

CUMBERLAND COUNTY UTILITIES AUTHORITY
AUDIT REPORT
YEARS ENDED DECEMBER 31, 2021 AND 2020



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INDEPENDENT AUDITORS' REPORT

Chairman and Commissioners of the
Cumberland County Utilities Authority
Bridgeton, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Cumberland County Utilities Authority as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Cumberland County Utilities Authority as of December 31, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the Authority's total OPEB liability and related ratios, schedule of the Authority's proportionate share of the net OPEB liability, schedule of the Authority's OPEB contributions, schedule of the Authority's proportionate share of the net pension liability and schedule of the Authority's pension contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary schedules, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2023 on our consideration of the Cumberland County Utilities Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Cumberland County Utilities Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cumberland County Utilities Authority's internal control over financial reporting and compliance.

ROMANO, HEARING, TESTA & KNORR

A handwritten signature in blue ink that reads "Romano, Hearing, Testa & Knorr". The signature is written in a cursive, flowing style.

Certified Public Accountants

February 28, 2023

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

Chairman and Commissioners of the
Cumberland County Utilities Authority
Bridgeton, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Cumberland County Utilities Authority, as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Cumberland County Utilities Authority's basic financial statements, and have issued our report thereon dated February 28, 2023.

Report on Internal Control Over Financial Reporting

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

Report on Internal Control Over Financial Reporting (Continued)

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

ROMANO, HEARING, TESTA & KNORR



Certified Public Accountants

February 28, 2023

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Cumberland County Utilities Authority's (the Authority) annual financial report presents the analysis of the Authority's overall financial position and results of operations for the year that ended on December 31, 2021. Please read it in conjunction with the financial statements, which follow this section.

AUTHORITY OVERVIEW

The Authority was founded for the purpose of protecting and preserving the area's vital environment for current and future generations and by so doing ensure a healthy ecology, a robust economy and a high quality of life for our citizens.

The skilled and dedicated men and women at the Authority accomplish this by effectively collecting and treating wastewater from our service areas' customers and then recycling safe, clean water back into the natural ecosystem.

Our philosophy is to never lose sight of those who we are committed to serve; residents, businesses, and public institutions located within our service region.

All of the plans, improvements and system changes are made to ensure that we continue to meet or surpass all mandated federal and state regulations and standards, and to operate the Authority at as low a cost to our customers as possible.

SUMMARY OF ORGANIZATION AND BUSINESS

The Authority is a corporate public body originally created by resolution of the Board of Chosen Freeholders of Cumberland County adopted November 11, 1971, under Chapter 123 of the Laws of 1946 of the State of New Jersey and reorganized on April 13, 1978 under P.L. 1977 Chapter 384, and the Sewerage Authorities Law, constituting Chapter 38 of the Pamphlet Laws of 1946 of the State as amended.

The Authority is authorized to design, finance, construct, acquire, maintain, and operate a district sewer system for the purpose of relief of waters in or bordering within the county from pollution or threatened pollution from causes arising within Cumberland County.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

SUMMARY OF ORGANIZATION AND BUSINESS (CONTINUED)

The Authority is governed by nine Commissioners who are appointed by the County Commissioners of Cumberland County. All Members of the Authority are appointed to five-year terms. The Authority is administered by the Executive Director appointed by the Members and directly responsible to them. The Authority has approximately 30 employees.

The Authority has no power to levy or collect taxes. Operation and maintenance costs are funded from service fees and other charges. The acquisition and construction of capital assets are funded by operating revenue, net position, wastewater revenue bonds, New Jersey Environmental Infrastructure Trust Financing Program loans and Federal and State grants, when available.

RESPONSIBILITY AND CONTROLS

The Authority has prepared and is responsible for the financial statements and related information included in this report. A system of internal accounting controls is maintained to provide reasonable assurance that assets are safeguarded and that the books and records reflect only authorized transactions. Limitations exist in any system of internal controls. However, based on recognition that the cost of the system should not exceed its benefits, management believes its system of internal accounting controls maintains an appropriate cost/benefit relationship.

The Authority's system of internal accounting controls is evaluated on an ongoing basis by the Authority's internal staff. Independent external auditors also consider certain elements of the internal control system in order to determine their auditing procedures for the purpose of expressing an opinion on the financial statements.

Management believes that its policies and procedures provide guidance and reasonable assurance that the Authority's operations are conducted in accordance with management's intentions and to a high standard of business ethics. In management's opinion, the financial statements present fairly, in all material respects, the financial position, results of operations and cash flow of the Authority in conformity with accounting principles generally accepted in the United States of America.

FINANCIAL HIGHLIGHTS

Management believes the Authority's financial condition is strong. The stringent financial policies and guidelines set by the Board of Commissioners and Management, with the adoption of the Cash Management and Investment Policy and the Five-Year Capital Improvement Plan in particular, add to the financial strength of the Authority. The following are key financial highlights for 2021 and 2020:

- For fiscal years 2021 and 2020, the Authority treated flow from Customers of 1,339.06 and 1350.53 million gallons of wastewater, respectively. Treatment Fees from Customers increased approximately 2.97% for the fiscal year 2021 as compared to 2020.
- Septage fees increased 12.23% for the fiscal year 2021 as compared to 2020 primarily due to an increase in the volume of wastewater delivered in by individual haulers.
- Operating expenses decreased approximately \$303,000 in fiscal year 2021 as compared to 2020. The Cost of Providing Services actually decreased by approximately \$340,000 while general and administrative expenses decreased approximately \$63,000 both primarily as a result of Pension and Other Post-Employment Benefits resulting in a benefit rather than as an expense for GAAP purposes. That netted with the increase in Depreciation of approximately \$100,000 resulted in the decrease in Operating Expenses.

CUMBERLAND COUNTY UTILITIES AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL HIGHLIGHTS (CONTINUED)

- Net position increased approximately \$3,072,000 and \$2,627,000 for the years ended December 31, 2021, and 2020, respectively.

AUDIT ASSURANCE

The unmodified opinion of our independent external auditors, Romano, Hearing, Testa & Knorr, is included in this report.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority is a single enterprise fund. The Authority's Audit Report includes the required Basic Financial Statements, as described below, the Notes to Financial Statements, required supplementary information, which consists of this Management Discussion and Analysis and required pension schedules, and finally, supplementary information.

REQUIRED FINANCIAL STATEMENTS

The financial statements report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities.

The **Statement of Net Position** includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the **Statement of Revenues, Expenses, and Changes in Net Position**. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its wastewater treatment user fees and other charges. This statement also measures the Authority's profitability and credit worthiness. The other required financial statement is the **Statement of Cash Flows**. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities, and provides answers to such questions as "where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period?"

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

One of the most important questions asked about the Authority's finances is "Is the Authority, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Authority's activities in a way that will help answer this question. These two statements report the net position of the Authority, and changes in them.

You can think of the Authority's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to also consider

**CUMBERLAND COUNTY UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE (CONTINUED)

other non-financial factors such as changes in economic conditions, customer growth, and legislative mandates.

The Authority's total net position increased from last year by approximately \$3,072,000. The analysis below focuses on the Authority's net position (Table 1) and changes in net position (Table 2) during the year.

Table 1
Net Position
(Dollars in Thousands)

	2021	2020	2019	2021 - 2020 Increase(Decrease)	
				\$	%
Current Assets	\$ 17,710	\$ 15,568	\$ 14,408	\$ 2,142	13.76%
Noncurrent Assets	16,798	16,070	15,620	728	4.53%
Total Assets	\$ 34,508	\$ 31,638	\$ 30,028	\$ 2,870	9.07%
Deferred Loss on Defeasance of Debt	\$ 21	\$ 23	\$ 26	\$ (2)	-8.70%
Deferred Amount Relating to Pensions	604	1,025	644	(421)	-41.07%
Deferred Amount Related to OPEB	1,876	1,934	565	(58)	
Total Deferred Outflows of Resources	\$ 2,501	\$ 2,982	\$ 1,235	\$ (481)	-16.13%
Current Liabilities	\$ 2,702	\$ 1,643	\$ 1,594	\$ 1,059	64.46%
Long-Term Liabilities	14,347	15,892	14,509	(1,545)	-9.72%
Total Liabilities	\$ 17,049	\$ 17,535	\$ 16,103	\$ (486)	-2.77%
Deferred Amount Relating to Pensions	\$ 2,213	\$ 2,063	\$ 1,971	\$ 150	7.27%
Deferred Amount Relating to OPEB	4,007	4,354	5,148	(347)	
Total Deferred Inflows of Resources	\$ 6,220	\$ 6,417	\$ 7,119	\$ (197)	-3.07%
Net Investment in Capital Assets	\$ 12,548	\$ 12,148	\$ 10,713	\$ 400	3.29%
Restricted Net Position	1,362	1,780	1,634	(418)	-23.48%
Unrestricted Net Position	(170)	(3,260)	(4,306)	3,090	-94.79%
Total Net Position	\$ 13,740	\$ 10,668	\$ 8,041	\$ 3,072	28.80%

The increase in current assets is primarily the net result of the increase in cash and due from restricted assets and the decrease in investments and other receivables.

The increase in noncurrent assets is the net result of an increase in net capital assets.

The increase in current liabilities is the result of an increase in due to unrestricted assets.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE (CONTINUED)

The decrease in long-term liabilities is due to the net of the decrease in bonds and loans payable as a result of principal payments made, and the increase in the net other post-employment benefits (OPEB) obligation and decrease in the Net Pension Liability.

