

ATLANTIC COUNTY UTILITIES AUTHORITY
REPORT ON AUDIT OF
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
YEARS ENDED DECEMBER 31, 2023 AND 2022

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INTRODUCTORY SECTION

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Atlantic County Utilities Authority

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info@acua.com

November 13, 2024

Chairman Embry, Authority Board Members and President DeNafo:

Presented to you are the audited financial statements for the 2023 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 2023 year are presented as required. It should be noted that the delay in the completion of the December 31, 2023, annual audit resulted from a delay in the State issuing the June 30, 2023, 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, 2023. 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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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 years ended December 31, 2023 and 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, 2023 and 2022, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2024, 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**

November 13, 2024

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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, 2023.

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, 2023, 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, 2023, 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 (MD&A), 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.

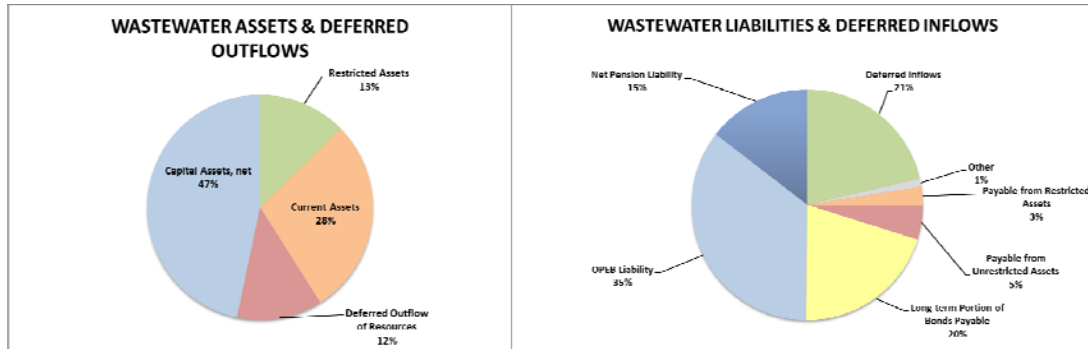
Wastewater Division

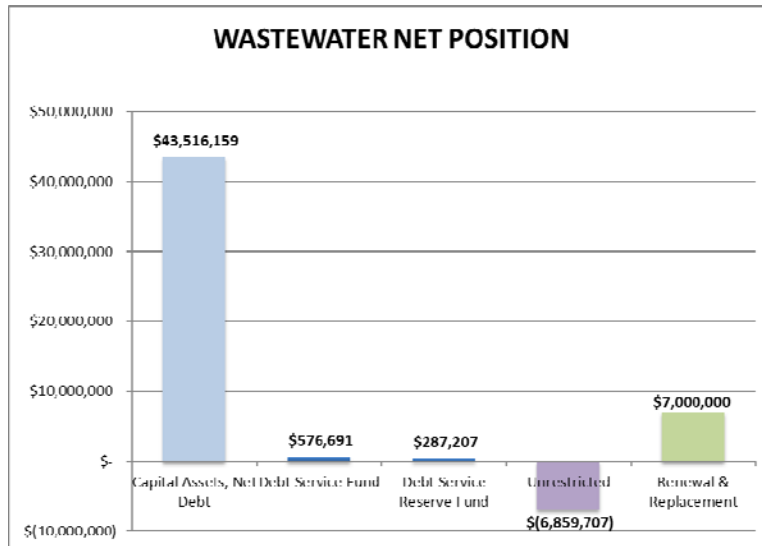
Comparative Balance Sheet

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 \$44.5 million which indicates a strong financial position.

Below is a synopsis of the Wastewater Division's 2023 Balance Sheet with a comparison to the last two years:

		2023	2022	2021	2023-2022	
					\$ Change	% Change
Total Current Assets	\$	39,313,621	\$ 38,805,891	\$ 39,100,023	\$ 507,729	1%
Total Restricted & Noncurrent Assets		17,607,528	18,812,952	9,246,103	(1,205,424)	-6%
Capital Assets, Net of Depreciation		64,732,574	65,587,367	68,067,495	(854,793)	-1%
Deferred Outflow Related to Pensions & OPEB		16,971,249	15,772,959	16,881,769	1,198,290	8%
TOTAL ASSETS & DEFERRED OUTFLOWS	\$	138,624,972	138,979,170	133,295,390	(354,198)	0%
Total Current Payable from Unrestricted	\$	4,535,699	\$ 5,701,882	\$ 3,064,555	\$ (1,166,183)	-20%
Total Current Payable from Restricted		2,423,971	1,931,107	1,856,373	492,864	26%
Total Noncurrent Liabilities Payable from Restricted		19,086,971	21,081,537	15,715,621	(1,994,565)	-9%
Total Noncurrent Liabilities Payable from Unrestricted		47,966,854	47,252,282	48,106,770	714,572	2%
Total Deferred Inflows Related to Pensions & OPEB		20,091,127	20,235,983	21,657,156	(144,856)	-1%
TOTAL LIABILITIES & DEFERRED INFLOWS		94,104,622	96,202,790	90,400,473	(2,098,168)	-2%
Invested in Capital Assets, Net Debt		43,516,159	42,500,846	50,699,762	1,015,313	2%
Total Restricted		7,863,898	7,780,178	7,820,514	83,720	1%
Unrestricted		(6,859,707)	(7,504,644)	(15,625,359)	644,937	-9%
TOTAL NET POSITION	\$	44,520,350	42,776,380	42,894,917	\$ 1,743,970	4%
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$	138,624,972	138,979,170	133,295,390	\$ (354,198)	0%





The Wastewater Division's Total Assets and Deferred Outflows are \$138.6 million, a decrease of \$354,000 from 2022.

Current Assets increased \$508,000 due to an increase of \$200,000 in Accrued Interest, a \$631,000 increase in Accounts Receivable and an increase in Intercompany Accounts of \$1.9 million. The increase in Intercompany Accounts is offset by a decrease in Cash & Investments of \$2.3 million for a net decrease of \$323,000. The significant swing in the Intercompany Account is as a result of a deposit in the amount of \$2.1 million that was inadvertently made to the Solid Waste bank account when due to the Wastewater division account as of December 31st. The transfer to the correct bank account was made at the beginning of January.

Restricted Noncurrent Assets decreased \$1.2 million to \$17.6 million. The decrease is primarily due to self-funding capital projects during 2023. In 2022 there was a \$7.3 million Loan Receivable that was paid in January 2023. There were no loans receivable in 2023 and Cash increased \$6.2 million; the difference is interest income earned on investments less cash paid to self-fund capital projects.

Capital Assets decreased \$855,000, with additions representing \$2.5 million and Depreciation Expense increased \$3.4 million. All additions in 2023 are in Construction-In-Progress and include Phases 1 and 2 of the solids handling process, improvements to the Ventnor-Margate pump station and design services for the aeration basin conversion to a diffused air system. 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 was flat at \$3.4 million for 2023 and 2022.

Deferred Outflows Related to Pensions decreased \$1.1 million to \$1.4 million. The decrease is due to the actuarial assumptions used to calculate pension obligations. Deferred Outflows Related to OPEB increased from \$13.3 million in 2022 to \$15.6 million in 2023 also due to the actuarial assumptions used to calculate OPEB obligations.

The Division's Total Liabilities and Deferred Inflows are \$94.1 million, a decrease of \$2.1 million and 2%.

Current Liabilities from Unrestricted Assets are \$4.5 million, a decrease of \$1.2 million. Accounts Payable decreased \$1.9 million primarily due to the timing of payments made to vendors. Pension Payable represents the amount owed to the New Jersey Public Employee's Retirement System for the current year which increased \$769,000 to \$1.9 million.

Current Liabilities from Restricted Assets are \$2.4 million, an increase of \$493,000. Construction Contracts Payable increased \$300,000 from \$0 in 2022 because nothing was owed to vendors for capital projects that were complete but not yet paid as of December 31, 2022. Deferred Revenue of \$135,000 (current and long-term) represents savings credits from New Jersey iBank loan refinancings that will be realized in future years. Deferred Revenue decreased \$28,000 in 2023, the amount of savings recognized in the current year.

Accrued Absences increased \$37,000 to \$433,000 which represents the value associated with vacation and compensatory time earned by employees as of December 31, 2023. 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 \$23.1 million in 2022 to \$21.1 million in 2023 due to \$2.0 million principal payments made in accordance with existing debt service schedules. No debt was issued in 2023. Accrued Interest Expense increased by \$38,000 to \$99,000 due to a combination of interest expense on a new \$7.5 million loan that closed at the end of 2022 and somewhat offsetting that additional expense was a reduction in expense 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 decreased \$147,000 and 1% to \$13.7 million in 2023. The Authority's proportionate share of the plan's Net Pension Liability and the actuarial assumptions used to calculate the obligation remained almost the same in 2023 which is why the change is negligible as compared to 2022. 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 \$33.2 million and increased \$856,000 from 2022. The increase is almost entirely attributable to an increase in the Authority's allocation percentage in 2023.

Deferred Inflows Related to Pensions decreased \$1.3 million and Deferred Inflows Related to OPEB increased \$1.1 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 \$44.5 million. This compares to 2022 where the division's Assets and

Deferred Outflow of Resources exceeded its Liabilities and Deferred Inflow of Resources by \$42.8 million. The net change represents an increase in Net Position for the 2023 year of \$1.7 million.

The Division's Net Position of \$44,520,350 is comprised of the following:

- (1) Capital Assets, Net of Related Debt of \$43,516,159, 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 \$576,691 restricted for the purpose of forthcoming debt service payments.
- (4) Net Position of \$287,207 restricted for the purpose of providing a Debt Service Reserve Fund, in accordance with the Authority's debt covenants.
- (5) Unrestricted Net Position of (\$6,859,707) 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.

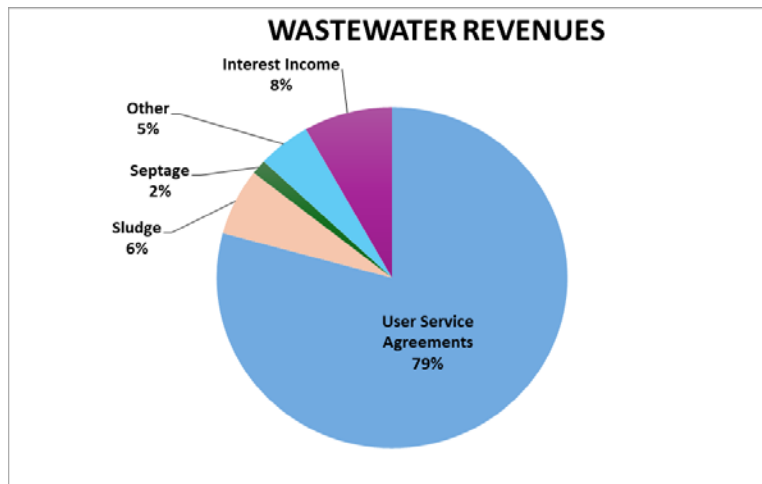
Restricted Net Position increased \$84,000 due to an increase in the Debt Service Fund in accordance with future debt service payments for certain loans. Unrestricted Net Position increased \$614,000 which is a function of changes in Capital Assets net of related Debt, Restricted Net Assets and Net Income for the year.

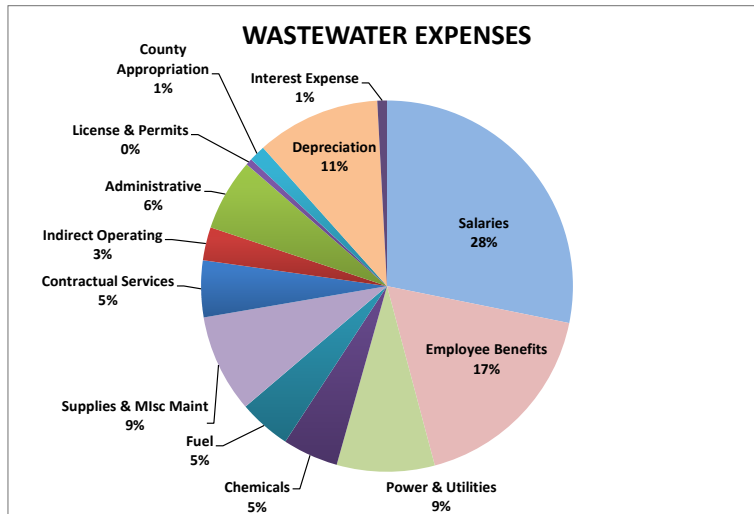
Comparative Statement of Revenues, Expenses and Changes in Net Position:

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 income for the year was \$1.7 million, an improvement of almost \$1.9 million from 2022.

