

ATLANTIC COUNTY UTILITIES AUTHORITY
REPORT ON AUDIT OF
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
YEARS ENDED DECEMBER 31, 2022 AND 2021

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INTRODUCTORY SECTION

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Atlantic County Utilities Authority

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December 8, 2023

Chairman Embry, Authority Board Members and President Dovey:

Presented to you are the audited financial statements for the 2022 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 2022 year are presented as required. It should be noted that the delay in the completion of the December 31, 2022, annual audit resulted from a delay in the State issuing the June 30, 2022 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, Schedules 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 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 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 are not in compliance with GAAP but 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. Ford-Scott & Associates, LLC, 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, 2022. There are no recommendations noted.

Sincerely,

Linda Bazemore

Linda Bazemore
Vice President of Administration & Finance/CFO

Katherine Vesey

Katherine Vesey
Director of Finance

FINANCIAL SECTION

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FORD - SCOTT

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INDEPENDENT AUDITOR'S REPORT

The Honorable Chairman and Members
of the Atlantic County Utilities Authority
(A component unit of the County of Atlantic)
County of Atlantic, New Jersey

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Atlantic County Utilities Authority (a component unit of the County of Atlantic) in the County of County, State of New Jersey, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Unmodified Opinion

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 Atlantic County Utilities Authority (a component unit of the County of Atlantic), as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Atlantic County Utilities Authority (a component unit of the County of Atlantic) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the generally accepted accounting principles. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 Responsibility 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 GAAS, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, and *Government Auditing Standards*, we:

- exercise professional judgement 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 the 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 judgement 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 charge 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* identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

The financial statements of the Atlantic County Utilities Authority, as of and for the year ended December 31, 2021, were audited by other auditors whose report dated March 15, 2023 expressed an unmodified opinion on those financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

December 8, 2023

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REQUIRED SUPPLEMENTARY INFORMATION

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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, 2022.

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, 2022, 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, 2022, 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 9 and 17 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 in 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.

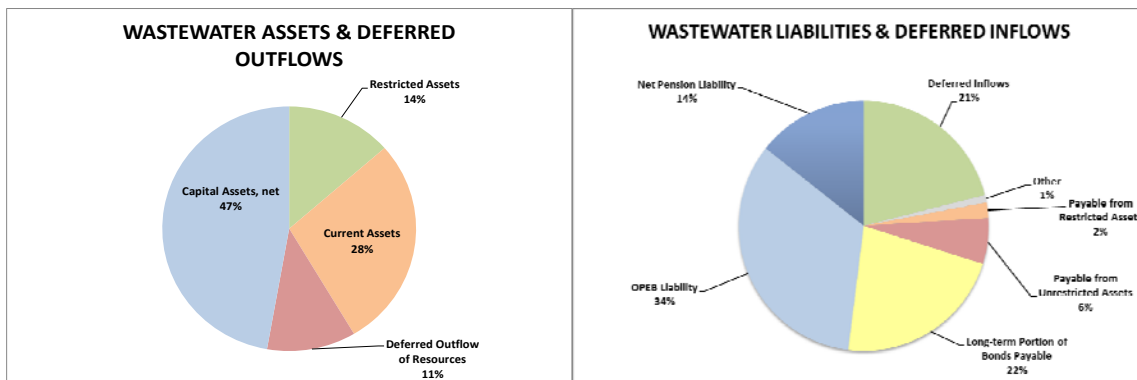
Wastewater Division

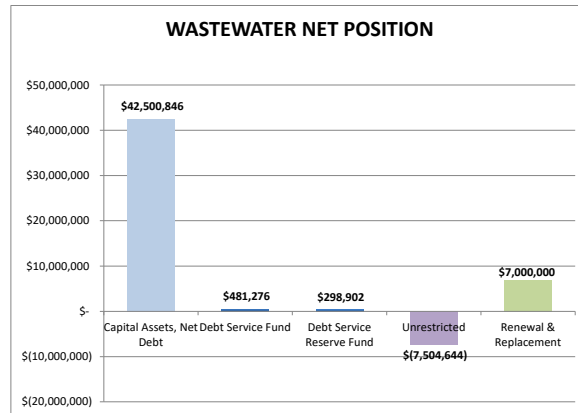
Comparative Balance Sheet

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 31st. The Division's Assets and Deferred Outflows exceed Liabilities and Deferred Inflows by more than \$42.8 million which indicates a strong financial position.

Below is a synopsis of the Wastewater Division's 2022 Balance Sheet with a comparison to the last two years:

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2022-2021</u>	
				<u>\$ Change</u>	<u>% Change</u>
Total Current Assets	\$ 38,805,892	\$ 39,100,023	\$ 50,213,457	\$ (294,132)	-1%
Total Restricted & Noncurrent Assets	18,812,952	9,246,103	6,107,698	9,566,849	103%
Capital Assets, Net of Depreciation	65,587,367	68,067,495	63,248,761	(2,480,128)	-4%
Deferred Outflow Related to Pensions & OPEB	15,772,959	16,881,769	14,104,572	(1,108,810)	-7%
TOTAL ASSETS & DEFERRED OUTFLOWS	\$ 138,979,170	\$ 133,295,391	\$ 133,674,488	\$ 5,683,779	4%
Total Current Payable from Unrestricted	\$ 5,701,882	\$ 3,064,555	\$ 3,134,381	\$ 2,637,327	86%
Total Current Payable from Restricted	1,931,107	1,856,373	1,935,983	74,734	4%
Total Noncurrent Liabilities Payable from Restricted	21,216,415	15,715,621	17,367,732	5,500,795	35%
Total Noncurrent Liabilities Payable from Unrestricted	47,117,403	48,106,769	46,267,433	(989,366)	-2%
Total Deferred Inflows Related to Pensions & OPEB	20,235,983	21,657,156	19,561,004	(1,421,173)	-7%
TOTAL LIABILITIES & DEFERRED INFLOWS	\$ 96,202,790	\$ 90,400,473	\$ 88,266,534	\$ 5,802,317	6%
Invested in Capital Assets, Net Debt	42,500,846	50,699,762	44,129,276	(8,198,916)	-16%
Total Restricted	7,780,178	7,820,515	7,943,744	(40,337)	-1%
Unrestricted	(7,504,644)	(15,625,359)	(6,665,067)	8,120,715	-52%
TOTAL NET POSITION	\$ 42,776,380	\$ 42,894,918	\$ 45,407,954	\$ (118,538)	0%
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 138,979,170	\$ 133,295,391	\$ 133,674,488	\$ 5,683,779	4%





The Wastewater Division’s Total Assets and Deferred Outflows increased almost \$5.7 million.

Current Assets decreased \$294,000 due to a combination of a \$486,000 increase in Cash & Investments and \$198,000 increase in Interest Receivable coupled with a decrease in Accounts Receivable of \$951,000 and a decrease in Intercompany Accounts of \$28,000. In 2021, interest rates were well below 1% whereas in 2022 interest rates increased throughout the year and were over 5% which explains the significant increase in Interest Receivable. Accounts Receivable decreased \$951,000 and is a function of timing of payments. The increase in Cash & Investments corresponds to the decrease in Account Receivable.

Restricted Noncurrent Assets increased more than \$9.5 million to \$18.8 million. In 2021, the Authority self-funded \$9.5 million in capital projects until a long-term loan could be executed. In 2022, the Authority closed on this loan and \$2.4 million was received in 2022 and \$7.3 million was received in 2023 leaving a Loan Receivable balance of \$7.3 million in 2022. Principal forgiveness of \$2 million was awarded from the New Jersey Infrastructure Bank which results in a net loan of \$7.5 million and \$2 million in non-operating income.

Capital Assets decreased \$2.5 million, with additions representing \$906,000 and Depreciation Expense representing \$3.4 million. Capital projects added in 2022 include Phases 1 and 2 of the Bader Field/Ventnor-Margate force main, reconstruction of the Brigantine Force Main and Construction-In-Progress for the Solids Handling improvements at the plant. 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 \$97,000 primarily because a half year of depreciation was taken in 2021 for \$7.6 million in assets placed in service and a full year of depreciation was taken on those assets in 2022.

Deferred Outflows Related to Pensions increased \$251,000 to \$2.5 million. The increase is due to the actuarial assumptions used to calculate pension obligations. Deferred Outflows Related to OPEB decreased from \$14.6 million in 2021 to \$13.3 million in 2022 also due to the actuarial assumptions used to calculate OPEB obligations.

Total Liabilities and Deferred Inflows increased by \$5.8 million and 6%. Accounts Payable increased \$2.5 million primarily due to the timing of payments made to vendors and because the GAAP adjustment for 2022 resulted in an increase in Accounts Payable of \$866,000. Pension Payable represents the amount owed to the New Jersey Public Employee's Retirement System for the current year which increased \$105,000 to \$1.15 million.

Construction Contracts Payable decreased \$135,000 to \$0 because nothing was owed to vendors for capital projects that were complete but not yet paid as of December 31, 2022.

Accrued Absences increased \$20,000 to \$397,000 which represents the value associated with vacation and compensatory time earned by employees as of December 31, 2022. Post Retirement Benefit Payable 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 \$17.4 million in 2021 to \$23.1 million in 2022 due to \$1.7 million principal payments made in accordance with existing debt service schedules, a new loan as described above for \$7.5 million and \$166,000 deobligated on a 2018 loan because loan proceeds were not fully spent. Accrued Interest Expense decreased slightly to \$61,000 due to the repayment of debt during the year.

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 increased \$3.2 million and 30% to \$13.8 million in 2022. The increase is almost entirely attributable to an increase in the Authority's proportionate share of the plans Net Pension Liability. 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 \$32.4 million and decreased \$4.2 million from 2021. The decrease is almost entirely attributable to changes in actuarial assumptions used to calculate OPEB obligations.

Deferred Inflows Related to Pensions decreased \$5 million and Deferred Inflows Related to OPEB increased \$3.5 million 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 \$42.8 million. This compares to 2021 where the division's Assets and Deferred Outflow of Resources exceeded its Liabilities and Deferred Inflow of Resources by \$42.9 million. The net change represents a decrease in Net Position for the 2022 year of \$119,000.

The Division's Net Position of \$42,776,380 is comprised of the following:

(1) Capital Assets, Net of Related Debt of \$42,500,846, 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 \$481,276 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 (\$7,504,644) 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.

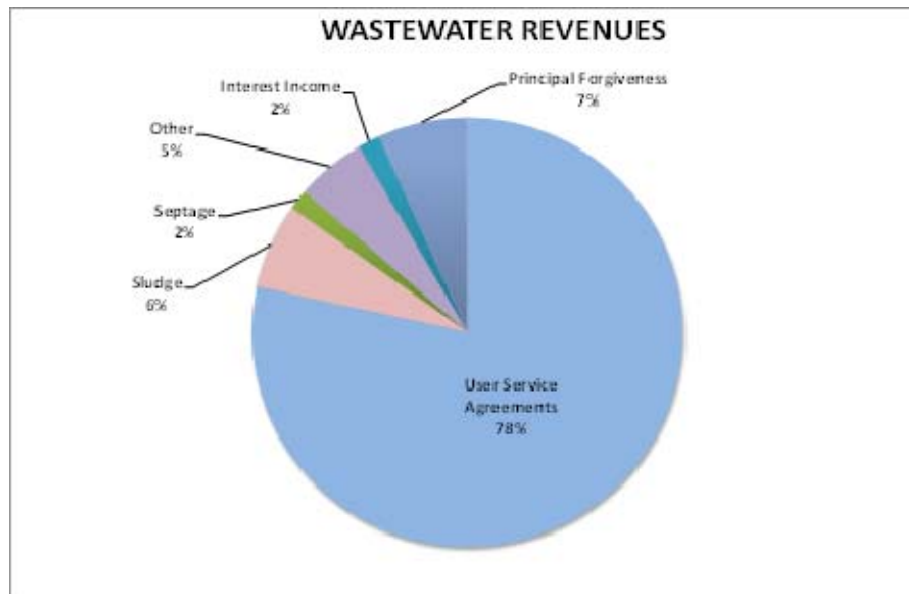
Restricted Net Position decreased \$40,000 due to a decrease in the Debt Service Reserve Fund in accordance with future debt service payments for certain loans. Unrestricted Net Position increased more than \$8.2 million which is a function of changes in Capital Assets net of related Debt, Restricted Net Assets and Net Income for the year.

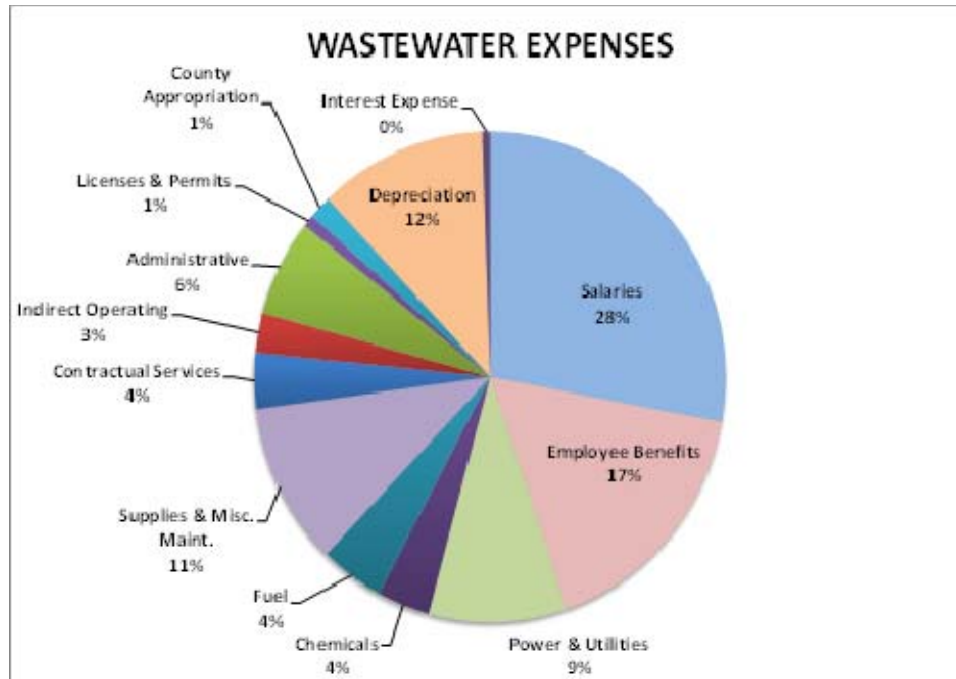
Comparative Statement of Revenues, Expenses and Changes in Net Position:

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 \$119,000, an improvement of almost \$2.4 million from 2021.