Changes in the Authority's net position can be determined by reviewing the following condensed Statement of Revenues, Expenses, and Changes in Net Position for the year.

Table 2
Statement of Revenues, Expense and Changes in Net Position
(Dollars in Thousands)

	2021	2020	2019	2021 - 2020 Increase(Decrease)	
				\$	%
Operating Revenue:					
Treatment Fees	\$ 7,616	\$ 7,396	\$ 7,061	\$ 220	2.97%
Septage Fees	666	593	525	73	12.31%
Other Operating	297	335	317	(38)	-11.34%
Nonoperating Revenue	3	139	273	(136)	-97.84%
Total Revenue	\$ 8,582	\$ 8,463	\$ 8,176	\$ 119	1.41%
Operating Expenses:					
Cost of Providing Services	\$ 2,686	\$ 3,025	\$ 3,044	\$ (339)	-11.21%
Administrative and General	1,343	1,407	1,361	(64)	-4.55%
Depreciation	1,454	1,354	1,205	100	7.39%
Non Operating Expense:					
Interest	27	50	67	(23)	-46.00%
Total Expenses	\$ 5,510	\$ 5,836	\$ 5,677	\$ (326)	-5.59%
Change in Net Position	3,072	2,627	2,499	445	16.94%
Net Position – Beginning	\$ 10,668	\$ 8,041	\$ 5,542	\$ 2,627	32.67%
Ending Net Position	\$ 13,740	\$ 10,668	\$ 8,041	\$ 3,072	28.80%

Revenues

The Authority's total revenues are approximately \$8.582 million for the year ended December 31, 2021, as compared to \$8.463 million for the year ended December 31, 2020. Treatment Fees including Surcharges were \$7.616 million, accounting for 89% of total revenue.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE (CONTINUED)

Expenses

Operating expenses of \$5.483 million for the year ended December 31, 2021 decreased \$303,000 or 5.53% from operating expenses of \$5.786 million for the year ended December 31, 2020 primarily due to the decrease in cost of providing services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 2021, the Authority had \$16.798 million invested in a broad range of capital assets. More detailed information about capital assets can be found in Note 3 to the financial statements. Total depreciation expense for the year was \$1.454 million.

The following table summarizes the Authority's capital assets, net of accumulated depreciation, and changes therein, for the years ended December 31, 2021 and 2020.

Table 3
Capital Assets, Net of Accumulated Depreciation
(Dollars in Thousands)

	2021	2020	2021 - 2020 Increase(Decrease)	
			\$	%
Land	\$ 1,135	\$ 1,135	\$ -	
Land Improvements	28	31	(3)	-10.71%
Treatment Plant and Facilities	8,935	9,459	(524)	-5.86%
Pumping Stations and Interceptors	3,248	3,352	(104)	-3.10%
Machinery and Equipment	900	1,059	(159)	-15.01%
Vehicles	731	605	126	20.83%
Office Equipment	187	202	(15)	-7.43%
Construction in Progress	1,634	227	1,407	
Total	\$ 16,798	\$16,070	\$ 728	4.53%

The Authority's fiscal year 2022 capital budget plans for investing another \$5,270,000 in capital projects, including:

Plant/Motor/Pump Replacement	\$ 30,000
Buildings, Grounds and Vehicles	<u>5,240,000</u>
Total	<u>\$ 5,270,000</u>

**CUMBERLAND COUNTY UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

The Authority plans to fund the above capital projects by a combination of debt authorization and plant reconstruction and replacement reserves.

DEBT ADMINISTRATION

At December 31, 2021, the Authority had several outstanding bond issues and loans payable in the amount of \$3,384,297 that will mature in various amounts through the year 2037 with interest rates ranging from 2.13% to 5.00%.

NEXT YEAR'S BUDGETS AND RATES

The Authority has adopted appropriate strategic operating, finance and capital improvement plans to ensure that the Authority will continue to provide the residents of our operating area with an exemplary level of service while maintaining reasonable rates. The Authority's 2022 Operating Budget reflects a 24.6% decrease from the 2021 Amended Budget. The Authority plans to fund the capital expenditures of \$5,270,000 using a combination of debt authorization and plant reconstruction and replacement reserves. The proposed budget reflects a 2% rate increase to the Users. Growth within our service area has stalled and the 2022 Budget was developed to work within those limitations.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Authority's customers, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Authority's Executive Director at the Cumberland County Utilities Authority, 333 Water Street, Bridgeton, New Jersey 08302.

BASIC FINANCIAL STATEMENTS

**CUMBERLAND COUNTY UTILITIES AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS - UNRESTRICTED:		
Cash and Cash Equivalents	\$ 4,324,415	\$ 3,805,421
Investments	3,527,175	5,293,621
Accounts Receivable	58,951	52,935
Other Receivable	-	189,942
Interest Receivable	22,940	70,524
Due from Restricted Assets	1,102,500	
Prepaid Expenses	100	100
Inventory	37,851	33,673
	<u>9,073,932</u>	<u>9,446,216</u>
Total Current Assets - Unrestricted		
CURRENT ASSETS- RESTRICTED:		
Accounts Required by the Authority's Bond Resolutions:		
Cash and Cash Equivalents	668,888	565,576
Investments	1,040,333	1,356,429
Interest Receivable	4,634	15,281
Other Restricted Accounts:		
Cash and Cash Equivalents	3,637,263	787,685
Investments	3,201,176	3,148,145
Due from Unrestricted Assets		100,260
Interest Receivable	11,307	39,980
Due from New Jersey Environmental Infrastructure Trust	72,316	108,830
	<u>8,635,917</u>	<u>6,122,186</u>
Total Current Assets - Restricted		
NONCURRENT ASSETS:		
Capital Assets, Net	16,798,427	16,070,051
	<u>16,798,427</u>	<u>16,070,051</u>
Total Noncurrent Assets		
TOTAL ASSETS	<u>34,508,276</u>	<u>31,638,453</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Loss on Defeasance of Debt	20,878	23,241
Deferred Amount Relating to Pensions	604,646	1,024,536
Deferred Amount Relating to OPEB	1,875,854	1,934,190
	<u>2,501,378</u>	<u>2,981,967</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES		

(Continued)

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

**CUMBERLAND COUNTY UTILITIES AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020**

	2021	2020
LIABILITIES		
CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED ASSETS:		
Accounts Payable - Operations	\$ 99,791	\$ 175,074
Accrued Liabilities	309,466	319,470
Due to Restricted Assets		100,260
Total Current Liabilities Payable From Unrestricted Assets	409,257	594,804
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
Accounts Payable - Construction	593,507	-
Contracts Payable - Construction	259,222	102,882
Retainage Payable - Construction	13,704	-
Sewer Revenue Bonds Payable - Current Portion	-	294,996
New Jersey Environmental Infrastructure Trust Loans Payable - Current Portion	291,430	417,456
Unearned Connection Fees	3,450	196,650
Due to Unrestricted Assets	1,102,500	
Sensor Escrow	7,400	7,200
Accrued Interest Payable - Bonds and Loans	21,628	28,956
Total Current Liabilities Payable From Restricted Assets	2,292,841	1,048,140
LONG-TERM LIABILITIES:		
New Jersey Environmental Infrastructure Trust Loans Payable	3,092,867	3,403,624
Net Pension Liability	2,678,744	3,966,143
Net OPEB Obligation	8,356,218	8,267,107
Accrued Liabilities - Related to Pensions	132,407	133,031
Accrued Compensated Absences	86,493	122,407
Total Long-Term Liabilities	14,346,729	15,892,312
TOTAL LIABILITIES	17,048,827	17,535,256
DEFERRED INFLOWS OF RESOURCES:		
Deferred Amount Relating to Pensions	2,213,463	2,062,987
Deferred Amount Relating to OPEB	4,007,028	4,353,938
TOTAL DEFERRED INFLOWS OF RESOURCES	6,220,491	6,416,925
NET POSITION:		
Net Investment in Capital Assets	12,547,697	12,148,632
Restricted:		
Current Debt Service	304,643	589,688
Future Debt Service	344,266	476,635
Renewal and Replacement	600,000	600,000
Construction	113,742	113,724
Unrestricted (Deficit)	(170,012)	(3,260,440)
TOTAL NET POSITION	\$ 13,740,336	\$ 10,668,239

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

CUMBERLAND COUNTY UTILITIES AUTHORITY
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
OPERATING REVENUE:		
Treatment Fees	\$ 7,604,430	\$ 7,384,784
User Surcharge Revenue	11,089	11,618
Septage Fees	666,077	593,490
Service Fees	2,575	8,225
Finance Charges	448	1,440
Industrial Pretreatment Program Revenue	39,750	21,000
Connection Fees	223,831	239,033
Other Operating Income	30,758	65,019
	<u>8,578,958</u>	<u>8,324,609</u>
OPERATING EXPENSES:		
Cost of Providing Services	2,685,678	3,025,523
Administrative and General	1,343,270	1,406,760
Depreciation	1,453,917	1,353,650
	<u>5,482,865</u>	<u>5,785,933</u>
OPERATING INCOME	<u>3,096,093</u>	<u>2,538,676</u>
NON-OPERATING REVENUE (EXPENSES):		
Interest Income	85,841	276,952
Interest Expense	(27,040)	(50,066)
Gain on Disposal of Capital Assets	16,585	-
Realized Loss on Investments	(151,859)	(21,283)
Increase (Decrease) in Fair Value of Investments	52,477	(117,132)
	<u>(23,996)</u>	<u>88,471</u>
CHANGE IN NET POSITION	3,072,097	2,627,147
TOTAL NET POSITION-BEGINNING	<u>10,668,239</u>	<u>8,041,092</u>
TOTAL NET POSITION-ENDING	<u>\$ 13,740,336</u>	<u>\$ 10,668,239</u>

