,363
Other	1,217,732	1,614,044
	<u>43,970,964</u>	<u>40,260,205</u>
Total operating revenues		
Operating expenses:		
Salaries	12,140,180	12,073,383
Employee benefits	7,126,632	6,993,852
Power and utilities	498,012	516,676
Fuel	1,498,855	1,066,101
Supplies and miscellaneous maintenance	3,365,671	2,994,811
Indirect operating expenses	7,266,625	3,887,056
Administrative	1,067,252	1,058,638
Community benefit	2,784,763	2,671,314
Recycling and other taxes	1,177,134	1,133,285
Depreciation	9,568,239	9,880,536
Bad debt expense	32,906	-
	<u>46,526,269</u>	<u>42,275,652</u>
Total operating expenses		
Operating income	<u>(2,555,305)</u>	<u>(2,015,447)</u>
Non-operating revenues/(expenses):		
County appropriation	(450,000)	(464,597)
Interest income	653,925	845,653
Interest expense	(120,374)	(130,101)
Gain on acquisition of Pinelands Park Landfill	-	-
(Loss)/Gain on sale of fixed assets	45,100	169,122
Adjustment to landfill closure and post-closure care cost	(640,034)	(914,601)
	<u>(511,383)</u>	<u>(494,524)</u>
Total non-operating revenues/(expenses)		
Net income	(3,066,688)	(2,509,971)
Net position, January 1,	64,076,672	66,586,643
Net position, December 31,	<u>\$ 61,009,984</u>	<u>\$ 64,076,672</u>
<b>Reconciliation to Statements of Revenues, Expenses and Changes in Net Position - GAAP Basis:</b>		
Net income - modified accrual basis	\$ (3,066,688)	\$ (2,509,971)
Prior year solid waste GAAP adjustment	(310,874)	(298,612)
Current year solid waste GAAP Adjustment	573,196	310,874
Unbudgeted pension expense	2,154,640	307,391
Unbudgeted OPEB expense	1,649,455	(492,946)
	<u>\$ 999,729</u>	<u>\$ (2,683,264)</u>
Net income - GAAP basis		

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**

**Solid Waste Division**

**Schedule of Operating Revenues and Costs Funded by Operating Revenues Compared to Budget**

*Rate Basis*

**For the year ended December 31, 2021**

	<b>Original Budget</b>	<b>Modified Budget</b>	<b>Actual</b>	<b>Favorable/ (Unfavorable) Variance</b>
Operating revenues:				
Tipping fees	\$ 25,930,949	\$ 25,930,949	\$ 26,996,524	\$ 1,065,575
Collections and recycling income	13,704,891	13,704,891	14,035,072	330,181
Composting income	1,137,934	1,137,934	1,266,609	128,675
Interest on investments and deposits	80,000	80,000	105,899	25,899
Miscellaneous	1,150,541	1,150,541	1,672,758	522,217
Fund balance and reserves anticipated	450,000	450,000	450,000	-
<b>Total operating revenues</b>	<b>42,454,315</b>	<b>42,454,315</b>	<b>44,526,862</b>	<b>2,072,547</b>
Operating expenses:				
Administration	3,460,963	3,460,963	3,234,490	226,473
Solid Waste Administration	1,376,764	1,376,764	1,336,629	40,135
Transfer Station Operations	3,783,296	3,783,296	1,319,905	2,463,391
Composting	481,918	481,918	401,071	80,847
Landfill Operations	9,380,720	9,380,720	9,129,506	251,214
Recycling Center Processing	3,610,734	3,610,734	3,460,775	149,959
Collections	10,752,575	10,752,575	11,572,320	(819,745)
Maintenance Center	6,670,720	6,670,720	6,649,815	20,905
Cancelled purchase orders	-	-	(146,482)	146,482
<b>Total operating expenses</b>	<b>39,517,690</b>	<b>39,517,690</b>	<b>36,958,029</b>	<b>2,559,661</b>
<b>Net income from operating activities</b>	<b>2,936,625</b>	<b>2,936,625</b>	<b>7,568,833</b>	<b>4,632,208</b>
Non-operating expenses:				
County appropriation	450,000	450,000	450,000	-
Interest expense	120,222	120,222	120,374	(152)
Capital equipment leases	1,705,000	1,705,000	1,705,000	-
Cell wall replacement fund	338,770	338,770	353,140	(14,370)
Capital improvement fund	322,633	322,633	336,324	(13,691)
Prior year fund deficit	-	-	-	-
<b>Total non-operating expenses</b>	<b>2,936,625</b>	<b>2,936,625</b>	<b>2,964,838</b>	<b>(28,213)</b>
<b>Net income from operations</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,603,995</b>	<b>\$ 4,603,995</b>