Below is a synopsis of the Wastewater Division's 2023 Statement of Revenues, Expenses and Changes in Net Position with a comparison to the last two years:

	2023-2022					
	2023	2022	2021	\$ Change	% Change	
WW Revenue						
User Fee	\$ 25,121,688	\$ 23,260,822	\$ 22,153,120	\$ 1,860,866	8%	
Sludge	2,006,142	1,909,106	1,839,432	97,036	5%	
Septage	442,860	452,624	424,414	(9,764)	-2%	
Grant Income	-	54,144	-	(54,144)	-100%	
Other	1,549,909	1,170,836	1,406,293	379,073	32%	
Total Revenue	29,120,599	26,847,532	25,823,259	2,273,067	8%	
WW Operating Expenses						
Salaries	8,868,744	8,193,036	7,548,797	675,708	8%	
Employee Benefits	5,559,236	4,926,686	4,446,001	632,550	13%	
Power & Utilities	2,678,281	2,780,538	2,566,332	(102,257)	-4%	
Chemicals	1,521,412	1,058,338	912,838	463,074	44%	
Fuel	1,434,330	1,285,019	1,190,792	149,311	12%	
Supplies & Miscellaneous Maintenance	2,686,532	3,138,744	3,174,166	(452,212)	-14%	
Contractual Services	1,552,643	1,084,562	1,168,343	468,081	43%	
Indirect Operating Expenses	909,101	759,521	772,068	149,580	20%	
Administrative	1,968,310	1,875,695	1,552,223	92,615	5%	
Licenses & Permits	181,714	230,283	271,902	(48,569)	-21%	
Depreciation	3,393,669	3,385,991	3,288,563	7,678	0%	
Total Operating Expenses	30,753,972	28,718,413	26,892,025	2,035,559	7%	
Operating Income/(Loss)	(1,633,373)	(1,870,881)	(1,068,766)	237,508	-13%	
WW Non-Operating Revenue/(Expenses)						
County Appropriation	(450,000)	(450,000)	(450,000)	-	0%	
Interest Income	2,591,885	493,371	327,698	2,098,514	425%	
Interest Expense	(260,210)	(158,068)	(179,096)	(102,142)	-65%	
Principal Forgiveness	-	2,000,000	-	(2,000,000)	-100%	
Amortization of Bond Issue Costs	-	326,239	-	(326,239)	-100%	
Change in Pension Obligation	1,162,253	(1,155,570)	2,459,562	2,317,823	201%	
Change in OPEB Obligation	337,797	696,371	(3,602,434)	(358,574)	51%	
Pension Adjustment	(4,382)	-	-	(4,382)	-100%	
Total Non-Operating Revenue/(Expenses)	3,377,343	1,752,343	(1,444,270)	1,625,000	93%	
NET INCOME/(LOSS)	\$ 1,743,970	\$ (118,538)	\$ (2,513,036)	\$ 1,862,508	-1571%	





Operating Loss decreased \$238,000 resulting from increased operating revenue of \$2.27 million which was partially offset by an increase operating expenses of \$2.04 million and 8%.

The user fee is the primary revenue source for the wastewater division and supports the expenses as follows: \$23,028,924 for operating expenses, and \$2,092,764 for annual debt service. The user fee charged to the participants increased \$1,860,866 as compared to 2022. 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 and 2023.

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. There was no grant income in 2023. Other Income increased \$379,000 to \$1.5 million in 2023. Significant changes are explained following the chart:

	2023 - 2022				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
Operating Service	\$ 1,171,073	\$ 836,500	\$ 954,897	\$ 334,572	40%
Rental	185,009	163,404	150,267	21,605	13%
Lab	127,041	126,889	108,852	152	0%
Miscellaneous	35,652	12,407	128,649	23,245	187%
Truck Wash Revenue	22,388	20,204	17,890	2,184	11%
Permits	8,746	11,431	9,988	(2,685)	-23%
Solar Renewable Energy Credits	-	-	35,754	-	0%
Total Other Income	\$ 1,549,909	\$ 1,170,836	\$ 1,406,297	\$ 379,073	32%

Operating service income represents pump station maintenance, repairs and parts for customers, fuel sales, grease inspections and hauling revenue. The increase is primarily due to an increase in pump station maintenance, repair and parts activity for existing

customers. Rental income increased \$22,000 and reflects current lease agreements with existing customers. Miscellaneous Income increased \$23,000 due to the sale of surplus equipment and insurance reimbursements. The remaining other income categories did not have significant changes or impacts to the overall revenue of the division.

Operating expenses increased \$2.0 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, Chemicals, Fuel, Contractual Services and Indirect Operating Expenses. Salaries increased \$676,000 due to annual increases and personnel changes as well as increased overtime worked due to extended absences and emergency repair work. Employee Benefits increased \$633,000 due to a combination of an increase of \$459,000 in the cost of health benefits, net of employee contributions, an increase of \$105,000 in the annual pension assessment from the New Jersey Division of Pensions and Benefits and increased employer taxes and other insurances. Chemical expenses increased \$463,000 due to an emergency with the dewatering centrifuges that required portable equipment to be rented that used significantly more chemicals than is typical and also used more expensive chemicals than are normally used. Fuel Expenses increased \$149,000 due to price increases experienced in 2022 that remained into 2023. Contractual Services increased \$468,000 due to additional repairs needed for TAS and centrifuges, additional HVAC repairs and maintenance, underwater pipe inspections and additional furnace consulting services. Indirect Operating Expenses increased \$150,000 primarily due to tip fees related to excessive grit removal experienced during the dewatering emergency and additional expenses associated with vehicle maintenance and safety equipment.

Significant decreases were seen in Power & Utilities and Supplies & Miscellaneous Maintenance Expenses. Power & Utilities decreased \$102,000 due to a reduction in electricity expense because the dewatering centrifuges were offline for a portion of 2023. The centrifuges use a significant amount of electricity. Supplies & Miscellaneous Maintenance Expenses decreased \$452,000, of which \$353,000 are a direct result of the annual GAAP adjustment. Additionally, two pump stations required extensive repairs during the year.

The division experienced modest increases in Administrative Expenses and Depreciation and a modest decrease in Licenses & Permits.

Total Operating Expenses exceeded Total Operating revenues by \$1,633,000.

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 \$3.4 million in additional revenue as compared to 2022 which resulted in additional revenue of \$1.8 million. The County Appropriation remained the same at \$450,000 per division. Interest income increased \$2.1 million due to increased interest rates and more cash on hand in 2023. Interest Expense increased \$102,000 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 which were not seen in 2023. Changes in Pension and OPEB Obligations represent over \$1.9 million in additional non-cash revenue and are a function of actuarial assumptions used. Finally, there was a pension adjustment for retroactive obligations.

The County requested \$500,000 per year for five years be paid towards Economic Development initiatives to 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 2023 the Wastewater Division was responsible for \$450,000 of the \$900,000 due for both initiatives.

Total 2023 Revenues exceeded Expenses by \$1,743,970, the Net Income 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.

	2023-2022				
	2023	2022	2021	Cash Flow Incr/(Decr)	% Change
Cash Flows from Operating Activities					
Receipts from Customers and Users	\$ 28,489,771	\$ 27,798,368	\$ 25,136,627	\$ 691,403	2%
Payments to Employees	(8,832,171)	(8,173,312)	(7,548,797)	(658,859)	-8%
Payments to Suppliers	(19,357,665)	(14,502,059)	(16,079,975)	(4,855,606)	-33%
Net Cash Provided by Operating Activities	299,935	5,122,997	1,507,855	(4,823,062)	-94%
Cash Flows from Noncapital Financing Activities					
Transfers from/(to) Other Funds	(1,948,968)	28,139	(23,103)	(1,977,107)	7026%
Cash Flows from Capital and Related Financing Activities					
Purchase of Capital Assets	(2,538,877)	(905,864)	(8,648,415)	(1,633,013)	-180%
Principal Paid on Debt	(1,870,106)	(1,818,364)	(1,751,752)	(51,742)	-3%
Interest Paid on Debt	(222,658)	(166,401)	(188,164)	(56,257)	-34%
Proceeds from Issuance of Debt	7,332,152	2,444,050	-	4,888,102	100%
Net Cash Used by Capital and Financing	2,700,511	(446,579)	(10,588,331)	3,147,090	705%
Cash Flows from Investing Activities					
Interest Income	2,424,796	237,102	339,845	2,187,694	923%
County Appropriation	(450,000)	(450,000)	(450,000)	-	0%
Transferred from/(to) Investments	1,218,392	(34,858,875)	17,792,180	36,077,267	103%
Net Cash Provided/(Used) by Investing Activities	3,193,188	(35,071,773)	17,682,025	38,264,961	109%
Net Increase/(Decrease) in Cash and Cash Equivalents	4,244,666	(30,367,216)	8,578,446	34,611,882	114%
Cash and Cash Equivalents, January 1	10,366,480	40,733,696	32,155,250	(30,367,216)	-75%
Cash and Cash Equivalents, December 31	\$ 14,611,146	\$ 10,366,480	\$ 40,733,696	\$ 4,244,666	41%

The Operating Activities represent the revenue-generating activities of the Division and resulted in a net cash increase of \$300,000. This is the result of payments to employees and suppliers offset by revenue cash receipts from customers.

The Capital and Financing Activities represent capital asset purchases, dispositions and loan activity for the year. These transactions resulted in a net cash increase of \$2.7

million. The division invested \$2.5 million to acquire capital assets and paid \$2.1 million in principal and interest on loans. There was a long-term borrowing in 2022 for \$9.5 million, of which \$7.3 million was received in January 2023.

The Investing Activities resulted in a net cash increase of \$3.2 million and represents the purchase and sale of investments, interest income and contributions to county-wide initiatives. Interest income generated \$2.4 million, the investment in county-wide initiatives was \$450,000 as previously explained and the transfer from Cash to Investments was \$1.2 million.

The Net Increase in Cash and Cash Equivalents for the 2023 year is \$4,245,000 leaving a balance of \$14,611,000 on December 31, 2023.

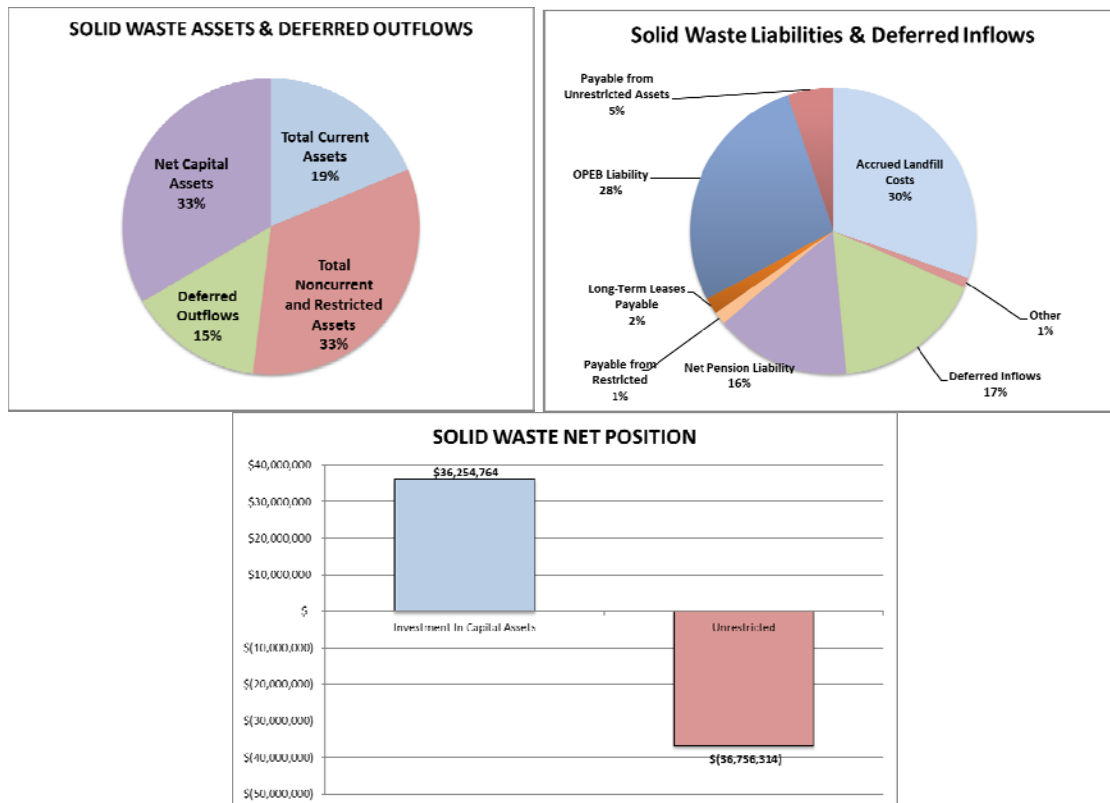
Solid Waste Division

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 Total Liabilities and Deferred Inflows exceeded Assets and Deferred Outflows by over \$523,000, which is a reduction of \$2.5 million as compared to 2022 when Assets and Deferred Outflows exceeded Liabilities and Deferred Inflows by more than \$1.9 million.