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

**CUMBERLAND COUNTY UTILITIES AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers and Users	\$ 8,304,313	\$ 8,371,682
Cash Payments to Suppliers for Goods and Services	(2,235,800)	(2,106,883)
Cash Payments for Employee Services	(2,790,976)	(2,755,184)
Other Receipts (Payments)	30,758	63,448
	<u>3,308,295</u>	<u>3,573,063</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Other Non-Operating Revenue and Expenses	243,041	
	<u>243,041</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(1,447,175)	(1,966,825)
Principal Paid on Bonds	(295,000)	(285,000)
Principal Paid on Loans Payable	(417,455)	(406,366)
Interest Paid on Bonds and Loans	(51,345)	(76,055)
	<u>(2,210,975)</u>	<u>(2,734,246)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investment Securities	(8,338,099)	(10,200,369)
Proceeds from Sale and Maturities of Investment Securities	10,296,877	10,325,488
Interest Received on Non-Operating Investments	172,745	235,033
	<u>2,131,522</u>	<u>360,152</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,471,884	1,198,969
CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	<u>5,158,682</u>	<u>3,959,713</u>
CASH AND CASH EQUIVALENTS-END OF YEAR	<u>\$ 8,630,566</u>	<u>\$ 5,158,682</u>
CASH AND CASH EQUIVALENTS - STATEMENT OF NET POSITION:		
Cash and Cash Equivalents - Unrestricted	\$ 4,324,415	\$ 3,805,421
Cash and Cash Equivalents - Accounts Required by Authority's Bond Resolutions	668,888	565,576
Cash and Cash Equivalents - Other Restricted Accounts	3,637,263	787,685
	<u>\$ 8,630,566</u>	<u>\$ 5,158,682</u>

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

**CUMBERLAND COUNTY UTILITIES AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	\$ 3,096,093	\$ 2,538,676
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	1,453,917	1,353,650
Increase (Decrease) in Cash Resulting From Changes in:		
Accounts Receivable	(6,016)	94,332
Inventory	(4,178)	7,936
Deferred Outflows - Amount Related to Pensions	419,890	(380,327)
Deferred Outflows - Amount Related to OPEB	58,336	(1,369,551)
Accounts Payable - Non Capital	(75,283)	(137,975)
Accrued Liabilities	(10,628)	62,248
Net Pension Liability	(1,287,399)	94,941
Net OPEB Liability	89,111	1,968,319
Unearned Connection Fees	(193,200)	17,760
Accrued Compensated Absences	(35,914)	24,322
Deferred Inflows - Amount Related to Pensions	150,476	92,405
Deferred Inflows - Amount Related to OPEB	(346,910)	(793,673)
Total Adjustments	212,202	1,034,387
Net Cash Provided by Operating Activities	\$ 3,308,295	\$ 3,573,063

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

NOTES TO THE FINANCIAL STATEMENTS

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cumberland County Utilities Authority (formerly the Cumberland County Sewerage Authority) is a corporate public body originally created by resolution of the Board of Chosen Freeholders of Cumberland County adopted November 11, 1971, under Chapter 123 of the Laws of 1946 of the State of New Jersey and reorganized on April 13, 1978 under P.L. 1977 Chapter 384. The commissioners of the Authority are appointed by the Cumberland County Board of County Commissioners and therefore, the Authority is a related organization of the County as defined by Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, but not a component unit of the County. The Authority does not have any component units for which it is accountable.

The Authority is authorized to design, finance, construct, acquire, maintain, and operate a district sewer system for the purpose of relief of waters in or bordering within the county from pollution or threatened pollution from causes arising within Cumberland County. As a public body, under existing statute the Authority is exempt from both federal and state taxes.

Service Contracts

The Authority has entered into Service Contracts (the "Contracts") with the City of Bridgeton, the Township of Upper Deerfield, the Township of Hopewell, TIP'S Trailer Park Corporation, located in Fairfield Township, the County of Cumberland, the Cumberland County Technical Education Center, the Township of Deerfield, the Township of Fairfield and the United States Government (for the federal correctional institution) (the "Participants"). The Township of Deerfield has not delivered any flows to the Authority through December 31, 2021, and therefore, has not been required to pay any service charges.

The Contracts provide, among other things, for the payment of service charges by the Participants to the Authority in return for their usage of the System and the Authority's construction, operation and maintenance of the System.

The Authority is obligated under the Contracts to charge rates sufficient to provide for all expenses of operation, maintenance and repair of the System, the payment of the principal of and interest on any bonds or obligations issued or to be issued and maintenance of such reserves or sinking funds for any of the foregoing purposes as may be required by the terms of any Contract or other obligation of the Authority.

Each Participant's obligation is limited to payment of rates and charges made by the Authority for the disposal of sewage delivered by such Participant to the System. Such Participant is not responsible for payments which are charged to but not paid by any other Participants.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The accounts of the Authority are an enterprise fund. An enterprise fund is a Proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises- where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or the change in net assets is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

The accompanying financial statements are reported using the “economic resources measurement focus,” and the “accrual basis of accounting.” Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Authority are treatment fees and septage fees. The Authority also recognizes user surcharge revenue, service fees, lab fees, finance charges, industrial pretreatment program revenues, connection fees and miscellaneous operating income as operating revenue. Operating expenses include cost of providing services, administrative and general expenses and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. The budget must be introduced by the governing body at least 60 days prior to the end of the current fiscal year, and adopted no later than the beginning of the Authority’s fiscal year. The budget is adopted on the accrual basis of accounting with provisions for cash payments for bond principal.

Depreciation and amortization expense are not included as budget appropriations. The Authority may make budget transfers and amendments at any time, which must be approved by resolution of the Authority and by the State of New Jersey Division of Local Government Services if the legal level line items are affected. Detailed line item transfers not affecting the legal level line items may be made by management at any time. There are no statutory provisions that budgetary line items not be over-expended.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase. Investments are stated at fair value.

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to adopt a cash management plan and to deposit and/or invest its funds pursuant to that plan. The governing body of the Authority has adopted a cash management plan (“the plan”) and, as required, approves the plan annually. The plan includes the designation of the public depositories to be utilized by the Authority to deposit public funds.

Eligible depositories are defined in section 1 of P.L. 1970, c.236 (C. 17.9-41) and are limited to banks or trust companies having their place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or with the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey governments and their component units.

N.J.S.A. 17:9-41 et. seq., which establishes the requirements for the security of deposits of governmental units, requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in the State of New Jersey or state or federally chartered banks, savings banks or associations located in another state with a branch office in the State of New Jersey, the deposits of which are federally insured.

All public depositories must pledge collateral, having a market value of at least five percent (5%) of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

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

Accounts Receivable

The Authority has provided for doubtful accounts by the allowance method. The allowance for doubtful accounts is based upon management’s estimate of potentially uncollectible accounts.

Prepaid Expenses

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond the year end.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory consists principally of chemicals and supplies used in the treatment process and are stated at cost determined on a first-in, first-out basis.

Capital Assets

Capital assets, which consist of property, plant and equipment, are stated at cost which includes direct construction costs and other expenditures related to construction.

Capital assets are defined by the Authority as assets with an initial, individual cost of \$3,000 or more and an estimated useful life in excess of one year.

System construction costs are charged to construction in progress until such time as given segments of the system are completed and put into operation.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Treatment plant and facilities	5 - 50 years
Pumping stations, interceptors and improvements	15 - 40 years
Machinery and equipment	2 - 20 years
Office furniture	5 - 10 years
Vehicles	5 - 15 years

Bond/Loan Premiums, Discounts

Bond and loan premiums and discounts are deferred and amortized over the life of the bonds using the interest method. Bonds and loans payable are reported net of the applicable bond premium or discount.

Deferred Outflows and Deferred Inflows of Resources

The Statements of Net Position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after Total Assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after Total Liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflow of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Deferred Inflows of Resources (Continued)

The Authority reports the following as deferred outflows of resources:

Defined Benefit Pension Plans – The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Authority's proportion of expenses and liabilities to the pension as a whole, differences between the Authority's pension contribution and its proportionate share of contributions, and the Authority's pension contributions subsequent to the pension valuation measurement date.

Deferred Amount on Refunding - The deferred amount on refunding is recorded as a deferred outflow of resources. It is amortized over the shorter of the remaining life of the old debt or new debt based upon the interest method as a component of interest expense.

Other Post-Employment Benefits (OPEB) – The difference between expected (actuarial) and actual experience and changes in actuarial assumptions are reported as deferred outflows.

The Authority reports the following as deferred inflows of resources:

Defined Benefit Pension Plans – The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Authority's proportion of expenses and liabilities to the pension as a whole, differences between the Authority's pension contribution and its proportionate share of contributions, and the Authority's pension contributions subsequent to the pension valuation measurement date.

Pensions

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

Postemployment Benefits Other than Pensions (OPEB)

The Authority participates in a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pension and Benefits.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Postemployment Benefits Other than Pensions (OPEB) (Continued)

For purposes of recognizing and measuring OPEB liabilities, deferred outflows of resources related to OPEB, deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State Health Benefits Program and additions to/deductions from State Health Benefits Program's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

In accordance with the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis -for State and Local Governments*, the Authority has classified its net position into three components. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced, by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component as the unspent amount.