Below is a synopsis of the Wastewater Division’s 2022 Statement of Revenues, Expenses and Changes in Net Position with a comparison to the last two years:

WW Revenue	2022-2021				
	2022	2021	2020	\$ Change	% Change
User Fee	\$ 23,260,822	\$ 22,153,120	\$ 23,694,073	\$ 1,107,702	5%
Sludge	1,909,106	1,839,432	2,261,913	69,674	4%
Septage	452,624	424,414	395,872	28,210	7%
Grant Income	54,144	-	-	54,144	0%
Other	1,170,836	1,406,293	1,433,623	(235,457)	-17%
Total Revenue	26,847,532	25,823,259	27,785,481	1,024,273	4%
WW Operating Expenses					
Salaries	8,193,036	7,548,797	6,976,608	644,239	9%
Employee Benefits	4,926,686	4,446,001	3,851,518	480,685	11%
Power & Utilities	2,780,538	2,566,332	2,593,503	214,206	8%
Chemicals	1,058,338	912,838	831,146	145,500	16%
Fuel	1,285,019	1,190,792	1,344,897	94,227	8%
Supplies & Miscellaneous Maintenance	3,138,744	3,174,166	3,002,713	(35,422)	-1%
Contractual Services	1,084,562	1,168,343	1,619,676	(83,781)	-7%
Indirect Operating Expenses	759,521	772,068	537,364	(12,547)	-2%
Administrative	1,875,695	1,552,223	1,174,110	323,472	21%
Licenses & Permits	230,283	271,902	157,919	(41,619)	-15%
Depreciation	3,385,991	3,288,563	3,142,610	97,428	3%
Total Operating Expenses	28,718,413	26,892,025	25,232,064	1,826,388	7%
Operating Income/(Loss)	(1,870,881)	(1,068,766)	2,553,417	(802,115)	75%
WW Non-Operating Revenue/(Expenses)					
County Appropriation	(450,000)	(450,000)	(335,403)	-	0%
Interest Income	493,371	327,698	562,002	165,673	51%
Interest Expense	(158,068)	(179,096)	(201,267)	21,028	12%
Principal Forgiveness	2,000,000	-	-	2,000,000	100%
Amortization of Bond Issue Costs	326,239	-	-	326,239	-100%
Change in Pension Obligation	(1,155,570)	2,459,562	209,580	(3,615,132)	147%
Change in OPEB Obligation	696,371	(3,602,434)	(454,572)	4,298,805	119%
Total Non-Operating Revenue/(Expenses)	1,752,343	(1,444,270)	(219,660)	3,196,613	-221%
NET INCOME/(LOSS)	\$ (118,538)	\$ (2,513,036)	\$ 2,333,757	\$ 2,394,498	-95%





Operating Loss increased \$802,000 resulting from increased operating expenses of \$1.9 million which were partially offset by an increase in the User Fee of \$1.1 million and 5%.

The user fee is the primary revenue source for the wastewater division and supports the expenses as follows: \$21,442,308 for operating expenses, and \$1,818,514 for annual debt service. The user fee charged to the participants increased \$1,107,701 as compared to 2021. 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 \$2.4 million in 2022, up from \$2.3 million in 2021.

Grant Income in 2022 was \$54,000 and represents an energy efficiency grant received from the New Jersey Board of Public Utilities for control upgrades on the TAS Controls at the plant. Other Income decreased \$235,000 to \$1.17 million in 2022. Significant changes are explained following the chart:

	2022 - 2021				
	2022	2021	2020	\$ Change	% Change
Operating Service	\$ 836,500	\$ 954,897	\$ 1,018,682	\$ (118,396)	-12%
Rental	163,404	150,267	157,954	13,137	9%
Lab	126,889	108,852	111,829	18,037	17%
Solar Renewable Energy Credits	-	35,754	106,263	(35,754)	-100%
Truck Wash Revenue	20,204	17,890	20,421	2,314	13%
Miscellaneous	12,407	128,649	13,482	(116,242)	-90%
Permits	11,431	9,988	4,991	1,443	14%
Total Other Income	\$1,170,836	\$1,406,297	\$1,433,623	\$ (235,461)	-17%

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 to \$0 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 decreased \$116,000 primarily due to 2021 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 \$1.8 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, Power & Utilities, Chemicals and Administrative Expenses. Salaries increased \$644,000 due to annual increases as well as increased overtime worked due to extended absences and emergency repair work. Employee Benefits increased \$481,000 due to a combination of an increase of \$376,000 in the cost of health benefits, net of employee contributions, and an increase of \$105,000 in the annual pension assessment from the New Jersey Division of Pensions and Benefits. Power & Utilities increased \$214,000 due to an increase in fuel oil expenses during a natural gas curtailment experienced in 2022 which did not occur in 2021. Water charges also increased due to TAS centrifuges being returned to service in 2022 that use potable water. TAS centrifuges were bypassed in 2021. Chemical expenses increased \$146,000 due to price increases experienced in sodium hypochlorite and in carbon replacement for odor control. Administrative Expenses increased \$323,000 due to increased insurance costs, one time fees associated with the 2022 long-term loan closing and significant improvements to computer hardware.

The division experienced a modest increases in Fuel and Depreciation and modest decreases in Supplies & Miscellaneous Maintenance, Contractual Services, Indirect Operating Expenses and Licenses & Permits

Total Operating Expenses exceeded Total Operating revenues by \$1,871,000.

Non-Operating Revenue/Expense, which is comprised of County Appropriation, Interest Income, Interest Expense, Principal Forgiveness, Amortization of Bond Issue Costs and Changes to Pension and OPEB Obligations, resulted in \$1.8 million in additional revenue as compared to 2021 which resulted in additional expenses of \$1.4 million. The County Appropriation remained the same at \$450,000 per division. Interest income increased \$166,000 due to increased interest rates and more cash on hand in 2022. Interest Expense decreased \$21,000 in accordance with debt service schedules. The 2022 long-term loan closing resulted in \$2 million principal forgiveness and \$326,000 revenue from Amortization of Bond Closing Costs. Changes in Pension and OPEB Obligations

represent over \$459,000 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 2022 the Wastewater Division was responsible for \$450,000 of the \$900,000 due for both initiatives.

Total 2022 Expenses exceeded Revenue by \$118,538, 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.

	2022-2021				
	2022	2021	2020	Cash Flow Incr/(Decr)	% Change
Cash Flows from Operating Activities					
Receipts from Customers and Users	\$ 27,798,368	\$ 25,136,627	\$ 27,909,058	\$ 2,661,741	11%
Payments to Employees	(8,173,312)	(7,548,797)	(6,976,608)	(624,515)	-8%
Payments to Suppliers	(14,502,059)	(16,079,975)	(15,481,809)	1,577,916	10%
Net Cash Provided by Operating Activities	<u>5,122,997</u>	<u>1,507,855</u>	<u>5,450,641</u>	<u>3,615,142</u>	<u>240%</u>
Cash Flows from Noncapital Financing Activities					
Transfers from/(to) Other Funds	<u>28,139</u>	<u>(23,103)</u>	<u>328,145</u>	<u>51,242</u>	<u>222%</u>
Cash Flows from Capital and Related Financing Activities					
Purchase of Capital Assets	(905,864)	(8,648,415)	(4,575,673)	7,742,551	90%
Principal Paid on Debt	(1,818,364)	(1,751,752)	(1,700,354)	(66,612)	-4%
Interest Paid on Debt	(166,401)	(188,164)	(191,908)	21,763	12%
Proceeds from Issuance of Debt	2,444,050	-	-	2,444,050	100%
Net Cash Used by Capital and Financing	<u>(446,579)</u>	<u>(10,588,331)</u>	<u>(6,467,935)</u>	<u>10,141,752</u>	<u>96%</u>
Cash Flows from Investing Activities					
Interest Income	237,102	339,845	761,744	(102,743)	-30%
County Appropriation	(450,000)	(450,000)	(335,403)	-	0%
Transferred from/(to) Investments	(34,858,875)	17,792,180	16,672,891	(52,651,055)	296%
Net Cash Provided/(Used) by Investing Activities	<u>(35,071,773)</u>	<u>17,682,025</u>	<u>17,099,232</u>	<u>(52,753,798)</u>	<u>298%</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>(30,367,216)</u>	<u>8,578,446</u>	<u>16,410,083</u>	<u>(38,945,662)</u>	<u>454%</u>
Cash and Cash Equivalents, January 1	<u>40,733,696</u>	<u>32,155,250</u>	<u>15,745,166</u>	<u>8,578,446</u>	<u>27%</u>
Cash and Cash Equivalents, December 31	<u>\$ 10,366,480</u>	<u>\$ 40,733,696</u>	<u>\$ 32,155,250</u>	<u>\$ (30,367,216)</u>	<u>-75%</u>

The Operating Activities represent the revenue-generating activities of the Division and resulted in a net cash increase of more than \$5.1 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 \$447,000. The division invested \$906,000 to acquire capital assets and paid \$2 million in principal and interest on loans. There was a long-term borrowing in 2022 for \$9.5 million, of

which \$2.4 million was received in 2022 and \$2.0 million was forgiven. The remaining \$7.5 million is recorded as a loan receivable as of December 31, 2022, because the funds were not received until January 2023.

The Investing Activities resulted in a net cash decrease of \$35.1 million and represents the purchase and sale of investments, interest income and contributions to county-wide initiatives. Interest income generated \$237,000, the investment in county-wide initiatives was \$450,000 as previously explained and the transfer from Cash to Investments was \$34.9 million. Cash balances were transferred to Investments because interest rates increased significantly in 2022 as compared to 2021 when rates were near zero percent.

The Net Decrease in Cash and Cash Equivalents for the 2022 year is \$30,367,000 leaving a balance of \$10,366,000 on December 31, 2022.

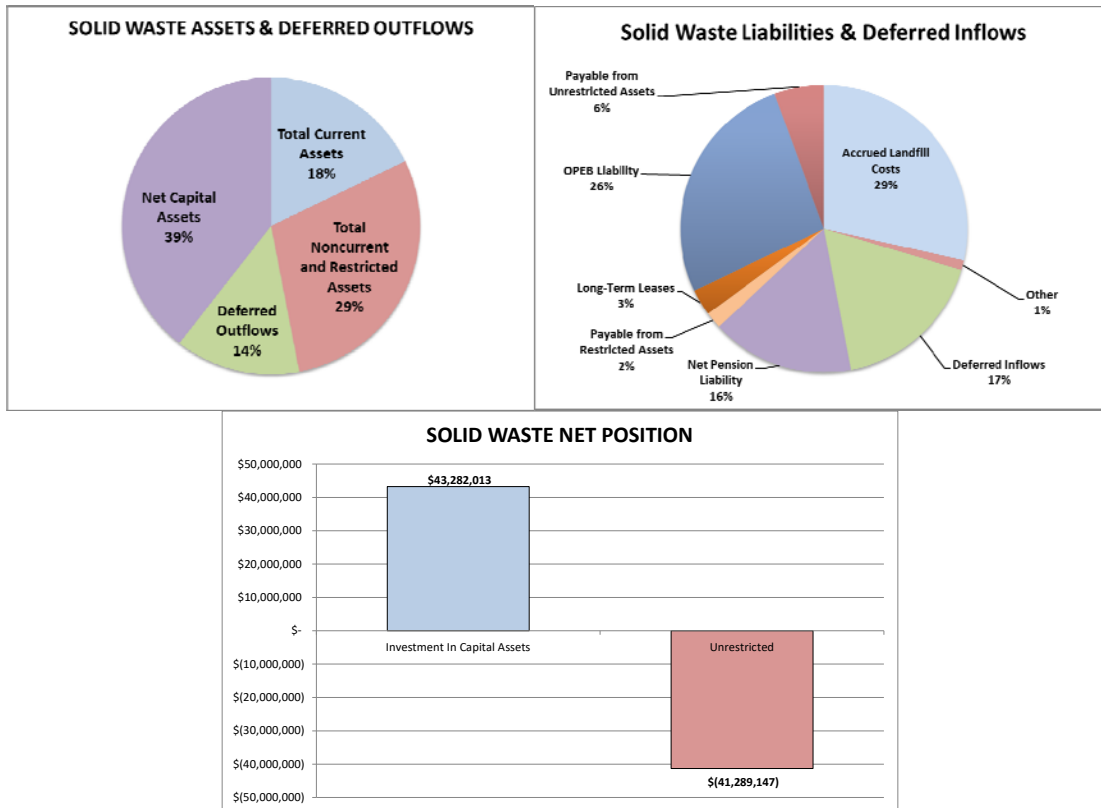
Solid Waste Division

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 31st. The Division's Assets and Deferred Outflows exceed Liabilities and Deferred Inflows by over \$1.9 million, which indicates a strong financial position.