Below is a synopsis of the Solid Waste Division's 2023 Balance Sheet with a comparison to the last two years:

					2023-2022	
	2023	2022	2021	\$ Change	% Change	
Total Current Assets	\$ 22,317,054	\$ 22,117,703	\$ 21,975,441	\$ 199,351	1%	
Total Noncurrent & Restricted Assets	39,603,116	36,185,055	33,779,258	3,418,061	9%	
Capital Assets, Net of Depreciation	39,864,764	48,997,013	53,533,529	(9,132,249)	-19%	
Deferred Outflow Related to Pensions & OPEB	17,454,466	16,832,650	17,408,794	621,816	4%	
TOTAL ASSETS & DEFERRED OUTFLOWS	119,239,400	124,132,421	126,697,022	(4,893,021)	-4%	
Total Liabilities Payable from Unrestricted Assets	\$ 6,127,488	\$ 6,842,274	\$ 5,193,750	\$ (714,786)	-10%	
Total Liabilities Payable from Restricted Assets	1,706,129	2,309,920	2,584,802	(603,791)	-26%	
Total Noncurrent Liabilities Payable from Restricted	38,525,538	38,492,890	38,622,572	32,648	0%	
Other Non-Current Liabilities	53,002,745	53,346,352	52,512,500	(343,607)	-1%	
Total Deferred Inflows Related to Pensions & OPEB	20,401,022	21,148,119	23,312,954	(747,097)	-4%	
TOTAL LIABILITIES & DEFERRED INFLOWS	119,762,922	122,139,555	122,226,579	(2,376,633)	-2%	
Invested in Capital Assets, Net Debt	36,254,764	43,282,013	48,113,529	(7,027,249)	-16%	
Unrestricted	(36,778,286)	(41,289,147)	(43,643,085)	4,510,861	-11%	
TOTAL NET POSITION	\$ (523,522)	\$ 1,992,866	\$ 4,470,444	\$ (2,516,388)	-126%	
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 119,239,400	\$ 124,132,421	\$ 126,697,022	\$ (4,893,021)	-4%	



The Solid Waste Division's Total Assets and Deferred Outflows are \$119,239,000, a decrease of \$4.9 million from 2022.

Current Assets increased \$199,000. Cash & Investments increased \$2.1 million which is offset by a decrease of \$1.9 million in Intercompany Accounts because a deposit for \$2.1 million is due to Wastewater as of December 31st. Accrued Interest Receivable increased \$34,000 because interest rates remained strong in 2023 and there was more cash on hand during the year. Accounts Receivable increased slightly and is \$5.3 million both years.

Restricted and Noncurrent Assets increased \$3.4 million and 9%. Cash and Investments increased \$3.2 million primarily due to capital funds saved during 2022 and 2023 for the contract awarded in December 2023 for \$18.1 million for Phase 3 of the MSE wall. Amounts held by the state of New Jersey remained flat at approximately \$30.6 million. Accrued Interest Receivable Increased \$57,000 due to having more cash on hand in 2023 and because interest rates remained strong during the year.

Capital Assets increased over \$1.6 million and include a new HVAC system for the Geo Building, three new collection vehicles, improvements to the landfill gas collection system and other Egg Harbor Township campus improvements. There were \$580,000 in assets taken out of service during the year and sold on GovDeals.com. Accumulated Depreciation increased \$10.8 million and 8% and is due to normal depreciation expense plus \$7.5 million which represents a full year of depreciation on Phase 2 of the Cell Wall that only has a two-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 decreased \$1.7 million to \$1.9 million. The decrease is primarily due to the actuarial assumptions used to calculate pension obligations. Deferred Outflows Related to OPEB increased \$2.3 million to \$15.6 million also due to the actuarial assumptions used to calculate OPEB obligations.

Total Liabilities and Deferred Inflows decreased \$4.9 million to \$119.2 million. Current Liabilities Payable from Unrestricted Assets decreased \$715,000 and 10%. Accounts Payable decreased \$1.7 million primarily due to the timing of payments made to vendors and because the GAAP adjustment for 2023 resulted in a decrease in Accounts Payable of \$367,000. Customer Deposits increased \$20,000 and represent cash on deposit for customers to draw down as they use services. Pension Payable increased \$939,000 to \$2,589,000 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, 2023. There was \$272,000 due in 2023 whereas there was \$157,000 due in 2022.

The Authority has four capital leases for the purchase of vehicles and equipment. There are \$3.6 million in leases payable as of December 31, 2023, of which \$1.4 million are current liabilities. Accrued Interest in the amount of \$29,400 is \$19,000 less than 2022 in accordance with lease payment schedules. There were no new leases in 2023.

Accrued Landfill Closure and Post-Closure costs increased \$1.4 million. 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 \$23.4 million, an increase of \$1.9 million from 2022. The PPL Closure Liability is \$12,893,000 and decreased \$464,000 due to closure expenses incurred in 2023 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, 2023 is \$23,427,000. The percent of cumulative landfill capacity utilized as of December 31, 2023, according to the consulting engineer report is 82.6%, up from 78.4% in 2022. This increase is the result of 327,000 current year tons of waste accepted, plus 130,000 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 \$12.9 million and are fully funded. The ACUA Landfill Post-Closure Costs are estimated to be \$23.4 million and \$12.9 million is funded. Both are shown in the Noncurrent Assets of the Authority.

Accrued Absences increased \$18,000 to \$576,000 which represents the value associated with vacation and compensatory time earned by employees. Other Non-Current Liabilities include an accrual for expected future Post Retirement Benefit costs in the amount of \$800,000. This balance represents additional funds set aside by the Authority for Other Post-Employment Benefits.

The Net Pension Liability is required as part of the implementation of GASB 68 and represents an actuarial estimate of the current liability for future pension expenses. The Net Pension Liability decreased \$1.2 million and 6% to \$18.4 million in 2023. The decrease is almost entirely attributable to actuarial estimates used as well as the pro-rata split between the two divisions. 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 \$33.2 million and increased \$856,000 from 2022. The increase is almost entirely attributable to changes in actuarial assumptions used to calculate OPEB obligations.

Deferred Inflows Related to Pensions decreased \$1.9 million and Deferred Inflows Related to OPEB increased \$1.1 million due to changes in actuarial assumptions used to calculate pension and OPEB obligations.

The Division's Net Position of negative \$523,521 is comprised of the following:

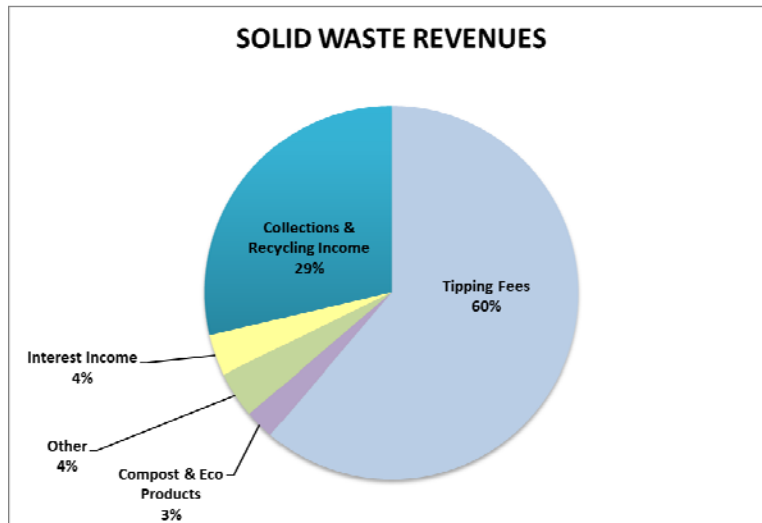
- (1) Capital Assets are \$36,254,764 and include Property, Plant and Equipment, net of Accumulated Depreciation.
- (2) Unrestricted Net Position increased \$4.5 million to negative \$36,778,285 and represents the Net Position available to maintain the Authority's continuing obligations to the Authority's 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.

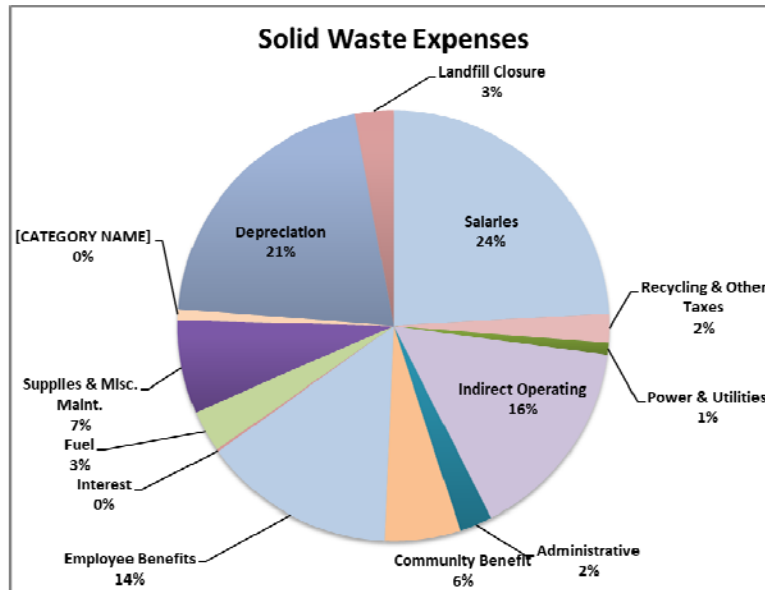
Comparative Statement of Revenues, Expenses, and Changes in Net Position

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, roughly \$39,000 more than 2022.