**Reconciliation to Statements of Revenues, Expenses  
and Changes in Net Position - Modified Accrual Basis:**

Net income - rate basis	\$ 4,603,995
Fund balance and reserves anticipated	(450,000)
Transfers to Cell Replacement & Capital Improvement Fund	689,464
Depreciation expense	(9,568,239)
Pinelands Park Landfill interest income	548,026
(Loss)/Gain on sale of fixed assets	45,100
Adjustment to landfill closure and post-closure care cost	(640,034)
Prior year solid waste GAAP adjustment	(310,874)
Transfer to capital lease	1,705,000
Current year solid waste GAAP Adjustment	573,196
Unbudgeted pension expense	2,154,640
Unbudgeted OPEB expense	1,649,455
<b>Net income - GAAP basis</b>	<b>\$ 999,729</b>

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Solid Waste Division**  
**Schedule of Cash and Cash Equivalents and Investments**  
**December 31, 2021**

Description	Face Amount	Interest Rate	Maturity Date	Fair Value December 31, 2021
Unrestricted accounts:				
Operations:				
Cash	\$ 230,985			\$ 230,985
PFM Asset Management - NJ ARM	4,978,391	0.02%		4,978,391
Wells Fargo Government Money Market	1,300,038	0.03%		1,300,038
Certificate of deposits - Various	3,250,000	.15% - .4%	Various	3,240,868
PFM Asset Management - NJ ARM	1,605,854	0.02%		1,605,854
PFM Asset Management - NJ ARM	678,131	0.02%		678,131
Ocean First Bank Government Interest	5,000,267	0.05%		5,000,267
	<u>16,812,681</u>			<u>16,803,549</u>
Total unrestricted accounts	<u>17,043,666</u>			<u>17,034,534</u>
Restricted accounts:				
Renewal and Replacement Fund:				
PFM Asset Management - NJ ARM	535,106	0.02%		535,106
PFM Asset Management - NJ ARM	2,622,692	0.02%		2,622,692
	<u>3,157,798</u>			<u>3,157,798</u>
Escrow Funds:				
ACUA Standard Escrow	6,918,435	Various	Various	6,918,435
ACUA Alternative Escrow	4,888,230	Various	Various	4,888,230
Pinelands Park Standard Escrow	11,493,690	Various	Various	11,493,690
Pinelands Park Alternative Escrow	7,239,355	Various	Various	7,239,355
	<u>30,539,710</u>			<u>30,539,710</u>
Total restricted accounts	<u>33,697,508</u>			<u>33,697,508</u>
Total	<u>\$ 50,741,174</u>			<u>\$ 50,732,042</u>
Unrestricted:				
Cash and cash equivalents	\$ 13,793,666			\$ 13,793,666
Investments	3,250,000			3,240,868
Restricted:				
Cash and cash equivalents	3,157,798			3,157,798
Cash and investments held by the State of New Jersey	30,539,710			30,539,710
Total	<u>\$ 50,741,174</u>			<u>\$ 50,732,042</u>

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Solid Waste Division**

**Schedule of Property, Plant and Equipment**

*Modified Accrual Basis*

**For the years ended December 31, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014**

	2021	2020	2019	2018	2017	2016	2015	2014
Waste Disposal:								
Property, plant and equipment:								
Property, plant and equipment, gross - January 1,	\$ 120,407,670	\$ 114,568,485	\$ 105,851,707	\$ 113,870,320	\$ 112,563,204	\$ 111,965,508	\$ 109,113,091	\$ 100,566,525
Additions:								
Buildings and improvements	160,881	213,947	860,252	-	-	245,618	563,231	10,747
Construction in progress	13,023,323	73,827	6,797,598	328,788	9,442	303,651	-	-
Equipment and vehicles	1,376,031	2,625,732	1,594,679	1,763,274	1,157,063	-	655,592	1,496,984
Landfill design and implementation	200,808	10,416,409	382,575	208,811	662,144	273,160	2,143,647	7,038,835
Total additions	14,761,043	13,329,915	9,635,104	2,300,873	1,828,649	822,429	3,362,470	8,546,566
Disposals:								
Buildings and improvements	-	-	-	-	-	-	-	-
Construction in progress	(73,827)	(6,797,598)	(328,788)	(9,868,943)	(303,651)	-	-	-
Equipment and vehicles	(198,477)	(693,132)	(589,538)	(450,543)	(217,882)	(224,733)	(510,053)	-
Total disposals	(272,304)	(7,490,730)	(918,326)	(10,319,486)	(521,533)	(224,733)	(510,053)	-
Property, plant and equipment, gross - December 31,	134,896,409	120,407,670	114,568,485	105,851,707	113,870,320	112,563,204	111,965,508	109,113,091
Less:								
Accumulated depreciation and amortization	(93,524,621)	(94,766,830)	(87,420,703)	(85,130,871)	(82,563,812)	(79,358,203)	(76,019,206)	(71,775,228)
Property, plant and equipment, net - December 31,	41,371,788	25,640,840	27,147,782	20,720,836	31,306,508	33,205,001	35,946,302	37,337,863