Below is a synopsis of the Solid Waste Division's 2022 Balance Sheet with a comparison to the last two years:

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2022-2021</u>	
				<u>\$ Change</u>	<u>% Change</u>
Total Current Assets	\$ 22,117,703	\$ 21,975,441	\$ 27,195,970	\$ 142,262	1%
Total Noncurrent & Restricted Assets	36,185,055	33,779,258	39,009,154	2,405,797	7%
Capital Assets, Net of Depreciation	48,997,013	53,533,529	46,108,031	(4,536,516)	-8%
Deferred Outflow Related to Pensions & OPEB	16,832,650	17,408,794	15,759,531	(576,144)	-3%
TOTAL ASSETS & DEFERRED OUTFLOWS	124,132,421	126,697,022	128,072,685	(2,564,601)	-2%
Total Liabilities Payable from Unrestricted Assets	\$ 6,842,274	\$ 5,193,750	\$ 4,847,101	\$ 1,648,524	32%
Total Liabilities Payable from Restricted Assets	2,309,920	2,584,802	1,756,558	(274,882)	-11%
Total Noncurrent Liabilities Payable from Restricted	38,492,890	38,622,572	39,984,375	(129,682)	0%
Other Non-Current Liabilities	53,346,352	52,512,500	55,261,012	833,852	2%
Total Deferred Inflows Related to Pensions & OPEB	21,148,119	23,312,954	22,752,925	(2,164,835)	-9%
TOTAL LIABILITIES & DEFERRED INFLOWS	122,139,555	122,226,578	124,601,971	(87,023)	0%
Invested in Capital Assets, Net Debt	43,282,013	48,113,529	38,983,031	(4,831,516)	-10%
Unrestricted	(41,289,147)	(43,643,085)	(35,512,316)	2,353,938	-5%
TOTAL NET POSITION	\$ 1,992,866	\$ 4,470,444	\$ 3,470,715	\$ (2,477,578)	-55%
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 124,132,421	\$ 126,697,022	\$ 128,072,685	\$ (2,564,601)	-2%



The Solid Waste Division’s Total Assets and Deferred Outflows are \$124,132,000, a decrease of \$2.6 million from 2021.

Current Assets increased \$142,000. Accrued Interest Receivable increased \$124,000 because interest rates increased to over 5% in 2022, up from less than 1% in 2021. Intercompany Accounts increased \$28,000 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 increased \$2.4 million and 7%. Cash and Investments increased \$2.4 million primarily due to capital funds saved during 2022 not spent until 2023 or later. Capital spending was significant in 2021 with \$12.5 million paid for the construction of Phase 2 of the MSE wall. Amounts held by the state of New Jersey and Accrued Interest Receivable remained flat.

Capital Assets decreased over \$4.5 million and 8% and include the construction of \$15.2 Phase 2 MSW Cell Wall and the acquisition of \$910,000 in heavy equipment for the landfill. There were \$141,000 in assets taken out of service during the year and sold on GovDeals.com. Accumulated Depreciation increased \$7.6 million and 6% and is due to normal depreciation expense plus a half year of depreciation taken on Phase 2 of the Cell Wall that only has a one-year life. 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 increased \$784,000 to \$3.6 million. The increase is primarily due to the actuarial assumptions used to calculate pension obligations. Deferred Outflows Related to OPEB decreased \$1.4 million to \$13.3 million also due to the actuarial assumptions used to calculate OPEB obligations.

Total Liabilities and Deferred Inflows decreased \$87,000 to \$122.1 million. Current Liabilities Payable from Unrestricted Assets increased by \$1.6 million and 32%. Accounts Payable increased \$1.4 million primarily due to the timing of payments made to vendors and because the GAAP adjustment for 2022 resulted in an increase in Accounts Payable of \$337,000. Pension Payable increased \$203,000 to \$1,650,000 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, 2022. There was \$157,000 due in 2022 whereas there was \$851,000 due in 2021.

The Authority has four capital leases for the purchase of vehicles and equipment. There are \$5.7 million in leases payable as of December 31, 2022, of which \$2.1 million are current liabilities. Accrued Interest in the amount of \$48,400 is \$20,000 more than 2021 in accordance with lease payment schedules. One new lease was entered into in 2022 for \$2 million to acquire three new CNG collection trucks, an articulated dump truck and a high reach wheel loader.

Accrued Landfill Closure and Post-Closure costs decreased \$25,000. 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 \$21.5 million, an increase of \$1,065,000 from 2021. The PPL Closure Liability is \$13,357,000 and decreased more than \$1,090,000 due to closure expenses incurred in 2022 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, 2022 is \$21,525,566. The percent of cumulative landfill capacity utilized as of December 31, 2022 according to the consulting engineer report is 78.4%, up from 76% in 2021. This increase is the result of 313,863 current year tons of waste accepted, plus 111,602 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 \$13.4 million and are fully funded. The ACUA Landfill Post-Closure Costs are estimated to be \$21.5 million and \$12.2 million is funded. Both are shown in the Noncurrent Assets of the Authority.

Accrued Absences increased \$54,000 to \$558,000 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 increased \$5 million and 34% to \$19.6 million in 2022. The increase is almost entirely attributable to an increase in the Authority's proportionate share of the plans Net Pension Liability. 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 \$32.4 million and decreased \$4.2 million from 2021. The decrease is almost entirely attributable to changes in actuarial assumptions used to calculate OPEB obligations.

Deferred Inflows Related to Pensions decreased \$5.7 million and Deferred Inflows Related to OPEB increased \$3.5 million due to changes in actuarial assumptions used to calculate pension and OPEB obligations.

The Division's Net Position of \$1,992,866 is comprised of the following:

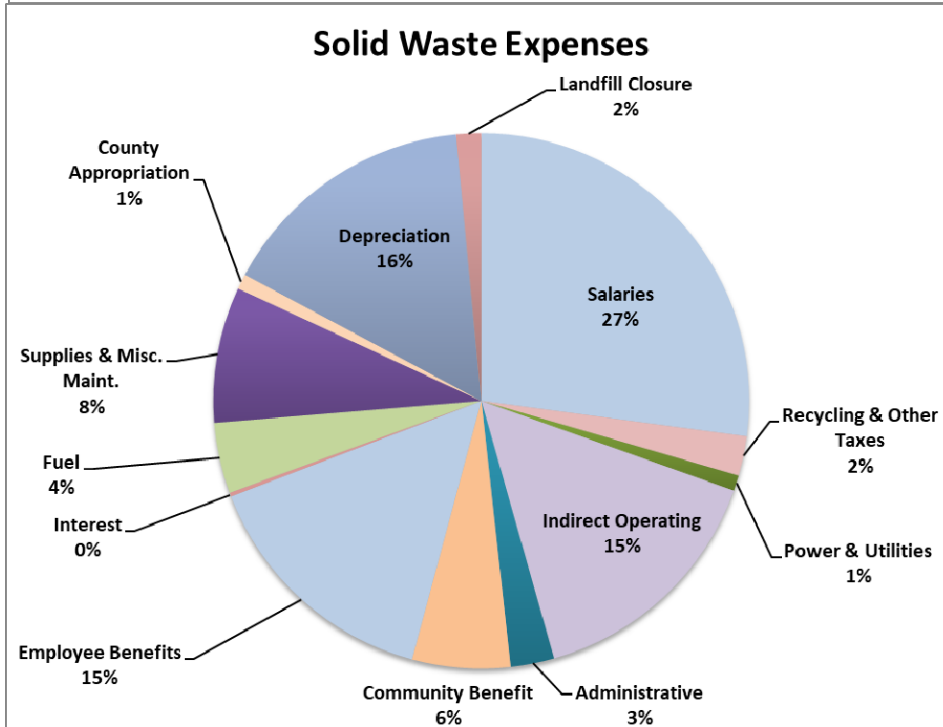
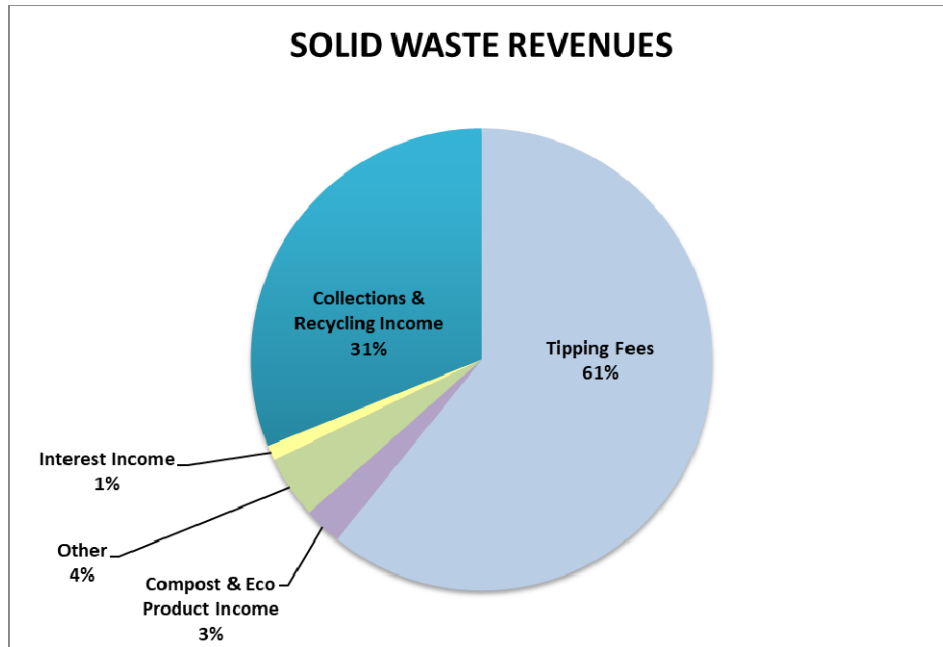
- (1) Capital Assets are \$43,282,013 and include Property, Plant and Equipment, net of Accumulated Depreciation.
- (2) Unrestricted Net Position increased \$2.4 million to (\$41,289,147) and represents the Net Position available to maintain the Authority's continuing obligations to the Authority's service 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 loss for the year was \$2.5 million, a decrease of over \$3.4 million from 2021.

Below is a synopsis of the Solid Waste Division's 2022 Statement of Revenues, Expenses and Changes in Net Position with a comparison to the last two years:

SW Revenue	2022-2021				
	2022	2021	2020	\$ Change	% Change
Tipping Fee	\$ 28,156,364	\$ 26,996,524	\$ 25,247,060	\$ 1,159,840	4%
Collections & Recycling	14,400,030	14,035,073	11,564,978	364,957	3%
Grant Income	446,646	455,026	464,760	(8,380)	-2%
Composting & Eco Product Income	1,227,097	1,266,609	1,369,363	(39,512)	-3%
Other	1,554,581	1,217,732	1,614,044	336,849	28%
Total Revenue	45,784,718	43,970,964	40,260,206	1,813,754	4%
SW Operating Expenses					
Salaries	13,295,844	12,140,180	12,073,383	1,155,664	10%
Employee Benefits	7,363,143	7,126,632	6,997,607	236,511	3%
Power & Utilities	459,468	498,012	517,521	(38,544)	-8%
Fuel	2,091,630	1,498,855	1,066,547	592,775	40%
Supplies & Miscellaneous Maintenance	4,021,905	3,103,349	2,815,213	918,556	30%
Indirect Operating Expenses	7,439,271	7,266,625	4,002,809	172,646	2%
Administrative	1,290,185	1,067,252	1,105,176	222,933	21%
Host Community Benefit Fee	2,899,753	2,784,763	2,671,314	114,990	4%
Recycling & Other Taxes	1,170,604	1,177,134	1,133,285	(6,530)	-1%
Bad Debt Expense	-	32,906	-	(32,906)	-100%
Depreciation	7,691,237	9,568,239	9,880,536	(1,877,002)	-20%
Total Operating Expenses	47,723,040	46,263,947	42,263,392	1,459,093	3%
Operating Income	(1,938,322)	(2,292,983)	(2,003,185)	354,661	-15%
SW Non-Operating Revenue/(Expenses)					
County Appropriation	(450,000)	(450,000)	(464,597)	-	0%
Interest Income	505,862	653,925	845,653	(148,063)	-23%
Interest Expense	(114,661)	(120,374)	(130,101)	5,713	5%
Change in Pension Obligation	(460,931)	2,154,640	307,391	(2,615,571)	121%
Change in OPEB Obligation	696,370	1,649,455	(492,946)	(953,085)	58%
Gain on Sale of Fixed Asset	20,580	45,100	169,122	(24,520)	-54%
Adjustment to landfill closure and post-closure care cost	(736,476)	(640,034)	(914,601)	(96,442)	-15%
Total Non-Operating Revenue/(Expenses)	(539,256)	3,292,712	(680,079)	(3,831,968)	116%
NET INCOME	\$ (2,477,578)	\$ 999,729	\$ (2,683,264)	\$ (3,477,307)	-348%



Tip Fees increased \$1.2 million and 4% primarily due to a 5% increase in fees budgeted for 2022. Tons decreased slightly from 2021 because the Covid-19 pandemic included lockdowns which significantly increased residential trash in 2021. Recycling market revenue and revenue from collection contracts increased \$365,000 and 3%. The increase is due to CPI increases on collection contracts. Grant income, Clean Communities reimbursements, Compost and Eco Product income remained consistent. Other Income increased over \$336,000 due to several factors as shown below. Significant changes are explained following the chart:

	2022 - 2021				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
PPL Reimbursement	\$ 247,322	\$ 242,340	\$ 232,195	\$ 4,982	2%
Rental Income	270,450	256,389	262,209	14,061	5%
Clean Energy/CNG Revenue	261,653	102,675	85,123	158,979	155%
CNG Tax Rebate	207,089	175,458	162,408	31,631	18%
Landfill Gas to Energy	204,003	180,538	201,886	23,465	13%
Fuel Sales	167,556	87,083	49,023	80,473	92%
Insurance Reimbursements	90,528	147,792	568,181	(57,264)	-39%
FEMA Reimbursement	39,065	-	-	39,065	100%
Miscellaneous	66,915	25,458	53,019	41,457	163%
Total Other Income	\$ 1,554,581	\$ 1,217,732	\$ 1,614,044	\$ 336,849	28%

The Clean Energy/CNG Revenue represents revenue for outside customers and increased \$159,000. Clean Energy built the Authority's CNG station and provides billing and operations and maintenance for the station. The increase in sales is due to more outside customers use the station because the ACUA rate was lower than other stations in the area. The CNG IRS Tax Rebate is equal to \$0.50 per gallon equivalent CNG dispensed from the Authority's CNG station. The increase of \$31,631 represents an additional 63,262 gallons dispensed in 2022 as compared to 2021. The ACUA has a partnership with AC Landfill Energy, LLC for a Landfill Gas to Energy (LFG) project that converted methane from the landfill to electricity. The project has been shut down to make way for a new project that will convert landfill gas to renewable natural gas. AC Landfill Energy compensated ACUA \$204,000 in rent and other income while the new project is being developed. Previously the agreement had a rent and revenue share component when the project was in operation. Fuel sales increased in 2022 as compared to 2021 because fuel costs passed on to customers increased due to high inflation in 2022 as compared to 2021. Insurance Reimbursements decreased \$57,000 and are unique to the year the incidents occurred with 2021 having significantly more activity than 2022. The FEMA revenue in 2022 was for personal protective equipment purchased during the Covid-19 pandemic that was eligible for reimbursement.