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets". This component includes net position that may be designated for specific purposes by the Board.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants

Contributions received from various sources as grants are recorded in the period earned. Developer financed construction is recorded in the period in which applicable construction costs are incurred. Donated assets are recorded at fair market value at the date of the gift. Grants not externally restricted and utilized to finance operations are identified as non-operating revenue. Grants externally restricted for non-operating purposes are recorded as capital contributions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The estimates and assumptions affect the amounts reported in the financial statements. The actual results may differ from these estimates.

Income Taxes

The Authority is exempt from income taxes pursuant to Internal Revenue Code Section 115.

Adoption of Accounting Pronouncements

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (GASB 89). The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The adoption of this Statement had no material impact on the Authority's financial statements.

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The adoption of this Statement had no material impact on the Authority's financial statements.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements Not Yet Effective

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB 91). The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement also requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. The requirements of this Statement were originally scheduled to be effective for reporting periods beginning after December 15, 2020 but has been postponed one year by GASB 95 as a result of the COVID-19 pandemic. Management is currently evaluating the impact of the adoption of this Statement and has not yet determined the impact of this Statement on the financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements of Statement 92 related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments became effective upon issuance and had no had no impact on the Authority's financial statements. However, the remaining requirements of this Statement were originally scheduled to be effective for reporting periods beginning after June 15, 2020

CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements Not Yet Effective (Continued)

but has been postponed one year by GASB 95 as a result of the COVID-19 pandemic. Management is currently evaluating the impact of the adoption of this Statement on the Authority's financial statements although no impact is expected.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The primary objectives of this Statement are to address implementation issues related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended. GASB 53 requires any government entity must eliminate hedge accounting when it renegotiates or changes critical terms of a hedge agreement, such as no longer relying on the London Interbank Offered Rate (LIBOR) when it ceases to exist in its current form at the end of 2021. The requirements of this Statement were originally scheduled to be effective for reporting periods beginning after December 31, 2021 but has been postponed one year by GASB 95 as a result of the COVID-19 pandemic. The Authority has no derivative instruments as they are prohibited by the State of New Jersey statutory requirements. As a result, management does not expect any impact of the adoption of this Statement on the Authority's financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is currently evaluating the impact of the adoption of this Statement and has not yet determined the impact of this Statement on the financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objectives of this Statement are to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange like transaction. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is currently evaluating the impact of the adoption of this Statement and has not yet determined the impact of this Statement on the financial statements.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements Not Yet Effective (Continued)

the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is currently evaluating the impact of the adoption of this Statement and has not yet determined the impact of this Statement on the financial statements.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The Objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistence of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges for futures revenues by pledging governments, clarification of certain provisions in Statement 34, as amended and terminology updates related to Statement 53 and Statement 63 are effective immediately. The requirements related to leases, PPP's and SBITAs will become effective for fiscal years beginning after June 15, 2022. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will become effective for the fiscal years beginning after June 15, 2023. Management does not expect this Statement will have an impact on the financial statements.

In June 2020, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial requirements for accounting changes and error correction to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting changes and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirement of the Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Management is currently evaluating the impact of the adoption of this Statement and has not yet determined the impact of this Statement on the financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements Not Yet Effective (Continued)

That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through non cash means. This Statement requires that a liability for certain types of compensated absences – including parental leave, military leave, and jury duty leave – not be recognized until the leave commences. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Management is currently evaluating the impact of the adoption of this Statement and has not yet determined the impact of this Statement on the financial statements.

Subsequent Events

Management has evaluated subsequent events through February 28, 2023, the date the financial statements were available for issue.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

In accordance with the General Bond Resolution, the Authority has established the following cash and investment accounts for the deposit, in the priority of the order listed, of all revenue received by the Authority:

Revenue - All revenue received by the Authority and transfers to the various accounts described below.

Operating - Amount to be required to pay reasonable and necessary operating expenses in accordance with the annual budget for the quarter.

Bond Service (Current Debt Service) - An amount equal to (1) any unpaid interest due on outstanding bonds, plus the interest to become due on all outstanding bonds on the interest payment date next ensuing and (2) the principal amount of any unpaid bonds then matured, plus the principal amount of outstanding bonds, if any, maturing on the principal maturity date next ensuing.

Bond Reserve (Future Debt Service) - An amount equal to the largest of the amount of maturing principal of and interest on all bonds outstanding at such date which will become due and payable in the then current or any future fiscal year. Transfers to meet minimum levels in the Bond Service Fund; any excess is to be withdrawn by the trustee and credited to the Revenue Fund.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Renewal and Replacement - An amount deemed reasonably necessary for costs and expenses, with respect to the system, of reconstruction or of required replacements, renewals, major repairs or maintenance items of a non-recurring nature. Transfers to the Bond Service Fund if necessary to meet the minimum requirements, or payment, if any, of the necessary costs and expenses of reconstruction, replacements, renewals, major repairs or maintenance items of a non-recurring nature.

Construction - Proceeds from the sale of bonds, government grants with respect to the initial project and any amount for the project directed into the fund by the Authority. Costs of construction of the project or costs of replacements, renewals, major repairs or non-recurring maintenance.

General - Funds remaining in the Construction Fund after a project has been completed and all construction costs have been paid and the balance of revenues remaining after making the necessary transfers to the foregoing accounts. May be applied to any purpose.

In addition to the accounts required by the General Bond Resolution, the Authority has also established the following restricted accounts:

Plant Reconstruction or Replacement - The account is reserved for the future reconstruction or replacement of the Sewerage Treatment Facility or components thereof.

Sensor Escrow - The account consists of funds collected from septage haulers as a deposit on a gate opening sensor mechanism issued to the haulers.

User Revenue Reserve – The account is used to minimize the impact of flow fluctuations from the Authority’s Users, particularly from any unanticipated loss or reduction in flow and related revenue.

COMPLIANCE WITH GENERAL BOND RESOLUTION

Section 720 of the Authority’s General Bond Resolution requires that the Authority calculate, certify and charge rates (service charges) so that the total Revenues, as defined in the Resolution, shall at least equal the amount of all Operating Expenses for the fiscal year, plus the amount required to pay the principal of and interest on Outstanding Bonds as the same become due and payable.

Revenues for the years 2021 and 2020 as defined in the Authority’s General Bond Resolution were greater than the total of Operating Expenses paid plus Debt Service paid. As a result, the Authority met the rate covenant contained in Section 720 of the Authority’s General Bond Resolution.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

The following cash and investment accounts are required by the General Bond Resolution:

	Bond Service Fund	Bond Reserve Fund
Cash and Investments	\$ 213,286	\$ 778,255
Required Amount	304,643	344,266
	* \$ (91,357)	\$ 433,989

*Account was fully funded January 2022.

ARBITRAGE RULES

The Authority is subject to certain arbitrage rules added to the Internal Revenue Code in 1969 and amended by TEFRA in 1992 and by the 1986 TRA. Under these rules, interest earnings on certain investments of proceeds of the Authority's bonds are subject to the limitations imposed by the arbitrage provisions of the Internal Revenue Code. The Authority is required to rebate certain arbitrage profits on non-purpose investments at least once every five years. At December 31, 2021 and 2020 there were no material arbitrage profits subject to rebate.

NOTE 3 DETAIL NOTES – ASSETS

CASH AND CASH EQUIVALENTS

At December 31, 2021, the carrying amount and bank balance of the Authority's time and demand deposits were \$2,638,063 and \$2,669,094, respectively. At December 31, 2020, the carrying amount and bank balance of the Authority's time and demand deposits were \$489,489 and \$3,142,702, respectively. All of the time and demand deposits were covered by either federal deposit insurance or by the Governmental Unit Deposit Protection Act (GUDPA).

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. Although the Authority does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). The Authority's public funds in excess of the FDIC insured amounts are protected by GUDPA. As of December 31, 2021, \$250,000 of the Authority's bank balance was insured and \$2,419,094 was uninsured and collateralized. As of December 31, 2020, \$250,000 of the Authority's bank balance was insured and \$2,892,702 was uninsured and collateralized.

In addition to the bank deposits described above, the Authority also had \$5,992,488 at December 31, 2021 and \$4,669,179 at December 31, 2020 invested in a government money market fund which is not covered by federal deposit insurance or by GUDPA, but

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

CASH AND CASH EQUIVALENTS (Continued)

which invests exclusively in general obligations issued by the U.S. Government and backed by its full faith and credit and which carries a credit rating of AAA.

At December 31, 2021 and 2020 the Authority had \$15 invested in the New Jersey Cash Management Fund (“the Fund”) which is not covered by either federal deposit insurance or by GUDPA. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above.

INVESTMENTS

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty’s trust department or agent but not in the Authority’s name.

All of the Authority’s investment obligations of \$7,768,684 at December 31, 2021 and \$9,798,195 at December 31, 2020 are held in the name of the counterparty, as trustee for the Authority, not in the name of the Authority.

Interest Rate Risk- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. N.J.S.A. 40A:5-15.1 limits the investments that the Authority may purchase in order to limit the exposure of governmental units to credit risk. The Authority’s Cash Management Plan also limits its investment choices to those permitted by N.J.S.A. 40A:5-15.1.