Below is a synopsis of the Solid Waste Division's 2023 Statement of Revenues, Expenses and Changes in Net Position with a comparison to the last two years:

	2023-2022				
	2023	2022	2021	\$ Change	% Change
SW Revenue					
Tipping Fee	\$ 30,462,001	\$ 28,156,364	\$ 26,996,524	\$ 2,305,637	8%
Collections & Recycling	14,278,253	14,400,030	14,035,073	(121,777)	-1%
Grant Income	517,680	446,646	455,026	71,034	16%
Composting & Eco Product Income	1,253,407	1,227,097	1,266,609	26,310	2%
Other	1,440,578	1,554,581	1,217,732	(114,003)	-7%
Total Revenue	47,951,919	45,784,718	43,970,964	2,167,201	5%
SW Operating Expenses					
Salaries	13,105,567	13,295,844	12,140,180	(190,277)	-1%
Employee Benefits	7,809,457	7,363,143	7,126,632	446,314	6%
Power & Utilities	492,562	459,468	498,012	33,094	7%
Fuel	1,723,467	2,091,630	1,498,855	(368,163)	-18%
Supplies & Miscellaneous Maintenance	3,783,216	4,021,905	3,103,349	(238,689)	-6%
Indirect Operating Expenses	8,354,537	7,439,271	7,266,625	915,266	12%
Administrative	1,341,915	1,290,185	1,067,252	51,730	4%
Host Community Benefit Fee	3,086,646	2,899,753	2,784,763	186,893	6%
Recycling & Other Taxes	1,152,963	1,170,604	1,177,134	(17,641)	-2%
Bad Debt Expense	-	-	32,906	-	0%
Depreciation	11,355,582	7,691,237	9,568,239	3,664,345	48%
Total Operating Expenses	52,205,912	47,723,040	46,263,947	4,482,872	9%
Operating Income	(4,253,993)	(1,938,322)	(2,292,983)	(2,315,671)	119%
SW Non-Operating Revenue/(Expenses)					
County Appropriation	(450,000)	(450,000)	(450,000)	-	0%
Interest Income	1,769,876	505,862	653,925	1,264,014	250%
Interest Expense	(96,217)	(114,661)	(120,374)	18,444	16%
Change in Pension Obligation	1,730,429	(460,931)	2,154,640	2,191,360	475%
Change in OPEB Obligation	337,797	696,370	1,649,455	(358,573)	51%
Gain on Sale of Fixed Asset	19,000	20,580	45,100	(1,580)	-8%
Adjustment to landfill closure and post-closure care cost	(1,567,057)	(736,476)	(640,034)	(830,581)	-113%
Pension Adjustment	(6,222)	-	-	(6,222)	-100%
Total Non-Operating Revenue/(Expenses)	1,737,606	(539,256)	3,292,712	2,276,862	422%
NET INCOME	\$ (2,516,387)	\$ (2,477,578)	\$ 999,729	\$ (38,809)	2%





Tip Fees increased \$2.3 million and 8% primarily due to an 11% increase in fees budgeted for 2023 coupled with fewer tons received in 2023. Recycling market revenue and revenue from collection contracts decreased modestly \$122,000 and 1%. Grant income increased \$71,000 and is a combination of increased tonnage grant from the State of New Jersey combined with a reduction for a one-time LEAP grant received in 2022. Compost and Eco Product remained consistent at over \$1.2 million. Other Income decreased over \$114,000 due to several factors as shown below. Significant changes are explained following the chart:

	2023 - 2022				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
Rental Income	\$ 275,859	\$ 270,450	\$ 256,389	\$ 5,409	2%
PPL Reimbursement	253,169	247,322	242,340	5,847	2%
CNG Tax Rebate	230,969	207,089	175,458	23,880	12%
Landfill Gas to Energy	205,221	204,003	180,538	1,218	1%
Clean Energy/CNG Revenue	193,228	261,653	102,675	(68,425)	-26%
Fuel Sales	152,072	167,556	87,083	(15,484)	-9%
Miscellaneous	96,836	66,915	25,458	29,921	45%
Insurance Reimbursements	33,224	90,528	147,792	(57,304)	-63%
FEMA Reimbursement	-	39,065	-	(39,065)	-100%
Total Other Income	\$1,440,578	\$1,554,581	\$1,217,732	\$ (114,004)	-7%

Clean Energy built the Authority's CNG station and provides billing and operations and maintenance for the station. The CNG IRS Tax Rebate is equal to \$0.50 per gallon equivalent CNG dispensed from the Authority's CNG station. The increase of \$23,880 represents an additional 41,768 gallons dispensed in 2023 as compared to 2022. The decrease in Clean Energy/CNG sales is due to 2022 being higher than average because 2021 billing adjustments were not recorded until 2022. The 2023 revenue is slightly higher than the three-year average. 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 \$205,000 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. Insurance Reimbursements decreased \$57,000 and are unique to the year the incidents occurred with 2021 and 2022 having significantly more activity than 2023. The FEMA revenue in 2022 was for personal protective equipment purchased during the Covid-19 pandemic that was eligible for reimbursement.

Operating Expenses increased \$4.5 million which is the net result of increases and decreases among significant operating items.

Employee Benefits, Indirect Operating Expenses, Host Community Benefit Fee and Depreciation experienced significant increases. Employee Benefits increased \$446,000 primarily due to an increase of \$387,000 in the cost of health benefits, net of employee contributions, and an increase of \$47,000 in the annual pension assessment from the New Jersey Division of Pensions and Benefits. Indirect Operating Expenses increased \$915,000 and 12% due in part to the following: \$127,000 increase in NJDEP fees for compliance and enforcement and because tip fees increased during the year; \$403,000 increase in cover material because active landfilling was done on side slopes in 2023 which requires more clean fill than other areas; and, hazardous waste disposal increased \$127,000 because the cost per pound increased 116%, from \$0.74 in 2022 to \$1.60 in 2023. Host Community Benefit Fee increased \$187,000 due to an 8% increase in the fee paid to Egg Harbor Township. Depreciation increased \$3.7 million due to a full year of depreciation on Phase 2 of the MSW wall recognized for \$7.5 million in 2023 as compared to a half-year recognized in 2022. Power and Utilities and Administrative Expenses had modest increases.

Salaries, Fuel and Supplies and Miscellaneous Maintenance had significant decreases. Salaries decreased \$190,000 primarily due to reduced overtime expenses in 2023. In 2022 employee shortages related to Covid-19 required significant overtime, especially in collections. Fuel decreased \$368,000 because of significant price increases in fuel costs in 2022 related to Covid-19 that came down in 2023. Supplies and Miscellaneous Maintenance decreased \$239,000 of which \$367,000 is a direct result of the GAAP adjustment which was offset by significant increases in vehicle repair costs, primarily heavy landfill equipment. Recycling and Other Taxes had a modest decrease.

Total Operating Expenses exceeded Total Operating Revenue resulting in an operating loss of \$4,254,000 for 2023 versus an operating loss of \$1,938,000 in 2022.

Total Net Non-Operating Income is \$1.7 million in 2023 compared to Net Non-Operating Expense of \$539,000 in 2022, an increase of \$2.3 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 increased \$1.3 million due to a combination of higher interest rates coupled with more cash on hand to pay for the contract awarded in December 2023 for Phase III of the MSE wall. Interest Expense decreased \$18,000 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 \$235,000 in revenue in 2022 compared to \$2.1 million in revenue in 2023, an increase of over \$1.8 million. The increase is a function of actuarial assumptions used. Gain on Sale of fixed assets is \$19,000 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 \$1.6 million for 2023 as compared to \$736,000 in 2022. Finally, there was a pension adjustment for retroactive obligations.

Net Loss for 2023 is \$2.5 million which is flat when compared to 2022. 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.

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2023-2022</u>	
				<u>\$ Change</u>	<u>% Change</u>
Cash Flows from Operating Activities					
Receipts from Customers and Users	\$ 48,195,539	\$ 44,821,245	\$ 43,401,475	\$ 3,374,294	8%
Payments to Employees	(13,087,347)	(13,295,844)	(12,140,180)	208,497	2%
Payments to Suppliers	(28,492,697)	(25,767,396)	(23,244,283)	(2,725,301)	-11%
Net Cash Provided by Operating Activities	6,615,495	5,758,005	8,017,012	857,490	15%
Cash Flows from Noncapital Financing Activities					
Transfers (to)/from Other Funds	1,948,968	(28,139)	23,103	1,977,107	-7026%
Cash Flows from Capital and Related Financing Activities					
Purchase of Capital Assets	(1,643,064)	696,370	(17,067,564)	(2,339,434)	336%
Capital Lease Payments	(2,105,000)	(1,705,000)	(1,705,000)	(400,000)	0%
Interest Paid on Debt	(115,227)	(94,890)	(128,346)	(20,337)	-21%
Gain on Sale of Fixed Assets	19,000	20,580	45,100	(1,580)	-8%
Net Cash Used by Capital and Financing	(3,844,291)	(1,082,940)	(18,855,810)	(2,761,351)	-255%
Cash Flows from Investing Activities					
Interest Income	1,679,310	376,307	647,687	1,303,003	346%
County Appropriation	(450,000)	(450,000)	(450,000)	-	0%
Transferred from Investments	(4,664,932)	(12,233,818)	7,138,701	7,568,886	62%
Net Cash Provided by Investing Activities	(3,435,622)	(12,307,511)	7,336,388	8,871,889	72%
Net Increase (decrease) in Cash and Cash Equivalents	1,284,550	(7,660,585)	(3,479,307)	8,945,135	117%
Cash and Cash Equivalents, January 1	9,290,879	16,951,465	20,430,771	(7,660,586)	-45%
Cash and Cash Equivalents, December 31	\$ 10,575,429	\$ 9,290,880	\$ 16,951,465	\$ 1,284,550	14%

The Operating Activities represent the revenue-generating activities of the Division and resulted in a net cash increase of \$6.6 million, \$857,000 more than 2022. Receipts from Customers increased \$3.4 million and Payments to Employees decreased \$208,000. These were offset by an increase in Payments to Suppliers of \$2.7 million.

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 \$3.8 million. The division invested \$1.6 million to acquire capital assets in 2023. Lease Payments totaled \$2.2 million and there was a gain on the disposition of assets of \$19,000 in 2023.

The Investing Activities represent the purchase and sale of investments, interest income and contributions to county-wide initiatives. Interest income generated \$1.7 million in 2023, \$1.3 million more than 2022 because there was more cash available due to saving for Phase III of the MSE wall and because rates remained strong during the year. The investment in county-wide initiatives remained the same at \$450,000. \$4.7 million was transferred from Cash to Investments to take advantage of higher interest rates in 2023.

The Net Increase in Cash and Cash Equivalents in 2023 is \$1,285,000 leaving a balance of \$10,575,000 on December 31, 2023.

Core Competencies

Wastewater Division

The Wastewater Division provides wastewater conveyance and treatment (the System) under contracts with 14 municipalities, authorities and state-regulated public utilities within Atlantic County (collectively, the Participants). 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 Participants 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 2023 approximately 327,000 tons of waste came in compared to approximately 314,000 tons in 2022.

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 37,000 tons of recyclable materials were collected in 2023 as compared to 36,000 in 2022.

The Authority's compost operation processes leaves, grass clippings, tree branches, clean wood, brush and Christmas trees. In 2023, 28,000 tons of yard waste were processed as compared to 25,000 in 2022. 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 28 pieces of specialized heavy equipment are maintained and serviced. In addition to a CNG fueling station open to the public, the Authority now has 63 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, 2023 were:

Marvin E. Embry, Chairman
Fred Akers, Vice Chairman
Laura Pfrommer, Treasurer
Maria Mento, Assistant Treasurer
Andrew G. Berenato III, Member
Frank Formica, Member
Judy Ward, Member

Dennis Levinson, County Executive, Ex Officio

Management of the Authority

Matthew DeNafo, President
Linda Bazemore, VP of Administration and Finance/CFO
Gary Conover, VP – Solid Waste Division
Joseph Pantalone, VP – Wastewater Division
Thomas Ganard, Chief Engineer
James Rocco, 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, 2023 AND 2022

	2023		
	Wastewater Division	Solid Waste Division	Total
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 2,679,924	\$ 6,494,560	\$ 9,174,484
Investments	33,688,119	11,627,872	45,315,991
Accrued Interest Receivable	409,508	210,370	619,878
Accounts Receivable (net of Allowance \$63,615 and \$63,615 in 2023 and 2022 respectively)	874,703	5,040,034	5,914,737
Accounts Receivable - other	313,007	292,578	605,585
Internal Accounts	1,348,360	(1,348,360)	-
Total Current Assets	39,313,621	22,317,054	61,630,675
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	11,931,222	4,080,869	16,012,091
Investments	5,651,525	4,726,100	10,377,625
Amounts Held by State of New Jersey		30,652,103	30,652,103
Accrued Interest Receivable	24,781	144,044	168,825
Loans Receivable	-	-	-
Total Noncurrent Assets	17,607,528	39,603,116	57,210,644
Capital Assets:			
Property, Plant and Equipment	258,860,283	187,118,341	445,978,624
Less: Accumulated Depreciation	(194,127,709)	(147,253,577)	(341,381,286)
Net Capital Assets	64,732,574	39,864,764	104,597,338
TOTAL ASSETS	121,653,723	101,784,934	223,438,657
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred outflows related to pensions	1,395,311	1,878,529	3,273,840
Deferred outflows related to OPEB	15,575,938	15,575,937	31,151,875
Total deferred outflows of resources	16,971,249	17,454,466	34,425,715
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 138,624,972	\$ 119,239,400	\$ 257,864,372
			\$ 263,111,591

ATLANTIC COUNTY UTILITIES AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2023 AND 2022