Operating Expenses increased \$1.5 million which is the net result of increases and decreases among significant operating items.

Salaries, Fuel, Supplies & Miscellaneous Maintenance and Administrative experienced significant increases. Salaries increased \$1.2 million and 10% due to annual increases, more positions filled and overtime. The cost of diesel fuel increased almost 75% in 2022 and is the primary reason for a \$593,000 increase over 2021. Supplies and Miscellaneous Maintenance increased \$919,000 due to increased vehicle maintenance and repair costs from inflation and aging equipment, higher prices for tire retreading and because the GAAP adjustment increased costs by \$337,000. Administrative expenses increased \$223,000 partly due to Covid-19 restrictions being lifted that increased spending on

management training and education, authority relations events and advertising. Increased Administrative costs were also due to Information Technology improvements and upgrades in 2022. Employee Benefits, Indirect Operating Expenses and Host Community Benefit Fee had modest increases.

Depreciation decreased \$1.8 million primarily due to final depreciation expense for MSE Cell Wall Phase 1 of \$5.0 million in 2021 and half a year of Phase 2 for \$3.8 million in 2022. Power and Utilities, Recycling & Other Taxes and Bad Debt Expense had modest decreases.

Total Operating Expenses exceeded Total Operating Revenue resulting in operating loss of \$1,938,000 for 2022 versus an operating loss of \$2,293,000 in 2021.

Total Net Non-Operating Expense is \$539,000 in 2022 compared to Net Non-Operating Revenue of \$3.3 million in 2021, a decrease of almost \$3. 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. In 2022 the Solid Waste Division was responsible for \$450,000 of the \$900,000 due for both initiatives.

Interest Income decreased \$148,000 due to a combination of higher interest rates coupled with less interest earned on investments due to cash being used to fund capital projects. Interest Expense decreased \$6,000 and is related to the four capital leases for the purchase of vehicles and equipment between 2018 and 2022. Changes in Pension and OPEB Obligations were \$3.8 million revenue in 2021 compared to \$235,000 in revenue in 2022, a decrease of almost \$3.6 million. The decrease is a function of actuarial assumptions used. Gain on Sale of fixed assets is \$21,000 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 \$736,000 for 2022 as compared to \$640,000 in 2021.

Net Loss for 2022 is \$2.5 million compared to Net Income of \$1 million in 2021, a \$3.5 million decrease. The decrease is almost entirely attributable to the increase in Pension and OPEB non-cash expense 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.

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.

	2022	2021	2020	2022-2021	
				\$ Change	% Change
Cash Flows from Operating Activities					
Receipts from Customers and Users	\$ 44,821,245	\$ 43,401,475	\$ 43,040,521	\$ 1,419,770	3%
Payments to Employees	(13,295,844)	(12,140,180)	(12,073,381)	(1,155,664)	-10%
Payments to Suppliers	(25,767,396)	(23,244,283)	(19,488,473)	(2,523,113)	-11%
Net Cash Provided by Operating Activities	5,758,005	8,017,012	11,478,665	(2,259,007)	-28%
Cash Flows from Noncapital Financing Activities					
Transfers (to)/from Other Funds	(28,139)	23,103	(328,145)	(51,242)	-222%
Cash Flows from Capital and Related Financing Activities					
Purchase of Capital Assets	696,370	(17,067,564)	(14,095,199)	17,763,934	104%
Capital Lease Payments	(1,705,000)	(1,705,000)	(1,705,000)	-	0%
Interest Paid on Debt	(94,890)	(128,346)	(107,088)	33,456	26%
Gain on Sale of Fixed Assets	20,580	45,100	169,122	(24,520)	-54%
Net Cash Used by Capital and Financing	(1,082,940)	(18,855,810)	(15,738,165)	17,772,870	94%
Cash Flows from Investing Activities					
Interest Income	376,307	647,687	857,311	(271,380)	-42%
County Appropriation	(450,000)	(450,000)	(464,597)	-	0%
Transferred from Investments	(12,233,818)	7,138,701	13,740,729	(19,372,519)	271%
Net Cash Provided by Investing Activities	(12,307,511)	7,336,388	14,133,443	(19,643,899)	268%
Net Increase (decrease) in Cash and Cash Equivalents	(7,660,585)	(3,479,307)	9,545,799	(4,181,279)	-120%
Cash and Cash Equivalents, January 1	16,951,464	20,430,771	10,884,972	(3,479,307)	-17%
Cash and Cash Equivalents, December 31	\$ 9,290,879	\$ 16,951,464	\$ 20,430,772	\$ (7,660,585)	-45%

The Operating Activities represent the revenue-generating activities of the Division and resulted in a net cash increase of \$5.8 million, \$2.3 million less than 2021, primarily due to increased Payments to Employees and Suppliers of \$3.7 million partially offset by increased Receipts from Customers and Users of \$1.4 million. Increases in revenue, salaries and operating expenses were budgeted and anticipated in 2022.

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 \$1.1 million. The division invested \$17.1 million to build the MSE Cell Wall and acquire capital assets in 2021 and \$13 million of these prior year expenditures were placed in service in 2022. Lease Payments totaled \$1.8 million and there was a gain on the disposition of assets of \$21,000 in 2022.

The Investing Activities represent the purchase and sale of investments, interest income and contributions to county-wide initiatives. Interest income generated \$376,000 in 2022, \$271,000 less than 2021 because there was less cash available due to significant investments in Capital Assets. The investment in county-wide initiatives remained the same at \$450,000. \$12.2 million was transferred from Cash to Investments to take advantage of higher interest rates in 2022.

The Net Decrease in Cash and Cash Equivalents in 2022 is \$7,661,000 leaving a balance of \$9,291,000 on December 31, 2022.

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 2022 approximately 314,000 tons of waste came in compared to approximately 311,000 tons in 2021.

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-four municipalities, trash collection is provided to twenty-one municipalities and yard waste collection services are provided to nine municipalities in and around Atlantic County. Approximately 36,000 tons of recyclable materials were collected in 2021 as compared to 38,000 in 2021.

The Authority's compost operation processes leaves, grass clippings, tree branches, clean wood, brush and Christmas trees. In 2022 25,000 tons of yard waste were processed as compared to 26,000 in 2021. 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, 2022 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.

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BASIC FINANCIAL STATEMENTS

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ATLANTIC COUNTY UTILITIES AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2022 AND 2021

	2022		
	Wastewater Division	Solid Waste Division	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 6,283,363	\$ 4,519,319	\$ 10,802,682
Investments	32,356,931	11,540,145	43,897,076
Accrued Interest Receivable	209,324	176,625	385,949
Accounts Receivable (net of Allowance \$63,615 and \$63,615 in 2022 and 2021 respectively)	408,945	4,921,722	5,330,667
Accounts Receivable - other	147,937	359,284	507,221
Internal Accounts	(600,608)	600,608	-
Total Current Assets	38,805,892	22,117,703	60,923,595
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	4,083,117	4,771,560	8,854,677
Investments	7,339,807	802,892	8,142,699
Amounts Held by State of New Jersey	57,876	30,523,380	30,581,256
Accrued Interest Receivable	7,332,152	87,223	7,419,375
Loans Receivable	-	-	-
Total Noncurrent Assets	18,812,952	36,185,055	54,998,007
Capital Assets:			
Property, Plant and Equipment	256,321,406	185,475,279	441,796,685
Less: Accumulated Depreciation	(190,734,039)	(136,478,266)	(327,212,305)
Net Capital Assets	65,587,367	48,997,013	114,584,380
TOTAL ASSETS	123,206,211	107,299,771	230,505,982
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows related to pensions	2,522,261	3,581,953	6,104,214
Deferred outflows related to OPEB	13,250,698	13,250,697	26,501,395
Total deferred outflows of resources	15,772,959	16,832,650	32,605,609
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 138,979,170	\$ 124,132,421	\$ 263,111,591
			\$ 259,992,413

ATLANTIC COUNTY UTILITIES AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2022 AND 2021

	2022		
	Wastewater Division	Solid Waste Division	
LIABILITIES			
Current Liabilities Payable from Current Assets:			
Accounts Payable	\$ 4,547,651	\$ 4,917,150	\$ 9,464,801
Customer Deposits	-	275,583	275,945
Pension Payable	1,154,231	1,649,541	2,803,772
	<u>5,701,882</u>	<u>6,842,274</u>	<u>12,544,156</u>
Total Current Liabilities Payable from Current Assets			8,258,305
Current Liabilities Payable from Restricted Assets:			
Construction Contracts Payable	-	156,528	156,528
Current Portion of Long - Term Bonds	1,870,106	-	1,870,106
Current Portion of Long - Term Leases	-	2,105,000	2,105,000
Accrued Interest	61,001	48,392	109,393
	<u>1,931,107</u>	<u>2,309,920</u>	<u>4,241,027</u>
Total Current Liabilities Payable from Restricted Assets:			4,441,175
Noncurrent Liabilities Payable from Restricted Assets			
Restricted Assets:			
Long - Term Portion of Bonds Payable	21,216,415	-	21,216,415
Long - Term portion of Leases Payable	-	3,610,000	3,610,000
Accrued Landfill Closure and Post - Closure Care Cost	-	34,882,890	34,882,890
	<u>21,216,415</u>	<u>38,492,890</u>	<u>59,709,305</u>
Total Noncurrent Liabilities payable from Restricted Assets			54,338,192
Noncurrent Liabilities:			
Accrued Compensated Absences	396,640	557,720	954,360
Post Retirement Benefits Payable	535,019	800,000	1,335,019
Net Pension Liability	13,811,942	19,614,830	33,426,772
Net OPEB Liability	32,373,802	32,373,802	64,747,604
	<u>47,117,403</u>	<u>53,346,352</u>	<u>100,463,755</u>
Total Noncurrent Liabilities			100,619,269
TOTAL LIABILITIES	<u>\$ 75,966,807</u>	<u>\$ 100,991,436</u>	<u>\$ 176,958,243</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	2,171,052	3,083,188	5,254,240
Deferred inflows related to OPEB	18,064,931	18,064,931	36,129,862
Total deferred outflows of resources	<u>20,235,983</u>	<u>21,148,119</u>	<u>41,384,102</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 96,202,790</u>	<u>\$ 122,139,555</u>	<u>\$ 218,342,345</u>
			<u>212,627,051</u>

ATLANTIC COUNTY UTILITIES AUTHORITY
 (A Component Unit of the County of Atlantic, New Jersey)
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2022 AND 2021

	2022			2021
	Wastewater Division	Solid Waste Division	Total	
Investment in Capital Assets, Net of Related Debt Restricted for:	\$ 42,500,846	\$ 43,282,013	\$ 85,782,859	\$ 98,813,291
Wastewater:				
Renewal and Replacement	7,000,000		7,000,000	7,000,000
Debt Service Fund	481,276		481,276	521,613
Debt Service Reserve Fund	298,902		298,902	298,902
Unrestricted	(7,504,644)	(41,289,147)	(48,793,791)	(59,268,444)
TOTAL NET POSITION	<u>42,776,380</u>	<u>1,992,866</u>	<u>44,769,246</u>	<u>47,365,362</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 138,979,170</u>	<u>\$ 124,132,421</u>	<u>\$ 263,111,591</u>	<u>\$ 259,992,413</u>