Concentration of Credit Risk – The Authority does not place a limit on the amount that may be invested in any one issuer. All of the Authority’s investments are government bonds held in various Federal Agencies, NJ State Agencies, NJ Counties, NJ Municipalities or NJ School Districts.

Fair Value Measurements – The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

INVESTMENTS (CONTINUED)

As of December 31, 2021, the Authority had the following investments and maturities which are measured using Level 1 inputs:

<u>Quality/Rating</u>	<u>Total Fair Value</u>
Treasury/Agency	\$ 1,374,940
AAA	-
AA	1,119,472
A	897,814
Other	4,376,458
Total Investments	<u>\$ 7,768,684</u>

<u>Investment Maturities (in Years)</u>			
<u>Investment</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Total Investments	<u>\$ 7,768,684</u>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2020, the Authority had the following investments and maturities which are measured using Level 1 inputs:

<u>Quality/Rating</u>	<u>Total Fair Value</u>
Treasury/Agency	\$ 99,223
AAA	168,293
AA	3,756,986
A	128,819
Other	5,644,874
Total Investments	<u>\$ 9,798,195</u>

<u>Investment Maturities (in Years)</u>			
<u>Investment</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Total Investments	<u>\$ 7,252,728</u>	<u>\$ 1,716,762</u>	<u>\$828,705</u>

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at December 31, 2021 and 2020:

	2021		2020
Septage Haulers	\$ 64,829	\$	58,781
Delinquent Fees	-		32
Less:			
Allowance for Doubtful Accounts	(5,878)		(5,878)
	\$ 58,951		\$ 52,935

DUE FROM NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

As described in Note 4, during 2017, the Authority received loans from the State of New Jersey under the New Jersey Environmental Infrastructure Trust Program (“Trust”). The Trust acts in a trustee capacity for the borrowed funds committed to the Authority. As of December 31, 2021 and 2020 the Trust and Fund Loans have been fully funded. The undrawn portion (unexpended project funds) relating to the Fund Loan in the amount of \$307,177 were applied to reduce the amount of the loan. As of December 31, 2021 and 2020, the undrawn portion of the Trust Loan in the amount of \$72,316 and \$108,830 is being held by the Fiscal Agent and will be applied as credits against the loan payments until the amount is exhausted.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

CAPITAL ASSETS

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

	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021
Non-Depreciable Capital Assets:				
Land	\$ 1,135,342	\$ -	\$ -	\$ 1,135,342
Construction In Progress	226,616	1,407,467		1,634,083
Total Non-Depreciable Capital Assets	<u>1,361,958</u>	<u>1,407,467</u>	<u>-</u>	<u>2,769,425</u>
Depreciable Capital Assets:				
Land Improvements	501,175			501,175
Treatment Plant	28,941,364	317,451		29,258,815
P/S And Interceptors	9,001,824	77,443		9,079,267
Machinery And Equipment	4,858,362	175,531	22,668	5,011,225
Vehicles	1,335,815	194,485	19,792	1,510,508
Office Equipment	330,472	15,947		346,419
Total Depreciable Capital Assets	<u>44,969,012</u>	<u>780,857</u>	<u>42,460</u>	<u>45,707,409</u>
Less Accumulated Depreciation:				
Land Improvements	469,814	3,624		473,438
Treatment Plant	19,482,196	841,288		20,323,484
P/S And Interceptors	5,650,118	181,463		5,831,581
Machinery and Equipment	3,799,123	328,490	16,637	4,110,976
Vehicles	730,876	68,281	19,792	779,365
Office Equipment	128,792	30,771		159,563
Total Accumulated Depreciation	<u>30,260,919</u>	<u>1,453,917</u>	<u>36,429</u>	<u>31,678,407</u>
Net Depreciable Capital Assets	<u>14,708,093</u>	<u>(673,060)</u>	<u>6,031</u>	<u>14,029,002</u>
Total Capital Assets, Net	<u>\$ 16,070,051</u>	<u>\$ 734,407</u>	<u>\$ 6,031</u>	<u>\$ 16,798,427</u>

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020
Non-Depreciable Capital Assets:				
Land	\$ 1,135,342	\$ -	\$ -	\$ 1,135,342
Construction In Progress	-	226,616		226,616
Total Non-Depreciable Capital Assets	1,135,342	226,616	-	1,361,958
Depreciable Capital Assets:				
Land Improvements	501,175			501,175
Treatment Plant	28,141,155	800,209		28,941,364
P/S And Interceptors	8,665,856	335,968		9,001,824
Machinery And Equipment	4,587,579	270,783		4,858,362
Vehicles	1,179,961	155,854		1,335,815
Office Equipment	315,981	14,491		330,472
Total Depreciable Capital Assets	43,391,707	1,577,305	-	44,969,012
Less Accumulated Depreciation:				
Land Improvements	465,505	4,309		469,814
Treatment Plant	18,693,041	789,155		19,482,196
P/S And Interceptors	5,485,461	164,657		5,650,118
Machinery and Equipment	3,490,646	308,477		3,799,123
Vehicles	673,142	57,734		730,876
Office Equipment	99,475	29,317		128,792
Total Accumulated Depreciation	28,907,270	1,353,649	-	30,260,919
Net Depreciable Capital Assets	14,484,437	223,656	-	14,708,093
Total Capital Assets, Net	\$ 15,619,779	\$ 450,272	\$ -	\$ 16,070,051

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 4 DETAIL NOTES – LIABILITIES

LONG-TERM LIABILITIES

Bonds Payable

In April 2006, the Authority issued its Sewer Revenue Refunding Bonds (Series 2006A), in the principal amount of \$6,055,000. The proceeds derived from the issuance and sale of the Bonds were used to advance refund the \$5,020,000 aggregate principal amount of Sewer Revenue Refunding Bonds, Series 1997, originally issued in the aggregate principal amount of \$7,915,000, dated September 1, 1997 and maturing on March 1 in each of the years 2011 through 2017, inclusive, advance refund \$810,000 aggregate principal amount of Sewer Revenue Bonds, Series 2001A, originally issued in the aggregate principal amount of \$1,200,000, dated November 15, 2001 and maturing on December 1 in each of the years 2012 through 2021, inclusive and pay the costs and expenses associated with the issuance of the Bonds.

The outstanding balance of the Series 2006A Bonds at December 31, 2021 is \$-0- and December 31, 2020 is \$85,000.

In April 2006, the Authority issued its Sewer Revenue Bonds (Series 2006B), in the principal amount of \$2,430,000 to provide funds for certain capital improvements, to fund the amount required to be deposited in the bond reserve fund and to pay the costs and expenses associated with the issuance of the bonds.

The outstanding balance of the Series 2006B Bonds at December 31, 2021 is \$-0- and December 31, 2020 is \$210,000.

Loans Payable

The Authority received loans from the State of New Jersey under the 2001 New Jersey Environmental Infrastructure Trust Program ("Trust"). The loans have an interest rate of 5.00% and a maturity amount of \$75,000 through 2021. In 2007 the Trust issued its Series 2007A Wastewater Treatment Refunding Bonds partially refunding the Series 2001 Bonds, which resulted in savings credits that were applied to the Authority's interest payments in 2021. The outstanding balance of \$-0- and \$75,000 is included in loans payable as of December 31, 2021 and 2020 respectively.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

Loans Payable (Continued)

Under the 2001 New Jersey Environmental Infrastructure Fund Program (“Fund”), the State extended \$1,000,000 of non-interest-bearing loan funds to the Authority. The loans mature in various increments through 2021. The outstanding balance of \$-0- and \$51,026 is included in loans payable as of December 31, 2021 and 2020 respectively.

The Series 2010 Fund Loan was originally issued to the New Jersey Environmental Infrastructure Fund Program in the amount of \$938,785 at zero interest. The undrawn portion (unexpended project funds) relating to the Fund Loan in the amount of \$232,143 was deobligated and applied to the loan balance, making the revised loan amount \$706,642. The principal payments commenced on August 1, 2011 with the final payment due on August 1, 2026. The loans mature in various increments through that date. The outstanding loan balance of \$197,470 and \$245,205 is included in loans payable as of December 31, 2021 and 2020 respectively.

The Authority issued 2013 Series A and B bonds, dated May 22, 2013 to the New Jersey Environmental Infrastructure Trust to securitize its participation in the state sponsored financing program to finance upgrades projects for the Treatment Plant.

The Trust Loan (Series 2013 A) was issued in the amount of \$485,000 at interest rates of 3.00% to 5.00% with repayment commencing August 1, 2013 through August 1, 2032. The loan matures in amounts ranging from \$25,000 to \$35,000 through that date. The outstanding loan balance of \$320,000 and \$345,000 is included in loans payable as of December 31, 2021 and 2020 respectively.

The Fund Loan (Series 2013 B) was issued in the amount of \$1,511,250 at zero interest. The principal payments commenced on August 1, 2013 with the final payment on August 1, 2032. The loans mature in various increments through that date. The outstanding loan balance of \$845,276 and \$922,119 is included in loans payable as of December 31, 2021 and 2020 respectively.

The State of New Jersey Environmental Infrastructure Trust issued Series 2016A R-2 (2010B) Bonds, dated May 11, 2016 that partially refunded the Authority’s Series 2010B Trust Loan in the amount of \$531,000 at an interest rate of 5.00%. The principal payments vary in amounts from \$40,000 to \$61,000 from February 1, 2021 through August 1, 2030. The outstanding balance of \$451,000 and \$491,000 is included in loans payable as of December 31, 2021 and 2020 respectively.