	2023		
	Wastewater Division	Solid Waste Division	Total
LIABILITIES			
Current Liabilities Payable from Current Assets:			
Accounts Payable	\$ 2,612,650	\$ 3,243,687	\$ 5,856,337
Customer Deposits	-	295,226	295,226
Pension Payable	1,923,049	2,588,575	4,511,624
	4,535,699	6,127,488	10,663,187
Total Current Liabilities Payable from Current Assets			12,544,156
Current Liabilities Payable from Restricted Assets:			
Construction Contracts Payable	300,077	271,747	571,824
Deferred Revenue	30,776	-	30,776
Current Portion of Long - Term Bonds (net of NJIB credits)	1,994,565	-	1,994,565
Current Portion of Long - Term Leases	-	1,405,000	1,405,000
Accrued Interest	98,553	29,382	127,935
	2,423,971	1,706,129	4,130,100
Total Current Liabilities Payable from Restricted Assets:			4,241,027
Noncurrent Liabilities Payable from			
Restricted Assets:			
Long - Term Portion of Bonds Payable (net of NJIB Credits)	19,086,971	-	19,086,971
Long - Term portion of Leases Payable	-	2,205,000	2,205,000
Accrued Landfill Closure and Post - Closure			
Care Cost	-	36,320,538	36,320,538
	19,086,971	38,525,538	57,612,509
Total Noncurrent Liabilities payable from Restricted Assets			34,882,890
			59,574,426
Noncurrent Liabilities:			
Deferred Revenue	104,103		104,103
Accrued Compensated Absences	433,213	575,940	1,009,153
Post Retirement Benefits Payable	535,019	800,000	1,335,019
Net Pension Liability	13,664,638	18,396,924	32,061,562
Net OPEB Liability	33,229,881	33,229,881	66,459,762
	47,966,854	53,002,745	100,969,599
Total Noncurrent Liabilities			100,598,634
TOTAL LIABILITIES	\$ 74,013,495	\$ 99,361,900	\$ 173,375,395
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	894,832	1,204,727	2,099,559
Deferred inflows related to OPEB	19,196,295	19,196,295	38,392,590
	20,091,127	20,401,022	40,492,149
Total deferred outflows of resources			41,384,102
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	94,104,622	119,762,922	213,867,544
			218,342,345

ATLANTIC COUNTY UTILITIES AUTHORITY
(A Component Unit of the County of Atlantic, New Jersey)
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2023 AND 2022

	2023			2022
	Wastewater Division	Solid Waste Division	Total	
NET POSITION				
Investment in Capital Assets, Net of Related Debt				
Restricted for:				
Wastewater:				
Renewal and Replacement	7,000,000		7,000,000	7,000,000
Debt Service Fund	576,691		576,691	481,276
Debt Service Reserve Fund	287,207		287,207	298,902
Unrestricted	(6,859,707)	(36,778,286)	(43,637,993)	(48,793,791)
TOTAL NET POSITION	44,520,350	(523,522)	43,996,828	44,769,246
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 138,624,972</u>	<u>\$ 119,239,400</u>	<u>\$ 257,864,372</u>	<u>\$ 263,111,591</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, 2023 AND 2022

	2023			
	Wastewater Division	Solid Waste Division	Total	2022
Operating Revenues:				
Wastewater				
User Service Agreements:				
Operating	\$ 23,028,924	\$	\$ 23,028,924	\$ 21,442,308
General	2,092,764		2,092,764	1,818,514
Sludge	2,006,142		2,006,142	1,909,106
Septage and Leachate	442,860		442,860	452,624
Grant Income	-		-	54,144
Other	1,549,909		1,549,909	1,170,836
Solid Waste				
Tipping Fees		30,462,001	30,462,001	28,156,364
Collections and Recycling Income		14,278,253	14,278,253	14,400,030
Grant Income		517,680	517,680	446,646
Composting Income		1,253,407	1,253,407	1,227,097
Other		1,440,578	1,440,578	1,554,581
Total Operating Revenues	29,120,599	47,951,919	77,072,518	72,632,250
Operating Expenses:				
Salaries	8,868,744	13,105,567	21,974,311	21,488,880
Employee Benefits	5,559,236	7,809,457	13,368,693	12,289,829
Power and Utilities	2,678,281	492,562	3,170,843	3,240,006
Chemicals	1,521,412		1,521,412	1,058,338
Fuel	1,434,330	1,723,467	3,157,797	3,376,649
Supplies and Miscellaneous Maintenance	2,686,532	3,783,217	6,469,749	7,160,649
Contractual Services	1,552,643		1,552,643	1,084,562
Indirect Operating Expenses	909,101	8,354,537	9,263,638	8,198,792
Administrative	1,968,310	1,341,915	3,310,225	3,165,880
Community Benefit		3,086,646	3,086,646	2,899,753
Recycling and Other Taxes		1,152,963	1,152,963	1,170,604
Licenses and Permits	181,714		181,714	230,283
Depreciation	3,393,669	11,355,582	14,749,251	11,077,228
Total Operating Expenses	30,753,972	52,205,913	82,959,885	76,441,453
Operating Income	(1,633,373)	(4,253,994)	(5,887,367)	(3,809,203)
Non - Operating Revenues / (Expenses):				
County Appropriation	(450,000)	(450,000)	(900,000)	(900,000)
Interest Income	2,591,885	1,769,876	4,361,761	999,233
Interest Expense	(260,210)	(96,217)	(356,427)	(272,729)
Change in Pension obligation	1,162,253	1,730,429	2,892,682	(1,616,501)
Change in OPEB obligation	337,797	337,797	675,594	1,392,741
Loan Forgiveness	-		-	2,000,000
Gain on sale of fixed assets		19,000	19,000	20,580
Adjustment to landfill closure and post closure cost		(1,567,057)	(1,567,057)	(736,476)
Amortization of Bond Issue Costs	-		-	326,239
Pension Adjustment	(4,382)	(6,222)	(10,604)	-
Total Non - Operating Revenues / (Expenses)	3,377,343	1,737,606	5,114,949	1,213,087
Net Income / (Loss)	1,743,970	(2,516,388)	(772,418)	(2,596,116)
Net Position (Deficit), January 1	42,776,380	1,992,866	44,769,246	47,365,362
Net Position (Deficit), December 31	\$ 44,520,350	\$ (523,522)	\$ 43,996,828	\$ 44,769,246

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, 2023 AND 2022

	2023			2022
	Wastewater Division	Solid Waste Division	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers and Users	\$ 28,489,771	\$ 48,195,539	\$ 76,685,310	\$ 72,619,613
Payments to Employees	(8,832,171)	(13,087,347)	(21,919,518)	(21,469,156)
Payments to Suppliers	(19,357,665)	(28,492,697)	(47,850,362)	(40,269,455)
Net Cash Provided by Operating Activities	299,935	6,615,495	6,915,430	10,881,002
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating Subsidies and Transfers to Other Funds	(1,948,968)	1,948,968	-	-
	(1,948,968)	1,948,968	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of Capital Assets	(2,538,877)	(1,643,064)	(4,181,941)	(209,494)
Principal Paid on Capital Debt	(1,870,106)		(1,870,106)	(1,818,364)
Proceeds of Capital Debt	7,332,152		7,332,152	2,444,050
Capital lease payments		(2,105,000)	(2,105,000)	(1,705,000)
Interest Paid on Capital Debt	(222,658)	(115,227)	(337,885)	(261,291)
Gain on sale of fixed assets		19,000	19,000	20,580
Net Cash (Used) by Capital and Related Financing Activities	2,700,511	(3,844,291)	(1,143,780)	(1,529,519)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Income	2,424,796	1,679,310	4,104,106	613,409
County Appropriation	(450,000)	(450,000)	(900,000)	(900,000)
Transferred from/(to) Investments	1,218,392	(4,664,932)	(3,446,540)	(47,092,693)
Net Cash Provided (Used) by Investing Activities	3,193,188	(3,435,622)	(242,434)	(47,379,284)
Net Increase (decrease) in Cash and Cash Equivalents	4,244,666	1,284,550	5,529,216	(38,027,801)
Cash and Cash Equivalents, January 1	10,366,480	9,290,879	19,657,359	57,685,160
Cash and Cash Equivalents, December 31	\$ 14,611,146	\$ 10,575,429	\$ 25,186,575	\$ 19,657,359
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating Income	\$ (1,633,373)	\$ (4,253,994)	\$ (5,887,367)	\$ (3,809,203)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation Expense	3,393,669	11,355,582	14,749,251	11,077,228
(Increase) Decreases in Accounts Receivable	(630,828)	(51,606)	(682,434)	(14,275)
Increase (Decrease) in:				
Accounts and Other Payables	(866,106)	(619,210)	(1,485,316)	3,589,560
Accrued Compensated Absences	36,573	18,220	54,793	19,724
Customer Deposits		295,226	295,226	1,638
Amounts Held by the State		(128,723)	(128,723)	16,330
	\$ 299,935	\$ 6,615,495	\$ 6,915,430	\$ 10,881,002
Unrestricted Cash and Cash Equivalents	\$ 2,679,924	\$ 6,494,560	\$ 9,174,484	\$ 10,802,682
Restricted Cash and Cash Equivalents	11,931,222	4,080,869	16,012,091	8,854,677
	\$ 14,611,146	\$ 10,575,429	\$ 25,186,575	\$ 19,657,359

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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, 2023 AND 2022

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, 2023 AND 2022
(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 100 and related interpretations issued through December 31, 2023. 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 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.

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, 'Certain Risk Disclosures'. This statement is effective for fiscal years beginning after June 15, 2024 and will not have any effect on the Authority's financial reporting.

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, 'Financial Reporting Model Improvements'. This statement is effective for fiscal years beginning after June 15, 2025 and the effect on the Authority's financial reporting is not readily determinable.

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D. CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2023 and 2022, was as follows:

	<u>1/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2023</u>
Wastewater Management Program:				
Capital assets, not being depreciated:				
Land	\$ 12,691,336			12,691,336
Construction in Progress	704,289	2,538,877		3,243,166
Total capital assets not being depreciated	<u>13,395,625</u>	<u>2,538,877</u>	<u>-</u>	<u>15,934,502</u>
Capital assets being depreciated:				
Sewer Mains and Interceptors	92,065,008			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>242,925,781</u>	<u>-</u>	<u>-</u>	<u>242,925,781</u>
Less:				
Accumulated depreciation	190,734,039	3,393,670		194,127,709
Total capital assets being depreciated, net of accumulated depreciation	<u>52,191,742</u>	<u>(3,393,670)</u>	<u>-</u>	<u>48,798,072</u>
Capital Assets, net	<u>\$ 65,587,367</u>	<u>(854,793)</u>	<u>-</u>	<u>64,732,574</u>
	<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>

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	<u>1/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2023</u>
Solid Waste Management Program:				
Capital assets, not being depreciated:				
Land	\$ 14,758,845			14,758,845
Construction in Progress	29,616	158,456	29,616	158,456
Total capital assets not being depreciated	<u>14,788,461</u>	<u>158,456</u>	<u>29,616</u>	<u>14,917,301</u>
Capital assets being depreciated:				
Buildings and building improvements	32,924,122	622,960		33,547,082
Equipment and Vehicles	44,007,305	1,236,945	580,270	44,663,980
Landfill Design & Implementation	90,379,559	234,587		90,614,146
Planning and Design	3,375,832			3,375,832
Total capital assets being depreciated at historical cost	<u>170,686,818</u>	<u>2,094,492</u>	<u>580,270</u>	<u>172,201,040</u>
Less:				
Accumulated depreciation	136,478,266	11,355,581	580,270	147,253,577
Total capital assets being depreciated, net of accumulated depreciation	<u>34,208,552</u>	<u>(9,261,089)</u>	<u>-</u>	<u>24,947,463</u>
Capital Assets, net	<u>\$ 48,997,013</u>	<u>(9,102,633)</u>	<u>29,616</u>	<u>39,864,764</u>

	<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>

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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 2 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, Linwood, Margate, Northfield, Pleasantville, Somers Point, Ventnor, the Borough of Longport, the Township of Galloway Municipal Utilities Authority, the Township of Hamilton Municipal Utilities Authority, the Egg Harbor Township Municipal Utilities Authority, and New Jersey American Water Company (formally the City of Egg Harbor), 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

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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.