ATLANTIC COUNTY UTILITIES AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021
	Wastewater Division	Solid Waste Division	Total	
Operating Revenues:				
Wastewater				
User Service Agreements:				
Operating	\$ 21,442,308	\$	\$ 21,442,308	\$ 20,213,203
General	1,818,514		1,818,514	1,939,917
Sludge	1,909,106		1,909,106	1,839,432
Septage and Leachate	452,624		452,624	424,414
Grant Income	54,144		54,144	-
Other	1,170,836		1,170,836	1,406,293
Solid Waste				
Tipping Fees		28,156,364	28,156,364	26,996,524
Collections and Recycling Income		14,400,030	14,400,030	14,035,073
Grant Income		446,646	446,646	455,026
Composting Income		1,227,097	1,227,097	1,266,609
Other		1,554,581	1,554,581	1,217,732
Total Operating Revenues	26,847,532	45,784,718	72,632,250	69,794,223
Operating Expenses:				
Salaries	8,193,036	13,295,844	21,488,880	19,688,977
Employee Benefits	4,926,686	7,363,143	12,289,829	11,572,633
Power and Utilities	2,780,538	459,468	3,240,006	3,064,344
Chemicals	1,058,338		1,058,338	912,838
Fuel	1,285,019	2,091,630	3,376,649	2,689,647
Supplies and Miscellaneous Maintenance	3,138,744	4,021,905	7,160,649	6,277,515
Contractual Services	1,084,562		1,084,562	1,168,343
Indirect Operating Expenses	759,521	7,439,271	8,198,792	8,038,693
Administrative	1,875,695	1,290,185	3,165,880	2,619,475
Community Benefit		2,899,753	2,899,753	2,784,763
Recycling and Other Taxes		1,170,604	1,170,604	1,177,134
Licenses and Permits	230,283		230,283	271,902
Bad Debt Expense		-	-	32,906
Depreciation	3,385,991	7,691,237	11,077,228	12,856,802
Total Operating Expenses	28,718,413	47,723,040	76,441,453	73,155,972
Operating Income	(1,870,881)	(1,938,322)	(3,809,203)	(3,361,749)
Non - Operating Revenues / (Expenses):				
County Appropriation	(450,000)	(450,000)	(900,000)	(900,000)
Interest Income	493,371	505,862	999,233	981,623
Interest Expense	(158,068)	(114,661)	(272,729)	(299,470)
Change in Pension obligation	(1,155,570)	(460,931)	(1,616,501)	4,614,202
Change in OPEB obligation	696,371	696,370	1,392,741	(1,952,979)
Loan Forgiveness	2,000,000		2,000,000	-
Gain on sale of fixed assets		20,580	20,580	45,100
Adjustment to landfill closure and post closure cost		(736,476)	(736,476)	(640,034)
Amortization of Bond Issue Costs	326,239		326,239	-
Total Non - Operating Revenues / (Expenses)	1,752,343	(539,256)	1,213,087	1,848,442
Net Income / (Loss)	(118,538)	(2,477,578)	(2,596,116)	(1,513,307)
Net Position (Deficit), January 1	42,894,918	4,470,444	47,365,362	48,878,669
Net Position (Deficit), December 31	\$ 42,776,380	\$ 1,992,866	\$ 44,769,246	\$ 47,365,362

ATLANTIC COUNTY UTILITIES AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021
	Wastewater Division	Solid Waste Division	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers and Users	\$ 27,798,368	\$ 44,821,245	\$ 72,619,613	\$ 68,538,102
Payments to Employees	(8,173,312)	(13,295,844)	(21,469,156)	(19,688,977)
Payments to Suppliers	(14,502,059)	(25,767,396)	(40,269,455)	(39,324,258)
Net Cash Provided by Operating Activities	<u>5,122,997</u>	<u>5,758,005</u>	<u>10,881,002</u>	<u>9,524,867</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating Subsidies and Transfers to Other Funds	28,139	(28,139)	-	-
	<u>28,139</u>	<u>(28,139)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of Capital Assets	(905,864)	696,370	(209,494)	(25,715,979)
Principal Paid on Capital Debt	(1,818,364)		(1,818,364)	(1,751,752)
Proceeds of Capital Debt	2,444,050		2,444,050	-
Capital lease payments		(1,705,000)	(1,705,000)	(1,705,000)
Interest Paid on Capital Debt	(166,401)	(94,890)	(261,291)	(316,510)
Gain on sale of fixed assets		20,580	20,580	45,100
Proceeds from Wastewater Trust			-	-
Net Cash (Used) by Capital and Related Financing Activities	<u>(446,579)</u>	<u>(1,082,940)</u>	<u>(1,529,519)</u>	<u>(29,444,141)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Income	237,102	376,307	613,409	987,532
County Appropriation	(450,000)	(450,000)	(900,000)	(900,000)
Transferred from/(to) Investments	(34,858,875)	(12,233,818)	(47,092,693)	24,930,881
Net Cash Provided (Used) by Investing Activities	<u>(35,071,773)</u>	<u>(12,307,511)</u>	<u>(47,379,284)</u>	<u>25,018,413</u>
Net Increase (decrease) in Cash and Cash Equivalents	(30,367,216)	(7,660,585)	(38,027,801)	5,099,139
Cash and Cash Equivalents, January 1	40,733,696	16,951,464	57,685,160	52,586,021
Cash and Cash Equivalents, December 31	<u>\$ 10,366,480</u>	<u>\$ 9,290,879</u>	<u>\$ 19,657,359</u>	<u>\$ 57,685,160</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating Income	\$ (1,870,881)	\$ (1,938,322)	\$ (3,809,203)	\$ (3,361,749)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation Expense	3,385,991	7,691,237	11,077,228	12,856,802
Amortization of Bond Issuance Costs	-	-	-	32,906
(Increase) Decreases in Accounts Receivable	950,836	(965,111)	(14,275)	(1,209,734)
Increase (Decrease) in:				
Accrued Landfill Post Closure Costs		-	-	343,197
Accounts and Other Payables	2,637,327	952,233	3,589,560	1,170,291
Accrued Compensated Absences	19,724		19,724	-
Customer Deposits		1,638	1,638	(46,387)
Amounts Held by the State		16,330	16,330	(260,459)
	<u>\$ 5,122,997</u>	<u>\$ 5,758,005</u>	<u>\$ 10,881,002</u>	<u>\$ 9,524,867</u>
Unrestricted Cash and Cash Equivalents	\$ 6,283,363	\$ 4,519,319	\$ 10,802,682	\$ 45,447,530
Restricted Cash and Cash Equivalents	4,083,117	4,771,560	8,854,677	12,237,630
	<u>\$ 10,366,480</u>	<u>\$ 9,290,879</u>	<u>\$ 19,657,359</u>	<u>\$ 57,685,160</u>

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NOTES TO FINANCIAL STATEMENTS

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ATLANTIC COUNTY UTILITIES AUTHORITY
(A component unit of the County of Atlantic)
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

1. GENERAL

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 County Commissioners (formally 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies:

A. Basis of Financial Statements

The financial statements of the Authority have been prepared on a full accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to enterprise funds of state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The Authority's financial statements include the accounts of all operations of the Authority. The Authority, as a component unit of the County of Atlantic, State of New Jersey, is financially accountable to the County. As set forth in Government Accounting Standards Board (GASB) 14, as amended by GASB 61, financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. The Authority, as a component unit, issues separate financial

ATLANTIC COUNTY UTILITIES AUTHORITY
(A component unit of the County of Atlantic)
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(CONTINUED)

statements from the County of Atlantic. However, if the County presented its financial statements in accordance with accounting principles generally accepted in the United States of America, these financial statements would be includable with the County's on a blended basis.

The Authority has adopted GASB No. 1 through 99 and related interpretations issued through December 31, 2022. GASB Statements and Interpretations require certain terminology, format and content, as well as inclusion of management's discussion and analysis supplementary information.

C. Recent Accounting Pronouncements Not Yet Effective

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private Partnerships and Availability Payment Arrangements". This statement is effective for fiscal periods beginning after June 15, 2022, will not have any effect on the Authority's financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements". This statement is effective for fiscal periods beginning after June 15, 2022 and will not have any effect on the Authority's financial reporting.

In April 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 99, "Omnibus 2022". This statement is effective for fiscal years beginning after June 15, 2022 and will not have any effect on the Authority's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62". This statement is effective for fiscal years beginning after June 15, 2023 and will not have any effect on the Authority's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, "Compensated Absences". This statement is effective for fiscal years beginning after December 15, 2023 and will not have any effect on the Authority's financial reporting.

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D. CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2022 and 2021, was as follows:

	<u>1/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2022</u>
Wastewater Management Program:				
Capital assets, not being depreciated:				
Land	\$ 12,691,336			12,691,336
Construction in Progress	551,722	152,568		704,290
Total capital assets not being depreciated	<u>13,243,058</u>	<u>152,568</u>	<u>-</u>	<u>13,395,626</u>
Capital assets being depreciated:				
Sewer Mains and Interceptors	91,311,712	753,296		92,065,008
Building Improvements	55,125,534			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 at historical cost	<u>242,172,485</u>	<u>753,296</u>	<u>-</u>	<u>242,925,781</u>
Less:				
Accumulated depreciation	187,348,048	3,385,992		190,734,040
Total capital assets being depreciated, net of accumulated depreciation	<u>54,824,437</u>	<u>(2,632,696)</u>	<u>-</u>	<u>52,191,741</u>
Capital Assets, net	<u>\$ 68,067,495</u>	<u>(2,480,128)</u>	<u>-</u>	<u>65,587,367</u>
	<u>1/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2021</u>
Wastewater Management Program:				
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
Building 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 at historical cost	<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 of accumulated depreciation	<u>50,548,336</u>	<u>4,276,101</u>	<u>-</u>	<u>54,824,437</u>
Capital Assets, net	<u>\$ 63,248,761</u>	<u>4,818,734</u>	<u>-</u>	<u>68,067,495</u>

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	<u>1/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2022</u>
Solid Waste Management Program:				
Capital assets, not being depreciated:				
Land	\$ 14,758,845			14,758,845
Construction in Progress	13,023,323	29,616	13,023,323	29,616
Total capital assets not being depreciated	<u>27,782,168</u>	<u>29,616</u>	<u>13,023,323</u>	<u>14,788,461</u>
Capital assets being depreciated:				
Buildings and building improvements	32,901,579	22,543		32,924,122
Equipment and Vehicles	43,238,220	909,977	140,892	44,007,305
Landfill Design & Implementation	75,163,651	15,215,908		90,379,559
Planning and Design	3,375,832			3,375,832
Total capital assets being depreciated at historical cost	<u>154,679,282</u>	<u>16,148,428</u>	<u>140,892</u>	<u>170,686,818</u>
Less:				
Accumulated depreciation	128,927,921	7,691,237	140,892	136,478,266
Total capital assets being depreciated, net of accumulated depreciation	<u>25,751,361</u>	<u>8,457,191</u>	<u>-</u>	<u>34,208,552</u>
Capital Assets, net	<u>\$ 53,533,529</u>	<u>8,486,807</u>	<u>13,023,323</u>	<u>48,997,013</u>
	<u>1/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2021</u>
Solid Waste Management Program:				
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 building 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 & Implementation	74,962,843	200,808		75,163,651
Planning and Design	3,375,832			3,375,832
Total capital assets being depreciated at historical cost	<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 of accumulated depreciation	<u>31,275,359</u>	<u>(5,523,998)</u>	<u>-</u>	<u>25,751,361</u>
Capital Assets, net	<u>\$ 46,108,031</u>	<u>7,499,325</u>	<u>73,827</u>	<u>53,533,529</u>

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Depreciation of the physical plant and equipment in operation is recorded on a straight-line basis. Depreciation on contributed capital has been recorded as a reduction of contributed capital. Depreciation is computed using estimated lives of between 4 and 50 years.

E. Restricted Accounts

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

F. Annual Budget

The Authority submits an annual budget to the State of New Jersey for the Wastewater Management Program and for the Solid Waste Management Program. Once adopted, the Authority may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

The budgets are prepared on the cash basis. Unspent appropriations for annually budgeted funds lapse at year-end.

G. Leave Policies

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 and compensatory leave in the event of termination or retirement from service at their current salary.

H. Post-Employment Health Benefits

Upon retirement from the Atlantic County Utilities Authority, all eligible employees will be provided Authority-paid or Authority-subsidized health benefits in accordance with the criteria for eligibility, the requirements included in the Authority policy, and with the provisions of the health benefit plan or plans as provided to eligible Authority employees.

I. Cash, Cash Equivalents and Investments

The Authority's investments practices are governed by New Jersey State Statute 40A:5-15. Statutes authorize the Authority to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that approved securities are pledged to secure those funds on deposit in an amount equal to the amount of those funds and a maturity date not greater than 397 days from the date of purchase. In addition, the Authority can invest in direct debt securities of the United States or obligations guaranteed by the United States, bonds and other obligations of the local municipality or bonds or obligations of school districts of which the Authority is a part or within which the Authority is located unless such investments are expressly prohibited by law.

J. Pensions

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

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3. GENERAL BOND RESOLUTIONS

A. Regional Wastewater Collection and Treatment System

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.

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 15th 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 15th for the Sewer Revenue Refunding Bonds.

Debt Service Reserve Fund (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 (2004, 2009 and 2013 Series) less any surety. Interest earnings in excess of the required fund balance may be paid to the Revenue Fund.

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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.

4. LONG TERM OBLIGATIONS

Changes in long-term obligations for the year ended December 31, 2022 are as follows:

	<u>Balance</u> <u>12/31/2021</u>	<u>Issues or</u> <u>Additions</u>	<u>Payments or</u> <u>Expenditures</u>	<u>Balance</u> <u>12/31/2022</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Compensated Absences	\$ 880,840	\$ 73,520	\$	\$ 954,360	\$ -
Net OPEB Obligation Payable	73,159,751		8,412,147	64,747,604	-
Post-retirement benefits	1,335,019			1,335,019	-
Net Pension Liability	25,243,659	8,183,113		33,426,772	-
Bonds Payable:	17,367,733	7,537,152	1,818,364	23,086,521	1,870,106
Lease Payable	5,420,000	2,000,000	1,705,000	5,715,000	2,105,000
	<u>\$ 123,407,002</u>	<u>\$ 17,793,785</u>	<u>\$ 11,935,511</u>	<u>\$ 129,265,276</u>	<u>\$ 3,975,106</u>

Bonds Payable

At December 31, 2022, bonds payable consisted of the following issues:

\$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, 2022 and 2021, is \$573,759 and \$858,519, 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, 2022 and 2021, is \$453,179 and \$585,233, 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 0.00% to 5.00% per annum. The balance remaining as of December 31, 2022 and 2021, is \$842,590 and \$997,972, 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, 2022 and 2021, is \$1,671,562 and \$1,892,500, respectively.

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\$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, 2022 and 2021, is \$823,572 and \$914,643, 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, 2022 and 2021, is \$1,044,825 and \$1,153,695, 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, 2022 and 2021, is \$1,124,498 and \$1,196,951, 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, 2022 and 2021, is \$3,522,977 and \$3,760,846, 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, 2022 and 2021, is \$2,490,388 and \$2,822,679, 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, 2022 and 2021, is \$3,002,019 and \$3,184,695, respectively.