The Authority issued its Series 2017 A-2 Trust and Fund loans through the New Jersey Environmental Infrastructure Trust (NJEIT) to fund certain improvements to its Wastewater Treatment Plant and upgrades to the Upper Deerfield Pumping Station.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

Loans Payable (Continued)

The 2017 Trust Loan (Series A-2) was issued in the amount of \$530,000 at interest rates of 2.13% to 5.00% with payments in amounts ranging from \$20,000 to \$35,000 commencing September 1, 2019 through September 1, 2037. As described in Note 3, the undrawn portion of the Trust Loan in the amount of \$108,830 is being held by the Fiscal Agent and will be applied as credits against the loan payments beginning with the February 1, 2021 payment until the amount is exhausted. The outstanding loan balance of \$470,000 and \$490,000 is included in loans payable as of December 31, 2021 and 2020 respectively.

The 2017 Fund Loan (Series A-2) was issued in the amount of \$1,609,755 at zero interest. The undrawn portion (unexpended project funds) relating to the Fund Loan in the amount of \$307,711 was deobligated and applied to the loan balance, making the revised loan amount \$1,302,044. The principal payments commenced on August 1, 2018 and are in various amounts with the final payment on August 1, 2034. The outstanding loan balance of \$1,001,921 and \$1,083,772 is included in loans payable as of December 31, 2021 and 2020 respectively.

Net Pension Liability

For details on the net pension liability, refer to Note 5. The Authority's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis.

Compensated Absences

Current policy allows employees shall be paid for sick leave allowance accumulated to a maximum of two hundred twenty-four (224) hours upon termination in good standing.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of changes in long-term liabilities for the year ended December 31, 2021:

	Balance Jan. 1, 2021	Additions	Reductions	Balance Dec. 31, 2021	Amounts Due Within One Year
Type of Debt:					
Revenue Bonds Payable:					
Series 2006A	\$ 85,000	\$ -	\$ 85,000	\$ -	\$ -
Series 2006B	210,000		210,000	-	-
	<u>295,000</u>	-	<u>295,000</u>	-	-
Add:					
Unamortized Premium	15		15	-	-
Less:					
Unamortized Original Issue Discount	(19)		(19)	-	-
Total Revenue Bonds Payable	<u>294,996</u>	-	<u>294,996</u>	-	-
Loans Payable:					
Series 2001B Trust	75,000		75,000	-	-
Series 2001B Fund	51,026		51,026	-	-
Series 2010 Fund	245,205		47,735	197,470	47,735
Series 2013 Trust	922,119		76,843	845,276	76,843
Series 2013 Fund	345,000		25,000	320,000	25,000
Series 2016A R-2 (2010B) Trust	491,000		40,000	451,000	40,000
Series 2017 Trust	490,000		20,000	470,000	20,000
Series 2017 Fund	1,083,772		81,852	1,001,920	81,852
	<u>3,703,122</u>	-	<u>417,456</u>	<u>3,285,666</u>	<u>291,430</u>
Add:					
Unamortized Premium	117,958		19,327	98,631	-
Total Loans Payable	<u>3,821,080</u>	-	<u>436,783</u>	<u>3,384,297</u>	<u>291,430</u>
Accrued PERS Liabilities	<u>133,031</u>		<u>624</u>	<u>132,407</u>	-
Net Pension Liability	<u>3,966,143</u>		<u>1,287,399</u>	<u>2,678,744</u>	-
Net OBEB Obligation	<u>8,267,107</u>	<u>89,111</u>		<u>8,356,218</u>	-
Accrued Compensated Absences	<u>122,407</u>	<u>9,590</u>	<u>45,504</u>	<u>86,493</u>	-
	<u>\$16,604,764</u>	<u>\$ 98,701</u>	<u>\$ 2,065,306</u>	<u>\$ 14,638,159</u>	<u>\$ 291,430</u>

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of changes in long-term liabilities for the year ended December 31, 2020:

	Balance Jan. 1, 2020	Additions	Reductions	Balance Dec. 31, 2020	Amounts Due Within One Year
Type of Debt:					
Revenue Bonds Payable:					
Series 2006A	\$ 165,000	\$ -	\$ 80,000	\$ 85,000	\$ 85,000
Series 2006B	415,000		205,000	210,000	210,000
	<u>580,000</u>	<u>-</u>	<u>285,000</u>	<u>295,000</u>	<u>295,000</u>
Add:					
Unamortized Premium	99		84	15	15
Less:					
Unamortized Original Issue Discount	(145)		(126)	(19)	(19)
Total Revenue Bonds Payable	<u>579,954</u>	<u>-</u>	<u>284,958</u>	<u>294,996</u>	<u>294,996</u>
Loans Payable:					
Series 2001B Trust	145,000		70,000	75,000	75,000
Series 2001B Fund	100,964		49,938	51,026	51,026
Series 2010 Fund	292,939		47,734	245,205	47,735
Series 2013 Trust	998,962		76,843	922,119	76,843
Series 2013 Fund	365,000		20,000	345,000	25,000
Series 2016A R-2 (2010B) Trust	531,000		40,000	491,000	40,000
Series 2017 Trust	510,000		20,000	490,000	20,000
Series 2017 Fund	1,165,623		81,851	1,083,772	81,852
	<u>4,109,488</u>	<u>-</u>	<u>406,366</u>	<u>3,703,122</u>	<u>417,456</u>
Add:					
Unamortized Premium	138,049		20,091	117,958	-
Total Loans Payable	<u>4,247,537</u>	<u>-</u>	<u>426,457</u>	<u>3,821,080</u>	<u>417,456</u>
Accrued PERS Liabilities	104,491	28,540		133,031	-
Net Pension Liability	<u>3,871,202</u>	<u>94,941</u>		<u>3,966,143</u>	<u>-</u>
Net OBEB Obligation	<u>6,298,788</u>	<u>1,968,319</u>		<u>8,267,107</u>	<u>-</u>
Accrued Compensated Absences	98,085	25,173	851	122,407	-
	<u>\$ 15,200,057</u>	<u>\$ 2,116,973</u>	<u>\$ 712,266</u>	<u>\$ 16,604,764</u>	<u>\$ 712,452</u>

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES (CONTINUED)

The annual debt service requirements to maturity, including principal and interest, for loans payable as of December 31, 2021 are as follows:

Year Ending December 31,	Loans Payable	
	Principal	Interest
2022	\$ 291,430	\$ 51,906
2023	300,430	47,656
2024	301,430	42,656
2025	305,430	37,656
2026	269,226	32,906
2027 - 2031	1,240,624	93,056
2032 - 2036	542,096	21,319
2037	35,000	1,050
	3,285,666	\$ 328,205
Add:		
Unamortized Debt Premium	98,631	
Less:		
Unamortized Original Issue Discount		
	\$ 3,384,297	

NOTE 5 DETAIL NOTES – RETIREMENT SYSTEM

PENSIONS

A substantial number of Authority employees participate in the Public Employees' Retirement System ("PERS"), a defined benefit pension plan, which is administered by the New Jersey Division of Pensions and Benefits ("the Division"). In addition, Authority employees may participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration.

The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by obtained from:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<http://www.state.nj.us/treasury/pensions>

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 5 DETAIL NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Plan Descriptions

Defined Contribution Retirement Program (DCRP) – DCRP is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a “governmental plan” within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established “maximum compensation” limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen’s Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established “maximum compensation” limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Public Employees' Retirement System – PERS is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS’ designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Authority, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction’s pension fund. The PERS’ Board of Trustees is primarily responsible for the administration of the PERS. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 5 DETAIL NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

Defined Contribution Retirement Program – The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Authority contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. For the years ended December 31, 2021, 2020 and 2019, there were no employees participating in the DCRP.

Public Employees' Retirement System – The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability.

Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2021, 2020 and 2019, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Covered Authority employees are required to contribute a percentage of their salary toward their pension benefits. P.L. 2011, c78, effective June 28, 2011, increased the active member contribution rate from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.50%

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

in State fiscal year 2020 and 7.50% in State fiscal year 2020. Employee contributions were \$113,548, \$124,034 and \$127,769 for the years ended December 31, 2021, 2020, and 2019, respectively.

The payroll subject to pension for the Authority’s employees covered by PERS was \$1,518,012, \$1,653,786 and \$1,703,587 for the years ended December 31, 2021, 2020 and 2019, respectively.