ATLANTIC COUNTY UTILITIES AUTHORITY  
(A Component Unit of the County of Atlantic, New Jersey)  
Solid Waste Division

Schedule of Property, Plant and Equipment  
Modified Accrual Basis  
For the years ended December 31, 2021, 2020, 2019, 2018 and 2014

	2021	2020	2019	2018	2017	2016	2015	2014
Waste Recycling:								
Property, plant and equipment:								
Property, plant and equipment, gross - January 1,	\$ 45,258,520	\$ 43,036,429	\$ 40,430,984	\$ 37,881,615	\$ 37,688,803	\$ 37,362,979	\$ 37,977,540	\$ 37,689,306
Additions:								
Buildings and improvements	-	-	-	-	-	-	-	59,142
Equipment and vehicles	2,306,521	2,577,374	5,430,302	1,635,467	704,262	1,255,528	61,355	229,092
Construction in progress	-	-	-	913,902	-	-	-	-
Total additions	2,306,521	2,577,374	5,430,302	2,549,369	704,262	1,255,528	61,355	288,234
Disposals:								
Buildings and improvements	-	-	(1,910,955)	-	-	-	-	-
Equipment and vehicles	-	(355,283)	(913,902)	-	(511,450)	(929,704)	(675,916)	-
Total disposals	-	(355,283)	(2,824,857)	-	(511,450)	(929,704)	(675,916)	-
Property, plant and equipment, gross - December 31,	47,565,041	45,258,520	43,036,429	40,430,984	37,881,615	37,688,803	37,362,979	37,977,540
Less:								
Accumulated depreciation and amortization	(35,403,300)	(24,791,329)	(33,164,836)	(33,546,341)	(32,353,592)	(31,767,921)	(31,020,353)	(31,007,146)
Property, plant and equipment, net - December 31,	12,161,741	20,467,191	9,871,593	6,884,643	5,528,023	5,920,882	6,342,626	6,970,394
Grand total	\$ 53,533,529	\$ 46,108,031	\$ 37,019,375	\$ 27,605,479	\$ 36,834,531	\$ 39,125,883	\$ 42,288,928	\$ 44,308,257

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
 (A Component Unit of the County of Atlantic, New Jersey)  
**Schedule of the Authority's Proportionate Share of the Net Pension Liability**  
**Public Employees' Retirement System**  
 Last Ten Fiscal Years\*

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Authority's proportion of the net pension liability (asset)	0.21309%	0.20016%	0.18803%	0.18872%	0.17958%	0.18174%	0.18177%	0.17659%	0.17743%
Authority's proportionate share of the net pension liability (asset)	\$ 25,243,659	\$ 32,640,095	\$ 33,880,857	\$ 37,158,319	\$ 41,803,959	\$ 53,824,768	\$ 40,804,441	\$ 33,062,762	\$ 33,910,352
Authority's covered-employee payroll	\$ 15,277,994	\$ 14,507,253	\$ 13,043,021	\$ 12,814,155	\$ 12,431,741	\$ 12,312,031	\$ 12,482,810	\$ 12,051,171	\$ 12,145,642
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	165.23%	224.99%	259.76%	289.98%	336.27%	437.17%	326.89%	274.35%	279.20%
Plan fiduciary net position as a percentage of the total pension liability	70.33%	58.51%	56.57%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
 (A Component Unit of the County of Atlantic, New Jersey)  
**Schedule of Authority Contributions**  
**Public Employees' Retirement System**  
 Last Ten Fiscal Years\*

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 2,495,527	\$ 2,189,598	\$ 1,829,016	\$ 1,877,169	\$ 1,663,641	\$ 1,614,510	\$ 1,562,762	\$ 1,455,795	\$ 1,336,897
Contributions in relation to the contractually required contribution	2,495,527	2,189,598	1,829,016	1,877,169	1,663,641	1,614,510	1,562,762	1,455,795	1,336,897
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 15,424,789	\$ 15,277,994	\$ 14,507,253	\$ 13,043,021	\$ 12,814,155	\$ 12,431,741	\$ 12,312,031	\$ 12,482,810	\$ 12,051,171
Contributions as a percentage of covered-employee payroll	16.18%	14.33%	12.61%	14.39%	12.98%	12.99%	12.69%	11.66%	11.09%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

ATLANTIC COUNTY UTILITIES AUTHORITY  
 (A Component Unit of the County of Atlantic, New Jersey)  
 Schedule of the Authority's Proportionate Share of the Net Other Post-Employment Benefit Liability  
 Last Ten Fiscal Years \*