\$7,537,152 New Jersey Infrastructure Bank Direct Loan, dated December 2022, due in semiannual installments for principal only through August 1, 2042. The balance remaining as of December 31, 2022 and 2021, is \$7,537,152 and \$0, respectively.

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

Year Ending December 31,	Principal	Interest	Total
2023	\$ 1,870,106	222,658	2,092,764
2024	2,025,341	236,526	2,261,867
2025	1,747,998	211,870	1,959,868
2026	1,693,107	190,520	1,883,627
2027	1,667,821	168,945	1,836,766
2028-32	6,546,396	593,779	7,140,175
2033-37	5,203,170	349,000	5,552,170
2038-42	2,332,582	124,650	2,457,232
	<u>\$ 23,086,521</u>	<u>2,097,948</u>	<u>25,184,469</u>

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

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\$3,500,000 with a fixed interest rate of 2.91%; \$700,000 is payable as of December 31, 2022. The lease 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%; \$1,620,000 is payable as of December 31, 2022. This lease matures February 1, 2025.

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 \$2,325,000 with a fixed interest rate of 1.94%; \$1,395,000 is payable as of December 31, 2022. This lease matures October 1, 2025.

The Authority entered into a lease purchase agreement with TD Equipment Finance, Inc. on June 24, 2022, to lease three new garbage trucks, a dump truck and a wheel loader. The total lease payable is \$2,000,000 with a fixed interest rate of 2.77%; \$2,000,000 is payable as of December 31, 2022. This lease matures February 1, 2027.

The following is a summary of remaining lease payments:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 2,105,000	115,227	2,220,227
2024	1,405,000	63,236	1,468,236
2025	1,405,000	37,309	1,442,309
2026	400,000	16,620	416,620
2027	400,000	5,540	405,540
	<u>\$ 5,715,000</u>	<u>237,932</u>	<u>5,952,932</u>

7. PENSION AND RETIREMENT PLANS

Substantially all of the Authority's employees participate in the Public Employees' Retirement System, which is administered by the New Jersey Division of Pensions and Benefits. The plan has a Board of Trustees that is primarily responsible for its administration. According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at – <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Plan Descriptions - The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007, plan members enrolled in the PERS are required to contribute 7.50% of employees' annual compensation as defined. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to normal rate when such surplus assets not longer exist.

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The Authority is billed annually for its normal contribution plus any accrued liability.

8. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Plan Description

The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefits Provisions

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately vested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully vested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer.

Funding Policy

Members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary.

9. PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

At December 31, 2022, the Authority reported a liability of \$33,426,772 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 that was rolled forward to June 30, 2022. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Authority's proportion was 0.2214958472%, which was an increase of 3.94% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Authority recognized pension expense of (\$3,522,826). At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expended and actual experience	\$ 241,259	(212,756)
Changes of assumptions	103,567	(5,005,311)
Net difference between projected and actual earnings on pension plan investments	1,383,504	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>4,375,884</u>	<u>(36,173)</u>
Total	<u>\$ 6,104,214</u>	<u>(5,254,240)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>			
2023	\$	316,097	
2024		288,185	
2025		164,690	
2026		66,598	
2027		14,404	
Total	<u>\$</u>	<u>849,974</u>	

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate

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%

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 disable retirees were based on

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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 generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2022.

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 real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 will be made based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for 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 through 2057. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

ATLANTIC COUNTY UTILITIES AUTHORITY
(A component unit of the County of Atlantic)
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DECEMBER 31, 2022 AND 2021
(CONTINUED)

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 of 7.00%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	\$ 39,811,193	\$ 33,426,772	\$ 28,016,382

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

10. 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, attain the age of 70 1/2 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.

11. LITIGATION AND CONTINGENCIES

From time to time, the ACUA is a defendant or co-defendant in various lawsuits arising out of normal operations and construction activities of the ACUA. It is the opinion of management and the General Counsel to the ACUA that the resolution of these other pending lawsuits will not have a material adverse effect on the Authority's assets, liabilities or results of operations.

12. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance amounts in the Solid Waste Management Program are \$63,615 for 2022 and 2021 respectively and is a contra asset amount presented as reductions to User Charges Receivable.

13. CLOSURE AND POST-CLOSURE CARE COST

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, 2022 and 2021 totaled \$34,882,890 and \$34,907,572,

ATLANTIC COUNTY UTILITIES AUTHORITY
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NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(CONTINUED)

respectively. For the years ended December 31, 2022 and 2021 landfill closure capacity used was 78.4% and 76% respectively.

14. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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. The Authority has a formal policy regarding custodial credit risk, and 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. Of the Authority's bank balance of \$103,560,408 as of December 31, 2022, \$0 was uninsured and uncollateralized.

Investments

At December 31, 2022, the Authority had the following investments:

Investment Type	Average Credit/Quality Ratings (1)	Face Amount	Carrying Amount	Investment Maturities (in Years)	
				Less Than 1	1-5
NJ ARM	Not rated	\$ 36,263,855	36,263,855	36,263,855	
US Treasury	Aaa	5,494,633	5,356,184	5,356,184	
Cert of Dep.	Not rated	10,500,000	10,419,736	9,700,172	719,564
		<u>\$ 52,258,488</u>	<u>52,039,775</u>	<u>51,320,211</u>	<u>719,564</u>

(1) Ratings are provided where applicable to indicate associated credit risk.

15. 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, 2022 and 2021, respectively:

	<u>2022</u>	<u>2021</u>
Cash	\$ 401,459	382,788
Investments	<u>30,121,921</u>	<u>30,156,922</u>
Total	<u>\$ 30,523,380</u>	<u>30,539,710</u>

The detail of the current year investments for the year ended December 31, 2022 is as follows:

ATLANTIC COUNTY UTILITIES AUTHORITY
(A component unit of the County of Atlantic)
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(CONTINUED)

Investment Type	Credit/Quality Ratings (1)	Face Amount	Carrying Amount	Investment Maturities (in Years)			
				Less Than 1	1-5	6-10	11-15
US Govt. Securities	Aaa	\$ 30,070,988	29,813,653	10,079,150	15,449,365	4,063,395	221,743
Corporate Issues	Not rated	307,186	308,268	24,902	225,758		57,608
		<u>\$ 30,378,174</u>	<u>30,121,921</u>	<u>10,104,052</u>	<u>15,675,123</u>	<u>4,063,395</u>	<u>279,351</u>

16. RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables and payables at December 31, 2021 are as follows:

<u>Due to Fund</u>	<u>Due from Fund</u>	<u>Amount</u>
Solid Waste Division	Wastewater Division	\$ <u>600,608</u>
		\$ <u>600,608</u>

Interfunds were created to account for reimbursements due to Solid Waste Division from the Wastewater Division that have not been paid at December 31, 2022.

17. POST EMPLOYMENT HEALTHCARE PLAN

General Information about the Plan:

The Authority offers Other Post-Retirement Benefits (OPEB) to its employees through the State Health Benefit Local Government Retired Employees Plan (the Plan) a cost-sharing multiple employer defined benefit other postemployment benefit plan. 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) Comprehensive Annual Financial Report (CAFR), which can be found at:

<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug coverage 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 post retirement 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;

ATLANTIC COUNTY UTILITIES AUTHORITY
(A component unit of the County of Atlantic)
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(CONTINUED)

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.

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.

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, however under the Regulatory Basis of Accounting followed by the Borough these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation, where applicable, and the nonspecial funding situation, the Collective Total OPEB liabilities for the year ended June 30, 2022 were \$3,361,552,823 and \$12,729,372,321, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB 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 non special funding situation during the measurement period July 1, 2021 through June 30, 2022. Employer and non-employer allocation percentages have been rounded for presentation purposes.

Net OPEB Liability:

Components of Net OPEB Liability

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2022 is as follows:

	June 30, 2022	
	Collective Total	Proportionate Share
Total OPEB Liability	\$ 16,090,925,144	\$ 64,512,381
Plan Fiduciary Net Position	(58,670,334)	(235,223)
Net OPEB Liability	\$ 16,149,595,478	\$ 64,747,604
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.36%	0.36%

At June 30, 2022 the Authority's proportionate share of the Collective Net OPEB Liability was \$64,747,604. The Authority's proportion of the Collective Net OPEB Liability was 0.200924% which was a decrease from the prior year of 1.36%.

ATLANTIC COUNTY UTILITIES AUTHORITY
(A component unit of the County of Atlantic)
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(CONTINUED)

For the Year ended June 30, 2022 the Authority's Total OPEB Expense was \$3,077,787.

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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:

Salary increases*:		
Rate for all future years		2.75% to 6.55%
Thereafter		3.00% to 7.00%

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

Mortality:

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

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

Discount Rate

The discount rate for June 30, 2022 was 3.54%. 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 Discount Rate

The following presents the Net OPEB liability as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the 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:

	1% Decrease (2.54%)		Discount Rate (3.54%)		1% Increase (4.54%)
Collective					
Net OPEB Liability	\$ 18,720,632,230	\$	16,090,925,144	\$	14,080,955,857
Proportionate Share					
Net OPEB Liability	\$ 75,329,173	\$	64,747,604	\$	56,659,772

ATLANTIC COUNTY UTILITIES AUTHORITY
(A component unit of the County of Atlantic)
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(CONTINUED)

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

The following presents the net OPEB liability as of June 30, 2022, 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:

	1% Decrease		Healthcare Cost Trend Rate		1% Increase
Collective					
Net OPEB Liability	\$ 13,700,188,049	\$	16,149,595,478	\$	19,286,596,671
Proportionate Share					
Net OPEB Liability	\$ 54,927,342	\$	64,747,604	\$	77,324,595

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

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

	Collective Totals		Proportionate Share	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 833,982,363	\$ (2,993,448,535)	\$ 3,343,635	\$ (12,001,454)
Changes of assumptions	2,155,230,462	(5,511,545,572)	8,640,836	(22,097,109)
Net difference between projected and actual earnings on OPEB plan investments	4,251,491		17,045	
Changes in proportion and differences between contributions and proportionate share of contributions			14,499,879	(2,031,299)
Total	\$ 2,993,464,316	\$ (8,504,994,107)	\$ 26,501,395	\$ (36,129,862)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB will be recognized in OPEB expense as follows:

Year ended June 30,		Collective Totals		Proportionate Share
2023	\$	(1,463,380,541)	\$	(2,556,479)
2024		(1,464,672,406)		(2,558,736)
2025		(1,156,630,075)		(2,020,596)
2026		(516,557,746)		(902,410)
2027		(115,810,526)		(202,317)
2028 - 2029		(794,478,497)		(1,387,929)
Total	\$	(5,511,529,791)	\$	(9,628,467)

Detailed information about the plan's fiduciary net position is available in the separately issued OPEB financial report.

ATLANTIC COUNTY UTILITIES AUTHORITY
(A component unit of the County of Atlantic)
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(CONTINUED)

Collective OPEB Expenses reported by the State of New Jersey

The components of the collective allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2022 are as follows:

Service cost	\$	796,654,029
Interest on Total OPEB Liability		401,372,615
Expected Investment Return		86,955
Administrative Expenses		12,334,441
Changes of Benefit Terms		402,474,416
Current Period Recognition (Amortization) of Deferred Inflows/ Outflows of Resources:		
Differences between Expected and Actual Experience		(630,413,303)
Changes in Assumptions		(835,585,441)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments		4,032,008
Total Collective OPEB Expense	\$	<u>150,955,720</u>

18. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events for potential recognition and/or disclosure through December 8, 2023, the date the financial statements were available to be issued, no issues were identified that require disclosure.

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OTHER REQUIRED SUPPLEMENTARY INFORMATION

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ATLANTIC COUNTY UTILITIES AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEE RETIREMENT SYSTEM
YEARS ENDED DECEMBER 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Authority's proportion of the net pension liability (asset)	0.2215%	0.21309%	0.20016%	0.18803%	0.18872%	0.17958%	0.18174%	0.18177%	0.17659%	0.17743%
Authority's proportionate of the net pension liability (asset)	\$ 33,426,772	\$ 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 payroll	\$ 16,336,182	\$ 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	204.62%	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	62.91%	70.33%	58.51%	56.57%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Source: GASB 68 report on Public Employees' Retirement System; Authority records

ATLANTIC COUNTY UTILITIES AUTHORITY
SCHEDULE OF AUTHORITY CONTRIBUTIONS
PUBLIC EMPLOYEE RETIREMENT SYSTEM
YEARS ENDED DECEMBER 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 2,495,527	\$ 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	2,495,527	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	\$ 16,336,182	\$ 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
Contributions as a percentage of covered-employee payroll	15.28%	16.33%	15.09%	14.02%	14.65%	13.38%	13.11%	12.52%	12.08%	11.01%

Source: GASB 68 report on Public Employees' Retirement System; Authority records

ATLANTIC COUNTY UTILITIES AUTHORITY
Schedule of the Authority's Proportionate Share of the Net OPEB Liability
State Health Benefits Program
Last Seven Fiscal Years

	2022	2021	2020	2019	2018	2017	2016
Authority's proportion of the net OPEB liability (asset)	0.400924%	0.406448%	0.371403%	0.326826%	0.317680%	0.304051%	0.313885%
Authority's proportionate of the net OPEB liability (asset)	\$ 64,747,604.00	\$ 73,159,751.00	\$ 66,654,259.00	\$ 44,454,548.00	50,768,769.00	62,722,817.00	68,167,863.00
Authority's covered payroll	16,366,162.00	15,277,994.00	14,507,253.00	13,043,021.00	12,814,155.00	12,431,741.00	12,312,031.00
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	395.62%	478.86%	459.45%	340.83%	396.19%	504.54%	553.67%
Plan fiduciary net position as a percentage of the total OPEB liability	0.28%	0.28%	0.91%	1.98%	1.97%	1.03%	0.69%

Source: GASB 75 report on State of New Jersey State Health Benefits Program; Authority records

Note: This schedule is required by GASB 75 to be show information for a 10 year period. However, information is only currently available for seven years. Additional years will be presented as they become available.