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, 2023 are as follows:

	Balance 12/31/2022	Issues or Additions	Payments or Expenditures	Balance 12/31/2023	Amounts Due Within One Year
Compensated Absences	\$ 954,360	\$ 54,793	\$ 1,009,153	\$ -	
Net OPEB Obligation Payable	64,747,604	1,712,158		66,459,762	-
Post-retirement benefits	1,335,019			1,335,019	
Net Pension Liability	33,426,772		1,365,210	32,061,562	-
Deferred Revenue	163,118		28,239	134,879	30,776
Bonds Payable:	22,923,403		1,841,867	21,081,536	1,994,565
Lease Payable	5,715,000		2,105,000	3,610,000	1,405,000
	<u>\$ 129,265,276</u>	<u>\$ 1,766,951</u>	<u>\$ 5,340,316</u>	<u>\$ 125,691,911</u>	<u>\$ 3,430,341</u>

Bonds Payable

At December 31, 2023, 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, 2023 and 2022, is \$274,381 and \$556,628, 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, 2023 and 2022, is \$300,643 and \$441,630, 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, 2023 and 2022, is \$653,073 and \$812,590, 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

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various rates from 0.00% to 5.00% per annum. The balance remaining as of December 31, 2023 and 2022, is \$1,404,625 and \$1,624,562, respectively.

\$1,710,000 New Jersey Environmental Infrastructure Trust Fund Loan Series 2010B, dated December 2010, due in semiannual installments for principal and interest through September 1, 2030, bearing interest at various rates from 0.00% to 5.00% per annum. The balance remaining as of December 31, 2023 and 2022, is \$690,500 and \$781,572, 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, 2023 and 2022, is \$1,029,388 and \$921,071, 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, 2023 and 2022, is \$1,052,044 and \$1,124,498, 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, 2023 and 2022, is \$3,285,108 and \$3,522,977, 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, 2023 and 2022, is \$2,324,348 and \$2,490,388, 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, 2023 and 2022, is \$2,819,343 and \$3,002,019, 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, 2023 and 2022, is \$7,356,401 and \$7,537,152, respectively.

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

Year Ending December 31,	Principal	Interest	Total
2024	\$ 1,994,565	236,526	2,231,091
2025	1,727,086	211,870	1,938,956
2026	1,670,841	190,520	1,861,361
2027	1,648,656	168,945	1,817,601
2028	1,495,883	149,270	1,645,153
2029-33	6,061,905	531,740	6,593,645
2034-38	4,748,095	303,169	5,051,264
2039-42	1,734,505	83,250	1,817,755
	<u>\$ 21,081,536</u>	<u>1,875,290</u>	<u>22,956,826</u>

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Lease Payable

The Authority entered into a lease purchase agreement with TD Equipment Finance, Inc. on October 31, 2018, to lease 11 new garbage trucks and two new Ford F150 trucks. The total lease payable is for \$3,500,000 with a fixed interest rate of 2.91%. The lease matured on 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%; \$1,080,000 is payable as of December 31, 2023. 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%; \$930,000 is payable as of December 31, 2023. 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%; \$1,600,000 is payable as of December 31, 2023. This lease matures February 1, 2027.

The following is a summary of remaining lease payments:

Year Ending December 31,	Principal	Interest	Total
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
	\$ 3,610,000	122,705	3,732,705

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

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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.

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, 2023, the Authority reported a liability of \$32,061,562 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 that was rolled forward to June 30, 2023. 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, 2023, the Authority's proportion was 0.22135276180%, which was a decrease of 0.06% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Authority recognized pension expense of (\$1,689,518). At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 306,550	(131,057)
Changes of assumptions	70,433	(1,943,068)
Net difference between projected and actual earnings on pension plan investments	147,648	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	2,749,209	(25,434)
Total	<u>\$ 3,273,840</u>	<u>(2,099,559)</u>

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

Year ended June 30,		
2024	\$	1,073,357
2025		395,312
2026		27,776
2027		(324,687)
2028		2,523
Total	<u>\$</u>	<u>1,174,281</u>

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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, 2023.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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, 2023. 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)
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(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	\$ 38,185,232	\$ 32,061,562	\$ 26,872,142

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 2023 and 2022 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, 2023 and 2022 totaled \$36,320,538 and \$34,882,890,

ATLANTIC COUNTY UTILITIES AUTHORITY
(A component unit of the County of Atlantic)
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(CONTINUED)

respectively. For the years ended December 31, 2023 and 2022 landfill closure capacity used was 82.6% and 78.4% 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 \$115,755,332 as of December 31, 2023, \$0 was uninsured and uncollateralized.

Investments

At December 31, 2023, 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	\$ 46,209,353	46,209,353	46,209,353	
US Treasury	Aaa	5,494,633	5,482,777	5,482,777	
Cert of Dep.	Not rated	4,000,000	4,001,486	3,750,019	251,467
		<u>\$ 55,703,986</u>	<u>55,693,616</u>	<u>55,442,149</u>	<u>251,467</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, 2023 and 2022, respectively:

	<u>2023</u>	<u>2022</u>
Cash	\$ 8,072,606	401,459
Investments	<u>22,579,497</u>	<u>30,121,921</u>
Total	<u>\$ 30,652,103</u>	<u>30,523,380</u>

The detail of the current year investments for the year ended December 31, 2023 is as follows:

ATLANTIC COUNTY UTILITIES AUTHORITY
(A component unit of the County of Atlantic)
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(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	\$ 22,804,989	22,374,835	2,634,418	12,301,295	7,439,122	-
Corporate Issues	Not rated	204,288	204,662	151,203	-	-	53,459
		<u>\$ 23,009,277</u>	<u>22,579,497</u>	<u>2,785,621</u>	<u>12,301,295</u>	<u>7,439,122</u>	<u>53,459</u>

16. RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables and payables at December 31, 2023 are as follows:

<u>Due to Fund</u>	<u>Due from Fund</u>	<u>Amount</u>
Wastewater Division	Solid Waste Division	\$ 1,348,360
		<u>\$ 1,348,360</u>

Interfunds were created to account for reimbursements due to Wastewater Division from the Solid Waste Division that have not been paid at December 31, 2023.

17. POST EMPLOYMENT HEALTHCARE PLAN

State Health Benefit State Retired Employees Plan

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

ATLANTIC COUNTY UTILITIES AUTHORITY
(A component unit of the County of Atlantic)
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(CONTINUED)

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

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

Net OPEB Liability

The components of the net OPEB liability of the Plan as of June 30, 2023 is as follows:

	Collective Total	Authority Total
Total OPEB Liability	\$ 14,889,576,786	\$ 65,941,767
Plan Fiduciary Net Position (Deficit)	(116,962,691)	(517,995)
Net OPEB Liability	<u>\$ 15,006,539,477</u>	<u>\$ 66,459,762</u>

The total OPEB liability as of December 31, 2023 was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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

<u>PERS</u>
2.75% to 6.55%
based on service years

Salary increases are based on years of service.

Mortality Rates

Mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the PERS experience studies for the period July 1, 2019 to June 30, 2022.

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

ATLANTIC COUNTY UTILITIES AUTHORITY
(A component unit of the County of Atlantic)
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(CONTINUED)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.5% and decreases to a 4.5% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026, and decreases to 4.5% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026, and decreases to 4.5% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.5% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65%. 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 the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability as of June 20, 2023, respectively, calculated using a discount rate as disclosed above as well as what the total nonemployer OPEB would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability:			
(Collective Total) \$	17,382,355,978 \$	15,006,539,477 \$	13,095,561,553
(Authority Retirees) \$	76,981,588 \$	66,459,762 \$	57,996,576

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability as of June 30, 2023, calculated using the healthcare trend rate as disclosed above as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability:			
(Collective Total) \$	12,753,792,805 \$	15,006,539,477 \$	17,890,743,651
(Authority Retirees) \$	56,482,978 \$	66,459,762 \$	79,233,095

ATLANTIC COUNTY UTILITIES AUTHORITY
(A component unit of the County of Atlantic)
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(CONTINUED)

Changes in the Total OPEB Liability reported by the State of New Jersey

	Collective Total
Balance at 6/30/22 (Based on 6/30/2021 measurement date) \$	16,149,595,478
Changes for the year:	
Service cost	597,135,801
Interest	581,375,849
Changes in Benefit Terms	23,039,435
Differences between Expected & Actual Experiences	(2,123,324,632)
Changes in assumptions	255,103,873
Gross Benefit Payments	
Contributions	(487,001,159)
Net Investment Income	(2,001,914)
Contributions: Member	
Administrative Expense	12,616,746
Net changes	(1,143,056,001)
Balance at 6/30/23 (Based on 6/30/2022 measurement date) \$	<u>15,006,539,477</u>

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

For the year ended December 31, 2023, the Authority recognized OPEB expense of (\$675,594) determined by the State.

	Collective Total
Service cost	\$ 597,135,801
Interest on Total OPEB Liability	581,375,849
Expected Investment Return	3,134,857
Administrative Expense	12,616,744
Changes in assumptions	23,039,435
Gross Benefit Payments	
Current Period Recognition of Deferred Inflows and Outflows:	
Differences between expected & actual experience	(899,529,226)
Changes in Assumptions	(803,252,884)
Differences between projected and actual investment earnings on OPEB plan investments	1,590,849
Total OPEB (Benefit) Expense	<u>\$ (483,888,575)</u>

ATLANTIC COUNTY UTILITIES AUTHORITY
(A component unit of the County of Atlantic)
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(CONTINUED)

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to retired Authority employees' OPEB from the following sources:

	<u>Collective Totals</u>		<u>Authority Totals</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 692,024,174	\$ (4,075,285,752)	\$ 3,064,781	\$ (18,048,300)
Changes of Assumptions	1,943,909,895	(4,241,868,248)	8,609,033	(18,786,047)
Differences between projected and actual Investment earnings		(2,476,129)		(10,966)
Changes in Proportions	6,497,590,422	(6,497,590,422)	19,478,061	(1,547,277)
	<u>\$ 9,133,524,491</u>	<u>(14,817,220,551)</u>	<u>31,151,875</u>	<u>(38,392,590)</u>

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

<u>Year Ended June 30,</u>	<u>Collective Totals</u>	<u>Authority Total</u>
2024	\$ (1,702,483,126)	\$ (2,168,870)
2025	(1,394,440,795)	(1,776,441)
2026	(754,368,466)	(961,024)
2027	(353,621,247)	(450,494)
2028	(713,799,887)	(909,342)
Thereafter	<u>(764,982,539)</u>	<u>(974,546)</u>
	<u>\$ (5,683,696,060)</u>	<u>\$ (7,240,715)</u>

18. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events for potential recognition and/or disclosure through November 13, 2024, 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,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability (asset)	0.2214%	0.2215%	0.21309%	0.20016%	0.18803%	0.18872%	0.17956%	0.18174%	0.18177%	0.17659%
Authority's proportionate of the net pension liability (asset)	\$ 32,061,562	\$ 33,426,772	\$ 25,243,959	\$ 32,640,095	\$ 33,880,857	\$ 37,158,319	\$ 41,803,959	\$ 53,824,768	\$ 40,804,441	\$ 33,062,762
Authority's covered payroll	\$ 16,781,698	\$ 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
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	191.05%	204.62%	165.23%	224.99%	259.76%	289.98%	336.27%	437.17%	326.89%	274.35%
Plan fiduciary net position as a percentage of the total pension liability	65.23%	62.91%	70.33%	58.51%	56.57%	53.60%	48.10%	40.14%	47.93%	52.08%

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,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,958,440	\$ 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
Contributions in relation to the contractually required contribution	2,958,440	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
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 16,781,698	\$ 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
Contributions as a percentage of covered-employee payroll	17.63%	15.28%	16.33%	15.09%	14.02%	14.65%	13.38%	13.11%	12.52%	12.08%

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 Eight Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016
Authority's proportion of the net OPEB liability (asset)	0.442872%	0.400924%	0.406448%	0.371403%	0.326826%	0.317680%	0.304051%	0.313885%
Authority's proportionate of the net OPEB liability (asset)	\$ 66,459,762.00	\$ 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	16,781,698.00	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	396.03%	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	-0.79%	-0.36%	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 eight years.