The Authority is required by statute to contribute to the employee’s pension benefits based on an annual actuarial calculation. The valuation is a determination of the financial condition of the retirement system. The Authority’s required annual contributions to the PERS were \$264,814, \$266,061 and \$208,982 for the years ended December 31, 2021, 2020, and 2019, respectively, and is included in the accompanying financial statements. The percentage of employer’s contribution rate as a percentage of covered payroll for 2021, 2020 and 2019 was 17.44%, 16.09% and 12.27%, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – PERS

At December 31, 2021 and 2020, the Authority reported a liability of \$2,678,744 and \$3,966,143, respectively for its proportionate share of the net pension liability. The net pension liability at December 31, 2021 and 2020 were measured as of June 30, 2021 and 2020, respectively. The total pension liability used to calculate the net pension liability on June 30, 2021 and 2020 was determined by an actuarial valuation as of July 1, 2020 and 2019, respectively. The Authority’s proportion share of the net position liability was as follows:

June 30, 2021	
<u>Measurement Date</u>	<u>Allocation</u>
June 30, 2021	0.0226121024%
June 30, 2020	0.0243211396%
Change	-0.0017090372%
June 30, 2020	
<u>Measurement Date</u>	<u>Allocation</u>
June 30, 2020	0.0243211396%
June 30, 2019	0.0214846131%
Change	0.0028365265%

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – PERS (Continued)

At December 31, 2021 and 2020, respectively, the Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	June 30, 2021		June 30, 2020	
	Measurement Date		Measurement Date	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflow of</u>	<u>Inflow of</u>	<u>Outflow of</u>	<u>Inflow of</u>
	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>
Differences between Expected and Actual Experience	\$ 42,247	\$ 19,177	\$ 72,217	\$ 14,026
Changes of Assumptions	13,951	953,650	128,666	1,660,661
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	705,651	135,566	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	416,041	534,985	555,056	388,300
Authority Contributions Subsequent to the Measurement Date	132,407	-	133,031	-
	<u>\$ 604,646</u>	<u>\$ 2,213,463</u>	<u>\$ 1,024,536</u>	<u>\$ 2,062,987</u>

**CUMBERLAND COUNTY UTILITIES AUTHORITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2021 AND 2020**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – PERS (Continued)

Deferred outflows of resources related to pensions in the amount of \$132,407 and \$133,031 will be included as a reduction of the net pension liability in the years ending December 31, 2022 and 2021, respectively. This amount is based on an estimated April 1, 2022 and April 1, 2021 contractually required contribution. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
<u>Dec 31,</u>	<u>Amortization</u>
2022	\$ (678,410)
2023	(484,383)
2024	(330,266)
2025	<u>(248,165)</u>
	<u>\$ (1,741,224)</u>

The Authority will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – PERS (Continued)

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

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2021 and 2020 measurement dates were determined by actuarial valuations as of July 1, 2020 and 2019, respectively, which were rolled forward to June 30, 2021 and 2020, respectively.

These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement.

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases		
Through 2026	2.00% - 6.00% Based on Years of Service	2.00% - 6.00% Based on Years of Service
Thereafter	3.00% - 7.00% Based on Years of Service	3.00% - 7.00% Based on Years of Service
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	Pub-2010	Pub-2010
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018	July 1, 2014 - June 30, 2018

For the June 30, 2021 and June 30, 2020 measurement date, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021 and 7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in PERS's target asset allocation as of June 30, 2021 and 2020 are summarized in the table below:

<u>Asset Class</u>	<u>June 30, 2021</u>		<u>June 30, 2020</u>	
	<u>Target Allocation</u>	<u>Long-Term</u>	<u>Target Allocation</u>	<u>Long-Term</u>
		<u>Expected Real Rate of Return</u>		<u>Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.71%	13.50%	8.57%
Emerging Market Equities	5.50%	10.96%	5.50%	10.23%
Private Equity	13.00%	11.30%	13.00%	11.42%
Real Estate	8.00%	9.15%	8.00%	9.56%
Real Assets	3.00%	7.40%	3.00%	9.73%
High Yield	2.00%	3.75%	2.00%	5.95%
Private Credit	8.00%	7.60%	8.00%	7.59%
Investment Grade Credit	8.00%	1.68%	8.00%	2.67%
Cash Equivalents	4.00%	0.50%	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.35%	3.00%	3.40%
	<u>100.00%</u>		<u>100.00%</u>	

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% and 7.00% as of June 30, 2021 and 2020, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on these assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability at June 30, 2021 and 2020, respectively, calculated using the discount rate as disclosed above, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	June 30, 2021		
	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Authority's Proportionate Share of the Net Pension Liability	\$ 3,372,091	\$ 2,678,743	\$ 2,090,419
	June 30, 2020		
	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Authority's Proportionate Share of the Net Pension Liability	\$ 4,992,711	\$ 3,966,142	\$ 3,095,070

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

PENSIONS (CONTINUED)

DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Authority employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional and participants elect how their salary deferrals are invested. Investment options include the following: stock funds, bond funds, and money market accounts, including various risk alternatives. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Investments are managed by the plan trustees under one of various pools of investment options offered by the ING Life Insurance and Annuity Company, who is a provider of deferred compensation services in good standing with the State of New Jersey Division of Local Government Services.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Authority or its creditors. Since the Authority does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Authority's financial statements.

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

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

The Plan provides medical and prescription drug benefit coverage to retirees and their covered dependents of the 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

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

General Information about the OPEB Plan (Continued)

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 negotiation's agreement.

Contributions - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

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.

The Authority is billed monthly by the Plan and paid \$239,952, \$221,632 and \$249,563 for the years ended December 31, 2021, 2020 and 2019, respectively. The Plan payments represent 15.81%, 13.40% and 14.65% of the Authority's covered payroll for the years ended December 31, 2021, 2020 and 2019, respectively. Retirees did not contribute to the plan for the fiscal year ended June 30, 2021.

OPEB Liability

At December 31, 2021 and 2020, the Authority's proportionate share of the net OPEB liability was \$8,356,218 and \$8,267,107 respectively. The net OPEB liability was measured as of June 30, 2021 and June 30, 2020 respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021.

The Authority's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan during the measurement period July 1, 2020 through June 30, 2021. The Authority's proportion share of the net OPEB liability was as follows:

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

OPEB Liability (Continued)

June 30, 2021	
<u>Measurement Date</u>	<u>Allocation</u>
June 30, 2021	0.0464240000%
June 30, 2020	0.0460650000%
Change	0.0003590000%
June 30, 2020	
<u>Measurement Date</u>	<u>Allocation</u>
June 30, 2020	0.0460650000%
June 30, 2019	0.0464990000%
Change	-0.0004340000%

OPEB (Benefit) Expense

At December 31, 2021 and 2020 the Authority’s proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2021 and 2020 measurement date is \$(21,850) and \$(58,046) respectively. As previously mentioned, for the years ended June 30, 2021 and 2020, the Authority made contributions to the Plan totaling \$239,952 and \$221,632.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021 and 2020, the Authority had deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>June 30, 2021</u>		<u>June 30, 2020</u>	
	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience	\$ 187,504	\$ 1,748,244	\$ 217,749	\$ 1,539,490
Changes of Assumptions	1,202,067	1,477,060	1,236,499	1,838,477
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	3,995	-	5,250	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	362,312	781,724	363,876	975,971
Authority Contributions Subsequent to the Measurement Date	119,976	-	110,816	-
	<u>\$ 1,875,854</u>	<u>\$ 4,007,028</u>	<u>\$ 1,934,190</u>	<u>\$ 4,353,938</u>

Deferred outflows of resources related to OPEB in the amount of \$119,976 and \$110,816 resulting from the Authority's contributions subsequent to the measurement date will be included as a reduction of the Authority's net OPEB liability in the years ending December 31, 2022 and 2021 respectively.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

The Authority will amortize the above deferred outflows of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of OPEB Plan Deferral:		
June 30, 2018	-	8.14
June 30, 2019	-	8.05
June 30, 2020	7.87	-
June 30, 2021		7.82
Changes of Assumptions		
Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
June 30, 2019	-	8.05
June 30, 2020	7.87	-
June 30, 2021	7.82	
Net Difference between Projected and Actual Earnings on OPEB		
Plan Investments		
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Other amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

2021	\$	(522,988)
2022		(523,644)
2023		(524,244)
2024		(381,238)
2025		(174,669)
Thereafter		<u>(124,367)</u>
	<u>\$</u>	<u>(2,251,150)</u>

Actuarial Assumptions

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2021 and 2020 used the following actuarial assumptions, applied to all periods in the measurement:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Inflation	2.50%	2.50%
Salary Increases*:	<u>Through 2026</u> 2.00% - 6.00%	<u>Through 2026</u> 1.65% - 8.98%
	<u>2027 and Thereafter</u> 3.00% - 7.00%	<u>2027 and Thereafter</u> 3.00% - 7.00%

* Salary Increases are based on the defined benefit plan that the member is enrolled in and his or her age.

For the June 30, 2021 and 2020 measurement dates, mortality rates were based on Pub-2010. General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021 and MP-2020, respectively.

Actuarial assumptions used in the July 1, 2020 valuation were based on the results of the PERS experience study prepared for July 1, 2020 to June 30, 2021.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

Preretirement 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 the MP-2021 scale. Postretirement mortality rates were based on the PUB-2010 Headcount-Weighted mortality table with fully generational improvement projections from the central year using the MP-2021 scale. Disability mortality was based on the RP-2010 “General” classification Headcount-Weighted Disabled mortality table with fully generational mortality improvement projections from the central year using the MP-2021 scale.

For PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021 and 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in target asset allocation as of June 30, 2021 and 2020 are summarized in the table below.

<u>Asset Class</u>	<u>June 30, 2021</u>		<u>June 30, 2020</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.71%	13.50%	8.57%
Emerging Market Equities	5.50%	10.96%	5.50%	10.23%
Private Equity	13.00%	11.30%	13.00%	11.42%
Real Estate	8.00%	9.15%	8.00%	9.56%
Real Assets	3.00%	7.40%	3.00%	9.73%
High Yield	2.00%	3.75%	2.00%	5.95%
Private Credit	8.00%	7.60%	8.00%	7.59%
Investment Grade Credit	8.00%	1.68%	8.00%	2.67%
Cash Equivalents	4.00%	0.50%	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.35%	3.00%	3.40%
	<u>100.00%</u>		<u>100.00%</u>	

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

Discount Rate - The discount rate used to measure the OPEB Liability at June 30, 2021 and 2020 were 2.16% and 2.21% respectively. 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.