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OTHER SUPPLEMENTARY INFORMATION

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FORD - SCOTT

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Chairman and Members
of the Atlantic County Utilities Authority
(A component unit of the County of Atlantic)
County of Atlantic, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the financial statements of the business-type activities of the Atlantic County Utilities Authority (a component unit of the County of Atlantic), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Atlantic County Utilities Authority (a component unit of the County of Atlantic)'s basic financial statements, and have issued our report thereon dated December 8, 2023.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Ford, Scott & Associates, L.L.C.

**FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS**

Leon P. Costello

**Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393**

December 8, 2023

ATLANTIC COUNTY UTILITIES AUTHORITY
(A component unit of the County of Atlantic)
GENERAL COMMENTS AND RECOMMENDATIONS

Findings and Recommendations

None

Status of Prior Year's Audit Recommendations

There were no prior year recommendations.

Any problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Ford, Scott, & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

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WASTEWATER MANAGEMENT PROGRAM

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ATLANTIC COUNTY UTILITIES AUTHORITY
(A component Unit of the County of Atlantic, New Jersey)
WASTEWATER DIVISION
COMPARATIVE STATEMENT OF NET POSITON
MODIFIED ACCRUAL BASIS
DECEMBER 31, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash and Cash Equivalents	\$ 6,283,363	\$ 31,653,864
Investments	32,356,931	6,500,000
Accrued Interest Receivable	209,324	10,911
Accounts Receivable	408,945	831,934
Accounts Receivable - Other	147,937	675,784
	<hr/>	<hr/>
Total Current Assets	39,406,500	39,672,493
Noncurrent Assets:		
Restricted Assets:		
Cash and Cash Equivalents	4,083,117	9,079,832
Investments	7,339,807	-
Accrued Interest Receivable	57,876	20
Loans Receivable	7,332,152	166,251
	<hr/>	<hr/>
Total Noncurrent Assets	18,812,952	9,246,103
Capital Assets:		
Property, Plant and Equipment	256,321,406	255,415,543
Less: Accumulated Depreciation	(190,734,039)	(187,348,048)
	<hr/>	<hr/>
Net Capital Assets	65,587,367	68,067,495
	<hr/>	<hr/>
TOTAL ASSETS	\$ 123,806,819	\$ 116,986,091

ATLANTIC COUNTY UTILITIES AUTHORITY
(A component Unit of the County of Atlantic, New Jersey)
WASTEWATER DIVISION
COMPARATIVE STATEMENT OF NET POSITION
MODIFIED ACCRUAL BASIS
DECEMBER 31, 2022 AND 2021

<u>LIABILITIES</u>	<u>2022</u>	<u>2021</u>
Current Liabilities Payable from Current Assets:		
Accounts Payable	\$ 3,681,972	\$ 3,795,838
Deferred Revenue		-
Due to Solid Waste Division	600,608	572,469
Pension Payable	1,154,231	1,049,369
	<hr/>	<hr/>
Total Current Liabilities Payable from Current Assets	5,436,811	5,417,676
Current Liabilities Payable from Restricted Assets:		
Construction Contracts Payable	-	134,926
Current Portion of Long - Term Debt	1,870,106	1,652,113
Accrued Interest	61,001	69,334
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets:	1,931,107	1,856,373
Noncurrent Liabilities:		
Deferred Revenue		
Post Retirement Benefits Payable	535,019	535,019
Accrued Compensated Absences	396,640	376,916
Long - Term Portion of Bonds Payable	21,216,415	15,715,620
	<hr/>	<hr/>
Total Noncurrent Liabilities	22,148,074	16,627,555
TOTAL LIABILITIES	\$ <u>29,515,992</u>	\$ <u>23,901,604</u>
<u>NET POSITION</u>		
Investment in Capital Assets, Net of Related Debt	\$ 42,500,846	\$ 50,699,762
Restricted for:		
Renewal and Replacement	7,000,000	7,000,000
Debt Service Fund	481,276	521,613
Debt Service Reserve Fund	298,902	298,902
Unrestricted	44,009,803	34,564,210
	<hr/>	<hr/>
TOTAL NET POSITION	\$ <u>94,290,827</u>	\$ <u>93,084,487</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u>123,806,819</u>	\$ <u>116,986,091</u>

ATLANTIC COUNTY UTILITIES AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)
WASTEWATER DIVISION
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
MODIFIED ACCRUAL BASIS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>		<u>2021</u>
Operating Revenues:			
User Service Agreements:			
Operating	\$ 21,442,308	\$	20,213,203
General	1,818,514		1,939,917
Sludge	1,909,106		1,839,432
Septage and Leachate	452,624		424,414
Grant Income	54,144		-
Other	1,170,836		1,406,293
	<u>26,847,532</u>		<u>25,823,259</u>
Total Operating Revenues			
Operating Expenses:			
Salaries	8,193,036		7,548,797
Employee Benefits	4,926,686		4,446,001
Power and Utilities	2,780,538		2,566,332
Chemicals	1,058,338		912,838
Fuel	1,285,019		1,190,792
Supplies and Miscellaneous Maintenance	2,273,065		2,866,697
Contractual Services	1,084,562		1,168,343
Indirect Operating Expenses	759,521		772,068
Administrative	1,875,695		1,552,223
Licenses and Permits	230,283		271,902
Depreciation	3,385,991		3,288,563
	<u>27,852,734</u>		<u>26,584,556</u>
Total Operating Expenses			
Operating Income	<u>(1,005,202)</u>		<u>(761,297)</u>
Non - Operating Revenues / (Expenses):			
County Appropriation	(450,000)		(450,000)
Interest Income	493,371		327,698
Interest Expense	(158,068)		(179,096)
Loan Forgiveness	2,000,000		-
Amortization of Bond Issue Costs	326,239		-
	<u>2,211,542</u>		<u>(301,398)</u>
Total Non - Operating Expenses			
Net Income / (Loss)	1,206,340		(1,062,695)
Net Position, January 1	<u>93,084,487</u>		<u>94,147,182</u>
Net Position, December 31	<u>\$ 94,290,827</u>	\$	<u>93,084,487</u>
Reconciliation to Statements of Revenues, Expenses and Changes in Net Position - GAAP Basis:			
Net Income - modified accrual basis	\$ 1,206,340	\$	(1,062,695)
Prior Year wastewater GAAP adjustment	(1,780,652)		(2,088,121)
Current year wastewater GAAP adjustment	914,973		1,780,652
Unbudgeted pension expense	(1,155,570)		2,459,562
Unbudgeted OPEB expense	696,371		(3,602,434)
	<u>696,371</u>		<u>(3,602,434)</u>
Net Income / (Loss) - GAAP Basis	<u>\$ (118,538)</u>	\$	<u>(2,513,036)</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, 2022

Revenues:	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
User Service Agreements:			
Operating and General Charge	\$ 23,260,822	\$ 23,260,822	-
Sludge, Septage, and Leachate	2,280,060	2,361,730	81,670
Interest on Investments and Deposits	65,000	493,371	428,371
Miscellaneous	1,204,382	1,224,980	20,598
Fund Balance Anticipated	1,695,426	450,000	(1,245,426)
	<hr/>	<hr/>	<hr/>
Total Revenues	28,505,690	27,790,903	(714,787)
	<hr/>	<hr/>	<hr/>
Expenses:			
Salaries	8,119,040	8,193,036	73,996
Employee Benefits	5,093,880	4,926,764	(167,116)
Power and Utilities	2,740,000	2,781,563	41,563
Chemicals	1,372,850	1,169,304	(203,546)
Fuel	1,118,000	1,285,019	167,019
Supplies and Miscellaneous Maintenance	1,863,350	1,822,436	(40,914)
Contractual Services	1,461,000	1,163,500	(297,500)
Indirect Operating Expenses	1,100,480	990,278	(110,202)
Administrative	2,350,884	1,881,445	(469,439)
Maintenance Program Expenditures	500,000	563,067	63,067
Canceled Purchase Orders	-	(309,668)	(309,668)
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	25,719,484	24,466,744	(1,252,740)
	<hr/>	<hr/>	<hr/>
Non-Operating Expenses			
Reserve Requirements	451,881	451,881	-
County Appropriation	450,000	450,000	-
Debt Service	1,884,325	1,810,181	(74,144)
	<hr/>	<hr/>	<hr/>
Total Non-Operating expenses	2,786,206	2,712,062	(74,144)
	<hr/>	<hr/>	<hr/>
Total Expenses	28,505,690	27,178,806	(1,326,884)
	<hr/>	<hr/>	<hr/>
Net Income / (Loss) from Operations	\$ -	\$ 612,097	612,097

ATLANTIC COUNTY UTILITIES AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)
WASTEWATER DIVISION
SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Description	Face Amount	Interest Rate	Due Date	Fair Value December 31, 2022
Unrestricted Accounts:				
Cash	\$ 593,206			\$ 593,206
First American Treasury Obligation Fund	5,643,301	3.74%		5,643,301
Certificates of Deposit - Republic Bank	4,000,000	0.50%	1/28/2023	4,000,000
NJ ARM	4,835	4.05%		4,835
NJ ARM - NJ Term	10,421,412	1.51% - 4.68%	1/17/2023-12/12/23	10,421,412
NJ ARM	38,279	4.05%		38,279
NJ ARM - NJ Term	9,399,586	1.51% - 4.68%	1/17/2023-12/12/23	9,399,586
NJ ARM - US Treasury Note	2,999,183	2.25%	3/31/2024	2,920,170
Operating Reserve:				
NJ ARM	1,140	4.05%		1,140
NJ ARM - NJ Term	3,115,763	1.51% - 4.68%	1/17/2023-12/12/23	3,115,763
First American Treasury Obligation Fund	2,602	3.74%		2,602
Certificates of Deposit - Republic Bank	2,500,000	0.25%	2/27/2023	2,500,000
Total Unrestricted	38,719,307			38,640,294
Restricted Accounts:				
Debt Service Fund:				
First American Treasury Money Market	481,277	3.74%		481,277
	<u>481,277</u>			<u>481,277</u>
Debt Service Reserve Fund:				
NJ ARM	2	4.05%		2
NJ ARM - NJ Term	299,672	4.23%	3/22/2023	299,672
	<u>299,674</u>			<u>299,674</u>
Renewal and Replacement Fund:				
First American Treasury Money Market	3,544,842			3,544,842
NJ ARM - NJ Term	7,040,135	1.51% - 4.68%	1/17/2023-12/12/23	7,040,135
NJ ARM	56,996			56,996
	<u>10,641,973</u>			<u>10,641,973</u>
Total	\$ 50,142,231			\$ 50,063,218
Unrestricted				
Cash and Cash Equivalents	\$ 6,283,363			\$ 6,283,363
Investments	32,435,944			32,356,931
Restricted:				
Cash and Cash Equivalents	4,083,117			4,083,117
Investments	7,339,807			7,339,807
	<u>\$ 50,142,231</u>			<u>\$ 50,063,218</u>

ATLANTIC COUNTY UTILITIES AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)
WASTEWATER DIVISION
SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT AND OTHER CAPITALIZED COSTS
MODIFIED ACCRUAL BASIS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, 2020, 2019 AND 2018

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Additions During the Year: Property, Plant and Equipment:					
Land	\$ 753,295	\$ 7,555,814	\$ 3,903,024	\$ 755,387	
Sewer Mains and Interceptors		8,850	-	3,966,244	
Buildings and Improvements	152,568	542,633	(277,584)	(7,942,787)	2,930,711
Construction in Progress		-	672,649	5,678,172	5,717,704
Equipment and Vehicles					
Total Additions	<u>905,863</u>	<u>8,107,297</u>	<u>4,298,089</u>	<u>2,457,016</u>	<u>8,648,415</u>
Costs Capitalized at the Beginning of the Year	<u>255,415,543</u>	<u>247,308,246</u>	<u>243,010,157</u>	<u>240,553,141</u>	<u>231,904,726</u>
	256,321,406	255,415,543	247,308,246	243,010,157	240,553,141
Less:					
Accumulated Depreciation and Amortization	<u>(190,734,039)</u>	<u>(187,348,048)</u>	<u>(184,059,485)</u>	<u>(180,916,875)</u>	<u>(177,992,436)</u>
Total Property, Plant and Equipment, End of Year	<u>\$ 65,587,367</u>	<u>\$ 68,067,495</u>	<u>\$ 63,248,761</u>	<u>\$ 62,093,282</u>	<u>\$ 62,560,705</u>

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, 2022 AND 2021

	<u>2022</u>		<u>2021</u>
Operating Revenues:			
User Service Agreements:			
Operating	\$ 21,442,307	\$	20,213,203
General	1,818,514		1,939,917
Sludge	1,909,106		1,839,432
Septage and Leachate	452,624		424,414
Grant Income	54,144		-
Other	1,170,832		1,406,293
	<u>26,847,527</u>		<u>25,823,259</u>
Total Operating Revenues			
Operating Expenses:			
Salaries	8,193,036		7,548,797
Employee Benefits	4,926,686		4,446,001
Power and Utilities	2,780,538		2,566,332
Chemicals	1,058,338		912,838
Fuel	1,285,019		1,190,792
Supplies and Miscellaneous Maintenance	2,273,065		2,866,697
Contractual Services	1,084,562		1,168,343
Indirect Operating Expenses	759,521		772,068
Administrative	1,875,695		1,552,223
Licenses and Permits	230,283		271,902
	<u>24,466,743</u>		<u>23,295,993</u>
Total Operating Expenses			
Operating Income	<u>2,380,784</u>		<u>2,527,266</u>
Non - Operating Revenues / (Expenses):			
County Appropriation	(450,000)		(450,000)
Interest Income	493,371		327,698
Interest Expense	(158,068)		(179,096)
Loan Forgiveness	2,000,000		-
Amortization of Bond Issue Costs	326,239		-
	<u>2,211,542</u>		<u>(301,398)</u>
Total Non - Operating Expenses			
Net Income	<u>\$ 4,592,326</u>	\$	<u>2,225,868</u>