Additional years will be presented as they become available.

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OTHER SUPPLEMENTARY INFORMATION

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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, 2023, 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 November 13, 2024.

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**

November 13, 2024

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, 2023 AND 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current Assets:		
Cash and Cash Equivalents	\$ 2,679,924	\$ 6,283,363
Investments	33,688,119	32,356,931
Accrued Interest Receivable	409,508	209,324
Accounts Receivable	874,703	408,945
Accounts Receivable - Other	313,007	147,937
Due from Solid Waste Division	1,348,360	-
	<hr/>	<hr/>
Total Current Assets	39,313,621	39,406,500
Noncurrent Assets:		
Restricted Assets:		
Cash and Cash Equivalents	11,931,222	4,083,117
Investments	5,651,525	7,339,807
Accrued Interest Receivable	24,781	57,876
Loans Receivable	-	7,332,152
	<hr/>	<hr/>
Total Noncurrent Assets	17,607,528	18,812,952
Capital Assets:		
Property, Plant and Equipment	258,860,283	256,321,406
Less: Accumulated Depreciation	(194,127,709)	(190,734,039)
	<hr/>	<hr/>
Net Capital Assets	64,732,574	65,587,367
	<hr/>	<hr/>
TOTAL ASSETS	\$ 121,653,723	\$ 123,806,819

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, 2023 AND 2022

<u>LIABILITIES</u>	<u>2023</u>	<u>2022</u>
Current Liabilities Payable from Current Assets:		
Accounts Payable	\$ 2,576,617	\$ 3,681,972
Due to Solid Waste Division	-	600,608
Pension Payable	1,923,049	1,154,231
	<hr/>	<hr/>
Total Current Liabilities Payable from Current Assets	4,499,666	5,436,811
Current Liabilities Payable from Restricted Assets:		
Construction Contracts Payable	300,077	-
Deferred Revenue	30,776	28,239
Current Portion of Long - Term Debt (net of NJIB credit)	1,994,565	1,841,867
Accrued Interest	98,553	61,001
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets:	2,423,971	1,931,107
Noncurrent Liabilities:		
Deferred Revenue	104,103	134,879
Post Retirement Benefits Payable	535,019	535,019
Accrued Compensated Absences	433,213	396,640
Long - Term Portion of Bonds Payable (net of NJIB credit)	19,086,971	21,081,536
	<hr/>	<hr/>
Total Noncurrent Liabilities	20,159,306	22,148,074
TOTAL LIABILITIES	\$ 27,082,943	\$ 29,515,992
	<hr/>	<hr/>
<u>NET POSITION</u>		
Investment in Capital Assets, Net of Related Debt	\$ 43,516,159	\$ 42,500,846
Restricted for:		
Renewal and Replacement	7,000,000	7,000,000
Debt Service Fund	576,691	481,276
Debt Service Reserve Fund	287,207	298,902
	<hr/>	<hr/>
Unrestricted	43,190,723	44,009,803
	<hr/>	<hr/>
TOTAL NET POSITION	\$ 94,570,780	\$ 94,290,827
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET POSITION	\$ 121,653,723	\$ 123,806,819
	<hr/>	<hr/>

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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Operating Revenues:		
User Service Agreements:		
Operating	\$ 23,028,924	\$ 21,442,308
General	2,092,764	1,818,514
Sludge	2,006,142	1,909,106
Septage and Leachate	442,860	452,624
Grant Income	-	54,144
Other	1,549,909	1,170,836
Total Operating Revenues	<u>29,120,599</u>	<u>26,847,532</u>
Operating Expenses:		
Salaries	8,868,744	8,193,036
Employee Benefits	5,559,236	4,926,686
Power and Utilities	2,678,281	2,780,538
Chemicals	1,521,412	1,058,338
Fuel	1,434,330	1,285,019
Supplies and Miscellaneous Maintenance	2,650,499	2,273,065
Contractual Services	1,552,643	1,084,562
Indirect Operating Expenses	909,101	759,521
Administrative	1,968,310	1,875,695
Licenses and Permits	181,714	230,283
Depreciation	3,393,669	3,385,991
Total Operating Expenses	<u>30,717,939</u>	<u>27,852,734</u>
Operating Income	<u>(1,597,340)</u>	<u>(1,005,202)</u>
Non - Operating Revenues / (Expenses):		
County Appropriation	(450,000)	(450,000)
Interest Income	2,591,885	493,371
Interest Expense	(260,210)	(158,068)
Loan Forgiveness	-	2,000,000
Amortization of Bond Issue Costs	-	326,239
Pension Adjustment	(4,382)	-
Total Non - Operating Expenses	<u>1,877,293</u>	<u>2,211,542</u>
Net Income / (Loss)	279,953	1,206,340
Net Position, January 1	<u>94,290,827</u>	<u>93,084,487</u>
Net Position, December 31	<u>\$ 94,570,780</u>	<u>\$ 94,290,827</u>
Reconciliation to Statements of Revenues, Expenses and Changes in Net Position - GAAP Basis:		
Net Income - modified accrual basis	\$ 279,953	\$ 1,206,340
Prior Year wastewater GAAP adjustment	(914,973)	(1,780,652)
Current year wastewater GAAP adjustment	878,940	914,973
Unbudgeted pension expense	1,162,253	(1,155,570)
Unbudgeted OPEB expense	337,797	696,371
Net Income / (Loss) - GAAP Basis	<u>\$ 1,743,970</u>	<u>\$ (118,538)</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, 2023

Revenues:	Budget	Actual	Variance
User Service Agreements:			
Operating and General Charge	\$ 25,121,688	\$ 25,121,688	-
Sludge, Septage, and Leachate	2,314,108	2,449,002	134,894
Interest on Investments and Deposits	1,600,000	2,591,885	991,885
Miscellaneous	1,224,440	1,549,909	325,469
Fund Balance Anticipated	779,240	450,000	(329,240)
Total Revenues	31,039,476	32,162,484	1,123,008
Expenses:			
Salaries	8,723,912	8,868,744	144,832
Employee Benefits	5,710,114	5,559,236	(150,878)
Power and Utilities	2,975,000	2,678,281	(296,719)
Chemicals	1,596,200	1,550,633	(45,567)
Fuel	1,183,000	1,434,330	251,330
Supplies and Miscellaneous Maintenance	1,948,550	1,990,597	42,047
Contractual Services	1,743,000	1,610,751	(132,249)
Indirect Operating Expenses	1,214,718	1,090,816	(123,902)
Administrative	2,369,325	1,968,311	(401,014)
Maintenance Program Expenditures	500,000	693,698	193,698
Canceled Purchase Orders	-	(121,126)	(121,126)
Total Operating Expenses	27,963,819	27,324,271	(639,548)
Non-Operating Expenses			
Reserve Requirements	350,000	350,000	-
County Appropriation	450,000	450,000	-
Debt Service	2,275,657	2,092,763	(182,894)
Total Non-Operating expenses	3,075,657	2,892,763	(182,894)
Total Expenses	31,039,476	30,217,034	(822,442)
Net Income / (Loss) from Operations	\$ -	\$ 1,945,450	1,945,450

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, 2023

Description	Face Amount	Interest Rate	Due Date	Fair Value December 31, 2023
Unrestricted Accounts:				
Cash	\$ 719,109			\$ 719,109
First American Treasury Obligation Fund	1,726,738	4.83%		1,726,738
NJ ARM	13,411	5.31%		13,411
NJ ARM - NJ Term	15,025,047	4.71% - 5.37%	8/2/24-12/16/24	15,025,047
NJ ARM	39,875	5.31%		39,875
NJ ARM - NJ Term	9,906,992	4.71% - 5.37%	8/27/24-12/16/24	9,906,992
NJ ARM - US Treasury Note	2,999,183	2.25%	3/31/2024	2,987,425
Operating Reserve:				
NJ ARM	3,535	5.31%		3,535
NJ ARM - NJ Term	5,768,655	4.71% - 5.37%	2/29/24-12/16/24	5,768,655
First American Treasury Obligation Fund	177,256	4.83%		177,256
Total Unrestricted	<u>36,379,801</u>			<u>36,368,043</u>
Restricted Accounts:				
Debt Service Fund:				
First American Treasury Money Market	576,691	4.83%		576,691
	<u>576,691</u>			<u>576,691</u>
Debt Service Reserve Fund:				
NJ ARM	11,863	5.31%		11,863
NJ ARM - NJ Term	287,208	5.32%	7/23/24	287,208
	<u>299,071</u>			<u>299,071</u>
Renewal and Replacement Fund:				
First American Treasury Money Market				-
NJ ARM - NJ Term	5,364,317	4.71% - 5.37%	8/2/24-12/16/24	5,364,317
NJ ARM	11,342,668	5.31%	8/2/24-12/16/24	11,342,668
	<u>16,706,985</u>			<u>16,706,985</u>
Total	\$ <u>53,962,548</u>			\$ <u>53,950,790</u>
Unrestricted				
Cash and Cash Equivalents	\$ 2,679,924			\$ 2,679,924
Investments	33,699,877			33,688,119
Restricted:				
Cash and Cash Equivalents	11,931,222			11,931,222
Investments	5,651,525			5,651,525
	\$ <u>53,962,548</u>			\$ <u>53,950,790</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, 2023, 2022, 2021, 2020 AND 2019

	2023	2022	2021	2020	2019
Additions During the Year:					
Property, Plant and Equipment:					
Land	\$	\$	\$	\$	\$
Sewer Mains and Interceptors		753,295	7,555,814	3,903,024	755,387
Buildings and Improvements			8,850	-	3,966,244
Construction in Progress	2,538,877	152,568	542,633	(277,584)	(7,942,787)
Equipment and Vehicles		-	-	672,649	5,678,172
Total Additions	2,538,877	905,863	8,107,297	4,298,089	2,457,016
Costs Capitalized at the Beginning of the Year	256,321,406	255,415,543	247,308,246	243,010,157	240,553,141
	258,860,283	256,321,406	255,415,543	247,308,246	243,010,157
Less:					
Accumulated Depreciation and Amortization	(194,127,709)	(190,734,039)	(187,348,048)	(184,059,485)	(180,916,875)
Total Property, Plant and Equipment, End of Year	\$ 64,732,574	\$ 65,587,367	\$ 68,067,495	\$ 63,248,761	\$ 62,093,282

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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Operating Revenues:		
User Service Agreements:		
Operating	\$ 23,028,924	\$ 21,442,307
General	2,092,764	1,818,514
Sludge	2,006,142	1,909,106
Septage and Leachate	442,860	452,624
Grant Income	-	54,144
Other	1,549,909	1,170,832
	<u>29,120,599</u>	<u>26,847,527</u>
Total Operating Revenues	<u>29,120,599</u>	<u>26,847,527</u>
Operating Expenses:		
Salaries	8,868,744	8,193,036
Employee Benefits	5,559,236	4,926,686
Power and Utilities	2,678,281	2,780,538
Chemicals	1,521,412	1,058,338
Fuel	1,434,330	1,285,019
Supplies and Miscellaneous Maintenance	2,650,499	2,273,065
Contractual Services	1,552,643	1,084,562
Indirect Operating Expenses	909,101	759,521
Administrative	1,968,310	1,875,695
Licenses and Permits	181,714	230,283
	<u>27,324,270</u>	<u>24,466,743</u>
Total Operating Expenses	<u>27,324,270</u>	<u>24,466,743</u>
Operating Income	<u>1,796,329</u>	<u>2,380,784</u>
Non - Operating Revenues / (Expenses):		
County Appropriation	(450,000)	(450,000)
Interest Income	2,591,885	493,371
Interest Expense	(260,210)	(158,068)
Loan Forgiveness	-	2,000,000
Amortization of Bond Issue Costs	-	326,239
	<u>1,881,675</u>	<u>2,211,542</u>
Total Non - Operating Expenses	<u>1,881,675</u>	<u>2,211,542</u>
Net Income	<u>\$ 3,678,004</u>	<u>\$ 4,592,326</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, 2023 AND 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current Assets:		
Cash and Cash Equivalents	\$ 6,494,560	\$ 4,519,319
Investments	11,627,872	11,540,145
Accrued Interest Receivable	210,370	176,625
Accounts Receivable (net of Allowance \$63,615 and \$63,615 in 2023 and 2022 respectively)	5,040,034	4,921,722
Accounts Receivable - Other	292,578	359,284
Due from Wastewater Division	-	600,608
Total Current Assets	<u>23,665,414</u>	<u>22,117,703</u>
Noncurrent Assets:		
Restricted Assets:		
Cash and Cash Equivalents	4,080,869	4,771,560
Investments	4,726,100	802,892
Amounts Held by State of New Jersey	30,652,103	30,523,380
Accrued Interest Receivable	144,044	87,223
Total Noncurrent Assets	<u>39,603,116</u>	<u>36,185,055</u>
Capital Assets:		
Property, Plant and Equipment	187,118,341	185,475,279
Less: Accumulated Depreciation	(147,253,577)	(136,478,266)
Net Capital Assets	<u>39,864,764</u>	<u>48,997,013</u>
TOTAL ASSETS	\$ <u>103,133,294</u>	\$ <u>107,299,771</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, 2023 AND 2022