	Measurement Date Ended June 30,					
	2021	2020	2019	2018	2017	2016
Authority's proportion of the other postemployment benefit liability (asset)	0.406448%	0.371403%	0.026826%	0.317680%	0.304051%	0.313885%
Authority's proportionate share of the net other postemployment benefit liability (asset)	\$ 73,159,751	\$ 66,654,259	\$ 44,454,548	\$ 50,768,769	\$ 62,722,817	\$ 68,167,863
Authority's covered-employee payroll	\$ 15,277,994	\$ 14,507,253	\$ 13,043,021	\$ 12,814,155	\$ 12,431,741	\$ 12,312,031
Authority's proportionate share of the net other postemployment benefit liability (asset) as a percentage of its covered-employee payroll	478.86%	459.45%	340.83%	396.19%	504.54%	553.67%
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	0.28%	0.91%	1.98%	1.97%	1.03%	0.69%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**ATLANTIC COUNTY UTILITIES AUTHORITY**  
**(A Component Unit of the County of Atlantic, New Jersey)**  
**Notes to the Other Required Supplementary Information**  
**For the year ended December 31, 2021**

**Public Employees' Retirement System (PERS)**

*Changes of Benefit Terms*

The June 30, 2021 measurement date includes one change in plan provisions as 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 of 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>	<u>Year</u>	<u>Rate</u>
2021	7.00%	2018	5.66%	2015	4.90%
2020	7.00%	2017	5.00%	2014	5.39%
2019	6.28%	2016	3.98%		

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

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

**Other Post-Employment Benefits (OPEB)**

*Changes of Benefit Terms*

The increase in benefit terms from June 30, 2020 to June 30, 2021 was a result of employers adopting and or changing Chapter 48 provisions which provide different levels of subsidy than in the prior year.

*Differences Between Expected and Actual Experiences*

The increase in differences between expected and actual experiences from June 30, 2020 to June 30, 2021 was a result of changes to the census, claims and premiums experience.

*Changes of Assumptions*

The increase in changes in assumptions from June 30, 2020 to June 30, 2021 is a result of a change in the discount rate, trend update, and the mortality projection scale update.

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	2.16%	2018	3.87%
2020	2.21%	2017	3.58%
2019	3.50%	2016	2.85%



The Chairman and Members of the  
Atlantic County Utilities Authority  
6700 Delilah Road  
Egg Harbor Township, New Jersey 08234

We have audited the financial accounts and transactions of the Atlantic County Utilities Authority, a component unit of the County of Atlantic, State of New Jersey for the year ended December 31, 2021. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments and Recommendations* for the year then ended.

## GENERAL COMMENTS AND RECOMMENDATIONS

### **Contracts and Agreements Required to be Advertised by (N.J.S.A.40A:11-4)**

*N.J.S.A.40A:11-4* - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$44,000, except by contract or agreement.

It is pointed out that the Members of the Authority have the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. The results of our examination did not disclose any discrepancies.

The minutes indicated that bids were requested by public advertising and awarded by resolution for the various projects in the current fiscal year.

The minutes also indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

### **Contracts and Agreements Requiring Solicitation of Quotations**

The examination of expenditures revealed individual payments, contracts or agreements in excess of \$6,600 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

The minutes indicate that quotes were requested for all items that required them.

### **Examination of Bills**

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a partial payment or estimate. The results of the examination did not disclose any discrepancies with respect to signatures, certification or supporting documentation.

### **Payroll Account**

The examination of the payroll account included the detailed computation of various deductions or other credits from the payroll of the Authority employees and ascertained that the accumulated withholdings were disbursed to the proper agencies. The results of the examination did not disclose any discrepancies.

### **Property, Plant & Equipment**

The property, plant and equipment subsidiary ledger was maintained properly and a reconciliation between the physical and perpetual inventory records was performed at year-end.

### **Follow-up on Prior Years' Findings**

In accordance with *Government Auditing Standards* we have included a review of all prior year findings. There were no findings in the prior year.

### **General Ledger**

The general ledger was complete with the required journal entries.

### **Budget Adoption**

The State of New Jersey requires that the Authority's operating and capital budgets be approved and adopted for each fiscal year. The Authority approved its 2021 operating and capital budget on December 17, 2020 and adopted its 2021 operating and capital budget on January 21, 2021.



## **Acknowledgment**

We received the complete cooperation of all the Authority officials and employees and we greatly appreciate the courtesies extended to the members of the audit team.

During our audit, we did not note any problems or weaknesses significant enough that would affect our ability to express an opinion on the financial statements taken as a whole. Should you have any questions concerning our comments or recommendations please call us.

Respectfully Submitted,

**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

March 15, 2023  
Toms River, New Jersey