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SOLID WASTE MANAGEMENT PROGRAM

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ATLANTIC COUNTY UTILITIES AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)
SOLID WASTE DIVISION
COMPARATIVE STATEMENT OF NET POSITION
MODIFIED ACCRUAL BASIS
DECEMBER 31, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash and Cash Equivalents	\$ 4,519,319	\$ 13,793,666
Investments	11,540,145	3,240,868
Accrued Interest Receivable	176,625	52,543
Accounts Receivable (net of Allowance \$63,615 and \$63,615 in 2022 and 2021 respectively)	4,921,722	4,071,717
Accounts Receivable - Other	359,284	244,178
Due from Wastewater Division	600,608	572,469
Total Current Assets	<u>22,117,703</u>	<u>21,975,441</u>
Noncurrent Assets:		
Restricted Assets:		
Cash and Cash Equivalents	4,771,560	3,157,798
Investments	802,892	-
Amounts Held by State of New Jersey	30,523,380	30,539,710
Accrued Interest Receivable	87,223	81,750
Total Noncurrent Assets	<u>36,185,055</u>	<u>33,779,258</u>
Capital Assets:		
Property, Plant and Equipment	185,475,279	182,461,450
Less: Accumulated Depreciation	(136,478,266)	(128,927,921)
Net Capital Assets	<u>48,997,013</u>	<u>53,533,529</u>
TOTAL ASSETS	\$ <u>107,299,771</u>	\$ <u>109,288,228</u>

ATLANTIC COUNTY UTILITIES AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)
SOLID WASTE DIVISION
COMPARATIVE STATEMENT OF NET POSITION
MODIFIED ACCRUAL BASIS
DECEMBER 31, 2022 AND 2021

<u>LIABILITIES</u>	<u>2022</u>	<u>2021</u>
Current Liabilities Payable from Current Assets:		
Accounts Payable	\$ 4,579,664	\$ 4,046,843
Customer Deposits	275,583	273,945
Pension Payable	1,649,541	1,446,158
	<hr/>	<hr/>
Total Current Liabilities Payable from Current Assets	6,504,788	5,766,946
Current Liabilities Payable from Restricted Assets:		
Construction Contracts Payable	156,528	851,181
TD Lease Payable	2,105,000	1,705,000
Accrued Interest	48,392	28,621
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets:	2,309,920	2,584,802
Noncurrent Liabilities Payable from Restricted Assets:		
TD Lease Payable	3,610,000	3,715,000
Accrued Landfill Closure and Post - Closure Care Cost	34,882,890	34,907,572
	<hr/>	<hr/>
Total noncurrent liabilities payable from restricted assets:	38,492,890	38,622,572
Noncurrent Liabilities:		
Accrued Compensated Absences	557,720	503,924
Post Retirement Benefits Payable	800,000	800,000
	<hr/>	<hr/>
Total Noncurrent Liabilities	1,357,720	1,303,924
TOTAL LIABILITIES	\$ 48,665,318	\$ 48,278,244
<u>NET POSITION</u>		
Investment in Capital Assets, Net of Related Debt	\$ 43,282,013	\$ 48,113,529
Unrestricted	15,352,440	12,896,455
	<hr/>	<hr/>
TOTAL NET POSITION (DEFICIT)	\$ 58,634,453	\$ 61,009,984
TOTAL LIABILITIES AND NET POSITION	\$ 107,299,771	\$ 109,288,228

ATLANTIC COUNTY UTILITIES AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)
SOLID WASTE DIVISION
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
MODIFIED ACCRUAL BASIS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues:		
Tipping Fees	\$ 28,156,364	\$ 26,996,524
Collections and Recycling Income	14,400,030	14,035,073
Grant Income	446,646	455,026
Composting Income	1,227,097	1,266,609
Other	1,554,581	1,217,732
	<u>45,784,718</u>	<u>43,970,964</u>
Total Operating Revenues		
Operating Expenses:		
Salaries	13,295,844	12,140,180
Employee Benefits	7,363,143	7,126,632
Power and Utilities	459,468	498,012
Fuel	2,091,630	1,498,855
Supplies and Miscellaneous Maintenance	3,684,419	3,365,671
Indirect Operating Expenses	7,439,271	7,266,625
Administrative	1,290,185	1,067,252
Community Benefit	2,899,753	2,784,763
Recycling and Other Taxes	1,170,604	1,177,134
Bad Debt Expense	-	32,906
Depreciation	7,691,237	9,568,239
	<u>47,385,554</u>	<u>46,526,269</u>
Total Operating Expenses		
Operating Income	<u>(1,600,836)</u>	<u>(2,555,305)</u>
Non - Operating Revenues / (Expenses):		
County appropriation	(450,000)	(450,000)
Interest Income	505,862	653,925
Interest Expense	(114,661)	(120,374)
Gain on sale of fixed assets	20,580	45,100
Adjustment to landfill closure and post-closure care cost	(736,476)	(640,034)
	<u>(774,695)</u>	<u>(511,383)</u>
Total Non - Operating Expenses		
Net Income / (Loss)	(2,375,531)	(3,066,688)
Net Position (Deficit), January 1	<u>61,009,984</u>	<u>64,076,672</u>
Net Position (Deficit), December 31	\$ <u><u>58,634,453</u></u>	\$ <u><u>61,009,984</u></u>
Reconciliation to Statements of Revenues, Expenses and Changes in Net Position - GAAP Basis:		
Net Income - modified accrual basis	\$ (2,375,531)	\$ (3,066,688)
Prior Year wastewater GAAP adjustment	(573,196)	(310,874)
Current year wastewater GAAP adjustment	235,710	573,196
Unbudgeted pension expense	(460,931)	2,154,640
Unbudgeted OPEB expense	696,370	1,649,455
	<u>(2,477,578)</u>	<u>999,729</u>
Net Income / (Loss) - GAAP Basis	\$ <u><u>(2,477,578)</u></u>	\$ <u><u>999,729</u></u>

ATLANTIC COUNTY UTILITIES AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)
SOLID WASTE DIVISION
SCHEDULE OF REVENUES AND COSTS FUNDED BY OPERATING REVENUES COMPARED TO BUDGET - RATE BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues:			
Tipping Fees	\$ 27,691,378	\$ 28,156,364	\$ 464,986
Collections and Recycling Income	14,783,449	14,400,030	(383,419)
Composting Income	672,698	1,227,097	554,399
Other	1,939,329	2,001,226	61,897
Interest Income	8,000	187,776	179,776
Fund Balance Anticipated	1,200,000	450,000	(750,000)
Total Operating Revenues	<u>46,294,854</u>	<u>46,422,493</u>	<u>127,639</u>
Operating Expenses:			
Administration	3,940,112	3,601,318	(338,794)
Solid Waste Administration	1,414,892	1,503,885	88,993
Transfer Station Operations	1,145,527	1,263,594	118,067
Composting Operations	481,155	381,010	(100,145)
Landfill Operations	9,741,969	9,817,468	75,499
Recycling Center Processing	3,601,377	3,389,822	(211,555)
Collections	12,219,810	12,153,219	(66,591)
Maintenance Center	7,080,132	7,592,904	512,772
Canceled Purchase Orders	-	(8,903)	(8,903)
Total Operating Expenses	<u>39,624,974</u>	<u>39,694,317</u>	<u>69,343</u>
Net Income from Operating Activities	<u>6,669,880</u>	<u>6,728,176</u>	<u>58,296</u>
Non-Operating expenses:			
County Appropriation	450,000	450,000	-
System reserve requirements	6,133,843	6,200,118	66,275
Debt service interest	86,037	114,661	28,624
Total Non-operating expenses:	<u>6,669,880</u>	<u>6,764,779</u>	<u>94,899</u>
Net Income	<u>\$ -</u>	<u>\$ (36,603)</u>	<u>(36,603)</u>

ATLANTIC COUNTY UTILITIES AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)
SOLID WASTE DIVISION
SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Description	Face Amount	Interest Rate	Due Date	Fair Value December 31, 2022
Unrestricted Accounts:				
Operations:				
Cash	\$ 239,995			\$ 239,995
Revenue Fund:				
NJ ARM	3,805,332	4.05%		3,805,332
NJ ARM - US Treasury Notes	2,495,450	2.53%	3/31/2024	2,436,013
NJ ARM - Term Investments	3,074,022	4.23% - 4.34%	3/2/2023-3/31/2023	3,074,022
Wells Fargo Gov't Money Market	2,034	3.87%		2,034
Wells Fargo Gov't Money Market Bonds	4,000,000	0.15% - 4.00%	1/18/2023-1/26/2024	3,919,735
NJ ARM	7,222	4.05%		7,222
NJ ARM - Term Investments	1,608,973	4.23%	3/22/2023	1,608,973
NJ ARM	463,791	4.05%		463,791
NJ ARM - Term Investments	501,402	1.51% - 4.23%	1/17/2023-2/22/2023	501,402
OceanFirst Bank Gov't INT	945	0.05%		945
	<u>16,199,166</u>			<u>16,059,464</u>
Restricted Accounts:				
Construction Fund:				
Escrow Account - TD Lease	1,410,283			1,410,283
	<u>1,410,283</u>			<u>1,410,283</u>
Renewal and Replacement Fund:				
NJ ARM	732,865	4.05%		732,865
NJ ARM - NJ Term	502,892	4.23%	3/22/2023	502,892
NJ ARM	2,628,412	4.05%		2,628,412
NJ ARM - NJ Term	300,000	1.51%	1/17/2023	300,000
NJ ARM	-			-
	<u>4,164,169</u>			<u>4,164,169</u>
Standard Escrow Fund:				
ACUA Standard Escrow	7,205,243	Various	Various	7,205,243
ACUA Alternative Escrow	4,956,914	Various	Various	4,956,914
Pinelands Park Standard Escrow	11,666,724	Various	Various	11,666,724
Pinelands Park Alternative Escrow	6,694,499	Various	Various	6,694,499
	<u>30,523,380</u>			<u>30,523,380</u>
Total	\$ 52,296,998			\$ 52,157,296
Unrestricted:				
Cash and Cash Equivalents	\$ 4,519,319			\$ 4,519,319
Investments	11,679,847			11,540,145
Restricted:				
Cash and Cash Equivalents	4,771,560			4,771,560
Investments	802,892			802,892
Cash and Investments held by the State of New Jersey	30,523,380			30,523,380
	<u>\$ 52,296,998</u>			<u>\$ 52,157,296</u>

ATLANTIC COUNTY UTILITIES AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)
SOLID WASTE DIVISION
SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT AND OTHER PREOPERATING COSTS
MODIFIED ACCRUAL BASIS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, 2020, 2019 AND 2018

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Waste Disposal:					
Additions (Deletions) During the Year:					
Property, Plant and Equipment:					
Land and Improvements	\$ 22,543	\$ 160,881	\$ 213,947	\$ 860,252	
Buildings and Improvements	(12,993,710)	12,949,496	(6,723,771)	6,468,810	(9,540,155)
Construction in progress	769,085	1,177,554	1,932,600	1,005,141	1,312,731
Equipment and Vehicles	15,215,911	200,808	10,416,409	382,575	208,811
Landfill Design and Implementation					
Total Additions	<u>3,013,829</u>	<u>14,488,739</u>	<u>5,839,185</u>	<u>8,716,778</u>	<u>(8,018,613)</u>
Costs Capitalized at the Beginning of the Year	<u>134,896,409</u>	<u>120,407,670</u>	<u>114,568,485</u>	<u>105,851,707</u>	<u>113,870,320</u>
	137,910,238	134,896,409	120,407,670	114,568,485	105,851,707
Less:					
Accumulated Depreciation and Amortization	<u>(99,297,638)</u>	<u>(93,524,621)</u>	<u>(94,766,830)</u>	<u>(87,420,703)</u>	<u>(85,130,871)</u>
Total Property, Plant and Equipment, End of Year	<u>\$ 38,612,600</u>	<u>\$ 41,371,788</u>	<u>\$ 25,640,840</u>	<u>\$ 27,147,782</u>	<u>\$ 20,720,836</u>

ATLANTIC COUNTY UTILITIES AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)
SOLID WASTE DIVISION
SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT AND OTHER PREOPERATING COSTS
MODIFIED ACCRUAL BASIS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, 2020, 2019 AND 2018

	2022	2021	2020	2019	2018
Waste Recycling:					
Additions (Deletions) During the Year:					
Property, Plant and Equipment:					
Land and Improvements	\$	\$	\$	\$	\$
Buildings and Improvements		2,306,521	2,222,091	(1,910,955)	1,635,467
Equipment and Vehicles				4,516,400	913,902
Construction in progress					
Planning and Designs					
Total Additions	<u>-</u>	<u>2,306,521</u>	<u>2,222,091</u>	<u>2,605,445</u>	<u>2,549,369</u>
Costs Capitalized at the Beginning of the Year	<u>47,565,041</u>	<u>45,258,520</u>	<u>43,036,429</u>	<u>40,430,984</u>	<u>37,881,615</u>
	47,565,041	47,565,041	45,258,520	43,036,429	40,430,984
Less:					
Accumulated Depreciation and Amortization	<u>(37,180,628)</u>	<u>(35,403,300)</u>	<u>(24,791,329)</u>	<u>(33,164,836)</u>	<u>(33,546,341)</u>
Total Property, Plant and Equipment, End of Year	<u>\$ 10,384,413</u>	<u>\$ 12,161,741</u>	<u>\$ 20,467,191</u>	<u>\$ 9,871,593</u>	<u>\$ 6,884,643</u>
Grand Total	<u>\$ 48,997,013</u>	<u>\$ 53,533,529</u>	<u>\$ 46,108,031</u>	<u>\$ 37,019,375</u>	<u>\$ 27,605,479</u>