<u>LIABILITIES</u>	<u>2023</u>	<u>2022</u>
Current Liabilities Payable from Current Assets:		
Accounts Payable	\$ 3,610,760	\$ 4,579,664
Customer Deposits	295,226	275,583
Pension Payable	2,588,575	1,649,541
Due to Wastewater Division	1,348,360	-
	<hr/>	<hr/>
Total Current Liabilities Payable from Current Assets	7,842,921	6,504,788
Current Liabilities Payable from Restricted Assets:		
Construction Contracts Payable	271,747	156,528
TD Lease Payable	1,405,000	2,105,000
Accrued Interest	29,382	48,392
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets:	1,706,129	2,309,920
Noncurrent Liabilities Payable from Restricted Assets:		
TD Lease Payable	2,205,000	3,610,000
Accrued Landfill Closure and Post - Closure Care Cost	36,320,538	34,882,890
	<hr/>	<hr/>
Total noncurrent liabilities payable from restricted assets:	38,525,538	38,492,890
Noncurrent Liabilities:		
Accrued Compensated Absences	575,940	557,720
Post Retirement Benefits Payable	800,000	800,000
	<hr/>	<hr/>
Total Noncurrent Liabilities	1,375,940	1,357,720
TOTAL LIABILITIES	\$ 49,450,528	\$ 48,665,318
	<hr/>	<hr/>
<u>NET POSITION</u>		
Investment in Capital Assets, Net of Related Debt	\$ 36,254,764	\$ 43,282,013
Unrestricted	17,428,002	15,352,440
	<hr/>	<hr/>
TOTAL NET POSITION (DEFICIT)	\$ 53,682,766	\$ 58,634,453
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET POSITION	\$ 103,133,294	\$ 107,299,771
	<hr/>	<hr/>

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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Operating Revenues:		
Tipping Fees	\$ 30,462,001	\$ 28,156,364
Collections and Recycling Income	14,278,253	14,400,030
Grant Income	517,680	446,646
Composting Income	1,253,407	1,227,097
Other	1,440,578	1,554,581
Total Operating Revenues	<u>47,951,919</u>	<u>45,784,718</u>
Operating Expenses:		
Salaries	13,105,567	13,295,844
Employee Benefits	7,809,457	7,363,143
Power and Utilities	492,562	459,468
Fuel	1,723,467	2,091,630
Supplies and Miscellaneous Maintenance	4,150,290	3,684,419
Indirect Operating Expenses	8,354,537	7,439,271
Administrative	1,341,915	1,290,185
Community Benefit	3,086,646	2,899,753
Recycling and Other Taxes	1,152,963	1,170,604
Bad Debt Expense	-	-
Depreciation	11,355,582	7,691,237
Total Operating Expenses	<u>52,572,986</u>	<u>47,385,554</u>
Operating Income	<u>(4,621,067)</u>	<u>(1,600,836)</u>
Non - Operating Revenues / (Expenses):		
County appropriation	(450,000)	(450,000)
Interest Income	1,769,876	505,862
Interest Expense	(96,217)	(114,661)
Gain on sale of fixed assets	19,000	20,580
Pension Adjustment	(6,222)	-
Adjustment to landfill closure and post-closure care cost	(1,567,057)	(736,476)
Total Non - Operating Expenses	<u>(330,620)</u>	<u>(774,695)</u>
Net Income / (Loss)	(4,951,687)	(2,375,531)
Net Position (Deficit), January 1	<u>58,634,453</u>	<u>61,009,984</u>
Net Position (Deficit), December 31	\$ <u>53,682,766</u>	\$ <u>58,634,453</u>
Reconciliation to Statements of Revenues, Expenses and Changes in Net Position - GAAP Basis:		
Net Income - modified accrual basis	\$ (4,951,687)	\$ (2,375,531)
Prior Year solid waste GAAP adjustment	(235,710)	(573,196)
Current year solid waste GAAP adjustment	602,783	235,710
Unbudgeted pension expense	1,730,429	(460,931)
Unbudgeted OPEB expense	337,797	696,370
Net Income / (Loss) - GAAP Basis	\$ <u>(2,516,388)</u>	\$ <u>(2,477,578)</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues:			
Tipping Fees	\$ 31,057,865	\$ 30,462,001	\$ (595,864)
Collections and Recycling Income	14,528,556	14,278,253	(250,303)
Composting Income	1,192,670	1,253,407	60,737
Other	1,447,746	1,958,258	510,512
Interest Income	500,000	1,040,246	540,246
Fund Balance Anticipated	450,000	450,000	-
Total Operating Revenues	<u>49,176,837</u>	<u>49,442,165</u>	<u>265,328</u>
Operating Expenses:			
Administration	4,132,708	3,797,436	(335,272)
Solid Waste Administration	1,562,049	1,488,598	(73,451)
Transfer Station Operations	1,529,232	1,187,220	(342,012)
Composting Operations	479,474	447,207	(32,267)
Landfill Operations	10,487,018	10,691,274	204,256
Recycling Center Processing	3,670,709	3,431,833	(238,876)
Collections	12,277,840	12,414,681	136,841
Maintenance Center	7,860,027	7,791,385	(68,642)
Canceled Purchase Orders	-	(32,230)	(32,230)
Total Operating Expenses	<u>41,999,057</u>	<u>41,217,404</u>	<u>(781,653)</u>
Net Income from Operating Activities	<u>7,177,780</u>	<u>8,224,761</u>	<u>1,046,981</u>
Non-Operating expenses:			
County Appropriation	450,000	450,000	-
System reserve requirements	4,507,553	4,440,555	(66,998)
Capital Lease Payments	2,105,000	2,105,000	-
Debt service interest	115,227	96,217	(19,010)
Total Non-operating expenses:	<u>7,177,780</u>	<u>7,091,772</u>	<u>(86,008)</u>
Net Income	<u>\$ -</u>	<u>\$ 1,132,989</u>	<u>1,132,989</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, 2023

Description	Face Amount	Interest Rate	Due Date	Fair Value December 31, 2023
Unrestricted Accounts:				
Operations:				
Cash	\$ 4,442,056			\$ 4,442,056
Revenue Fund:				
NJ ARM	1,229,022	5.31%		1,229,022
NJ ARM - US Treasury Notes	2,495,451	2.125%	3/31/2024	2,495,353
NJ ARM - Term Investments	3,190,106	5.3% - 5.37%	5/28/24 - 8/27/24	3,190,106
Wells Fargo Gov't Money Market	46,728	5.28%		46,728
Wells Fargo Certificat of Deposit	4,000,000	0.70% - 5.55%	1/17/2024-4/24/2025	4,001,486
NJ ARM	1,013	5.31%		1,013
NJ ARM - Term Investments	1,677,476	5.37%	8/27/24	1,677,476
NJ ARM	774,791	5.31%		774,791
NJ ARM - Term Investments	263,451	4.71%	12/16/24	263,451
OceanFirst Bank Gov't INT	950	2.28%		950
	<u>18,121,044</u>			<u>18,122,432</u>
Restricted Accounts:				
Construction Fund:				
Escrow Account - TD Lease	66,175			66,175
	<u>66,175</u>			<u>66,175</u>
Renewal and Replacement Fund:				
NJ ARM	2,237,931	5.31%		2,237,931
NJ ARM	1,776,763	5.31%		1,776,763
NJ ARM - NJ Term	4,726,100	5.15% - 5.30%	1/11/24-5/23/2024	4,726,100
NJ ARM				-
	<u>8,740,794</u>			<u>8,740,794</u>
Standard Escrow Fund:				
ACUA Standard Escrow	7,912,290	Various	Various	7,912,290
ACUA Alternative Escrow	5,028,130	Various	Various	5,028,130
Pinelands Park Standard Escrow	11,831,035	Various	Various	11,831,035
Pinelands Park Alternative Escrow	5,880,648	Various	Various	5,880,648
	<u>30,652,103</u>			<u>30,652,103</u>
Total	\$ <u>57,580,116</u>			\$ <u>57,581,504</u>
Unrestricted:				
Cash and Cash Equivalents	\$ 6,494,560			\$ 6,494,560
Investments	11,626,484			11,627,872
Restricted:				
Cash and Cash Equivalents	4,080,869			4,080,869
Investments	4,726,100			4,726,100
Cash and Investments held by the State of New Jersey	30,652,103			30,652,103
	\$ <u>57,580,116</u>			\$ <u>57,581,504</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, 2023, 2022, 2021, 2020 AND 2019

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Waste Disposal:					
Additions (Deletions) During the Year:					
Property, Plant and Equipment:					
Land and Improvements	\$ 545,386	\$ 22,543	\$ 160,881	\$ 213,947	\$ 860,252
Buildings and Improvements	128,840	(12,993,710)	12,949,496	(6,723,771)	6,468,810
Construction in progress	27,300	769,085	1,177,554	1,932,600	1,005,141
Equipment and Vehicles	234,587	15,215,911	200,808	10,416,409	382,575
Landfill Design and Implementation					
Total Additions	<u>936,113</u>	<u>3,013,829</u>	<u>14,488,739</u>	<u>5,839,185</u>	<u>8,716,778</u>
Costs Capitalized at the Beginning of the Year	<u>137,910,238</u>	<u>134,896,409</u>	<u>120,407,670</u>	<u>114,568,485</u>	<u>105,851,707</u>
	138,846,351	137,910,238	134,896,409	120,407,670	114,568,485
Less:					
Accumulated Depreciation and Amortization	<u>(108,836,509)</u>	<u>(99,297,638)</u>	<u>(93,524,621)</u>	<u>(94,766,830)</u>	<u>(87,420,703)</u>
Total Property, Plant and Equipment, End of Year	<u>\$ 30,009,842</u>	<u>\$ 38,612,600</u>	<u>\$ 41,371,788</u>	<u>\$ 25,640,840</u>	<u>\$ 27,147,782</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, 2023, 2022, 2021, 2020 AND 2019

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Waste Recycling:					
Additions (Deletions) During the Year:					
Property, Plant and Equipment:					
Land and Improvements	\$	\$	\$	\$	\$
Buildings and Improvements	77,574				(1,910,955)
Equipment and Vehicles	629,377		2,306,521	2,222,091	4,516,400
Construction in progress					
Planning and Designs					
Total Additions	<u>706,951</u>	<u>-</u>	<u>2,306,521</u>	<u>2,222,091</u>	<u>2,605,445</u>
Costs Capitalized at the Beginning of the Year	<u>47,565,041</u>	<u>47,565,041</u>	<u>45,258,520</u>	<u>43,036,429</u>	<u>40,430,984</u>
	48,271,992	47,565,041	47,565,041	45,258,520	43,036,429
Less:					
Accumulated Depreciation and Amortization	<u>(38,417,070)</u>	<u>(37,180,628)</u>	<u>(35,403,300)</u>	<u>(24,791,329)</u>	<u>(33,164,836)</u>
Total Property, Plant and Equipment, End of Year	<u>\$ 9,854,922</u>	<u>\$ 10,384,413</u>	<u>\$ 12,161,741</u>	<u>\$ 20,467,191</u>	<u>\$ 9,871,593</u>
Grand Total	<u>\$ 39,864,764</u>	<u>\$ 48,997,013</u>	<u>\$ 53,533,529</u>	<u>\$ 46,108,031</u>	<u>\$ 37,019,375</u>