Health Care Trend Assumptions – The health care trend assumptions used are as follows:

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

Sensitivity of the net OPEB Liability to Changes in the Discount Rate

The net OPEB liability as of June 30, 2021 and 2020, the plans measurement dates, for the Authority and the State of New Jersey, calculated using a discount rate of 2.16% for June 30, 2021 and 2.21% for June 30, 2020, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions (Continued)

Sensitivity of the net OPEB Liability to Changes in the Discount Rate (Continued)

	June 30, 2021		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	<u>1.16%</u>	<u>2.16%</u>	<u>3.16%</u>
Authority's Proportionate Share of the Net OPEB Liability	<u>\$ 9,833,666</u>	<u>\$ 8,356,218</u>	<u>\$ 7,185,309</u>

	June 30, 2020		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	<u>1.21%</u>	<u>2.21%</u>	<u>3.21%</u>
Authority's Proportionate Share of the Net OPEB Liability	<u>\$ 9,773,467</u>	<u>\$ 8,267,107</u>	<u>\$ 7,074,686</u>

Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The Authority's and State's proportionate share of the net OPEB Liability as of June 30, 2021 and 2020, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	June 30, 2021		
	1%	Healthcare Cost	1%
	Decrease	Trend Rate	Increase
Authority's Proportionate Share of the Net OPEB Liability	<u>\$ 6,971,900</u>	<u>\$ 8,356,218</u>	<u>\$ 10,162,582</u>

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

**Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates
(Continued)**

	June 30, 2020		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Authority's Proportionate Share of the Net OPEB Liability	\$ 6,841,040	\$ 8,267,107	\$ 10,134,562

OPEB Plan Fiduciary Net Position

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan (the Plan) and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about the Plan, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

NOTE 6 DETAILED NOTES – NET POSITION

RESTRICTED NET POSITION

The Authority has restricted net position for the following purposes in accordance with the requirements of its Bond Resolution.

	2021	2020
Current Debt Service	\$ 304,643	\$ 589,688
Future Debt Service	344,266	476,635
Renewal and Replacement	600,000	600,000
Construction	113,742	113,724

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 6 DETAILED NOTES – NET POSITION (CONTINUED)

UNRESTRICTED NET POSITION

Designated:

The Authority has, by resolution, designated a portion of its Unrestricted Net Position for the following purposes:

Future Plant Reconstruction or Replacement - The amount so designated as of December 31, 2021 and 2020 is \$4,883,302 and \$3,279,980, respectively.

User Revenue Reserve - The Reserve is to be used to minimize the impact of flow fluctuations from its Users, particularly from any unanticipated loss or reduction in flow and the related revenue. The amount so designated as of December 31, 2021 and 2020 is \$859,634 and \$788,009, respectively.

Subsequent Year's Expenditures - The amount so designated as of December 31, 2021 and 2020 is \$390,878 and \$2,850,000, respectively.

Undesignated:

The balance of unrestricted and undesignated net position (deficit) as of December 31, 2021 and 2020 of \$(6,303,826) and \$(10,178,429) respectively, is comprised of the following:

	2021	2020
Amount Related to Pensions (GASB 68 and 71)	\$ (4,684,781)	\$ (5,403,685)
Amount Related to OPEB (GASB 75)	(10,487,392)	(10,686,855)
Undesignated before GASB 68 and 71		
Pension Related Items and GASB 75 OPEB Items	8,868,347	5,912,111
	\$ (6,303,826)	\$ (10,178,429)

NOTE 7 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is also a member of Cumberland County Insurance Commission (the "Commission"). The Commission is operated in accordance with regulations of the Division of Local Governmental Services of the Department of Community Affairs for the purpose of securing significant savings in insurance costs as well as providing stability in coverage. It is governed by three County officials who serve as commissioners and are appointed by the Board. Coverage in excess of the Commission's self-insured retention limit is provided through the Commission's membership in the New Jersey Counties Excess Joint Insurance Fund established in March 2010.

The Commission provides the Authority coverage for General and Automobile Liability; Pollution Liability; Crime; Workers' Compensation and Employer's Liability; Property Damage, including Equipment Breakdown and Public Officials and Employment Practices.

**CUMBERLAND COUNTY UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021 AND 2020**

NOTE 7 **RISK MANAGEMENT (CONTINUED)**

The Commissioner of Insurance may order additional assessments to supplement the Commission's claim, loss retention or administrative accounts to assure the payment of the Commission's obligations.

The Commission provides its own financial report for the year ended December 31, 2021, which can be obtained from:

Cumberland County Insurance Commission
790 East Commerce Street
Bridgeton, NJ 08032

Settled claims have not exceeded commercial insurance coverage in any of the past three years.

NOTE 8 **ECONOMIC DEPENDENCY**

The Authority derives approximately eighty-two percent (82%) of its User Charge revenues from the City of Bridgeton.

NOTE 9 **SUBSEQUENT EVENTS**

The management of the Authority has evaluated its financial statements for subsequent events through the date that the financial statements were issued. As a result of the spread of the COVID-19 coronavirus in New Jersey, economic uncertainties have arisen which could negatively impact the financial position of the Authority. While the impact that COVID-19 will have is currently expected to be temporary, and Management does not currently expect the impact to be material in nature, as of the date of the financial statements, the related financial impact and duration cannot be reasonably estimated.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

**CUMBERLAND COUNTY UTILITIES AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION - PART II
SCHEDULES OF PROPORTIONATE SHARE, EMPLOYER CONTRIBUTIONS AND NOTES
STATE OF NEW JERSEY PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)**

Schedule of Proportionate Share of Net Pension Liability at June 30 (measurement date)

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Authority's Proportion of the Net Pension Liability	0.0226121024%	0.0243211396%	0.0214846131%	0.0212502200%	0.0248475485%	0.0247203434%	0.0251768050%	0.0243742741%	0.0237016378%
Authority's Proportionate Share of the Net Pension Liability	\$ 2,678,743	\$ 3,966,142	\$ 3,871,201	\$ 4,184,062	\$ 5,784,112	\$ 7,321,457	\$ 5,651,688	\$ 4,563,531	\$ 4,529,854
Authority's Covered-Employee Payroll (Plan Measurement Period)	\$ 1,657,104	\$ 1,727,008	\$ 1,526,748	\$ 1,442,756	\$ 1,656,768	\$ 1,649,256	\$ 1,736,708	\$ 1,632,168	\$ 1,572,248
Authority's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	161.65%	229.65%	253.56%	290.00%	349.12%	443.92%	325.43%	279.60%	288.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Schedule of Employer Contributions

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 264,814	\$ 266,061	\$ 208,982	\$ 211,371	\$ 230,186	\$ 219,612	\$ 216,453	\$ 200,938	\$ 178,587
Contributions in Relation to the Contractually Required Contribution	(264,814)	(266,061)	(208,982)	(211,371)	(230,186)	(219,612)	(216,453)	(200,938)	(178,587)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered-Employee Payroll	\$ 1,518,012.00	\$ 1,653,786.00	\$ 1,703,587.00	\$ 1,589,908.00	\$ 1,544,799.00	\$ 1,664,949.00	\$ 1,691,268.00	\$ 1,692,080.00	\$ 1,635,946.00
Contributions as a Percentage of Authority's Covered-Employee Payroll	17.44%	16.09%	12.27%	13.29%	14.90%	13.19%	12.80%	11.88%	10.92%

Notes

Changes in Benefit Terms - There were no significant changes in benefits for the July 1, 2021 and 2020 actuarial valuation.

Changes in Assumptions - In accordance with Paragraph 44 of GASB Statement No. 67 the discount rate for June 30, changed as follows:

2021	2020	2019	2018	2017	2016	2015	2014	2013
7.00%	7.00%	6.28%	5.66%	5.00%	3.98%	4.90%	5.39%	5.55%

Schedule Presentation - These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

See accompanying independent auditors' report.

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

**CUMBERLAND COUNTY UTILITIES AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION - PART III
SCHEDULES OF PROPORTIONATE SHARE OF NET OPEB LIABILITY, EMPLOYER CONTRIBUTIONS AND NOTES
STATE OF NEW JERSEY HEALTH BENEFIT LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN**

Schedule of Proportionate Share of Net OPEB Liability at June 30 (measurement date)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's Proportion of the Net OPEB Liability	0.0464240000%	0.0460650000%	0.0464990000%	0.0492450000%	0.0467040000%	0.0505590000%
Authority's Proportionate Share of the Net OPEB Liability	\$ 8,356,218	\$ 8,267,107	\$ 6,298,788	\$ 7,715,026	\$ 9,534,990	\$ 10,980,133
Authority's Covered-Employee Payroll (Plan Measurement Period)	\$ 1,657,104	\$ 1,727,008	\$ 1,526,748	\$ 1,442,756	\$ 1,656,768	\$ 1,649,256
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of it's Covered-Employee Payroll	504.27%	478.70%	412.56%	534.74%	575.52%	665.76%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.28%	0.92%	2.02%	1.97%	1.03%	0.69%

Schedule of Employer Contributions

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 239,952	\$ 221,632	\$ 249,563	\$ 422,650	\$ 419,626	\$ 345,501
Contributions in Relation to the Contractually Required Contribution	(239,952)	(221,632)	(249,563)	(422,650)	(419,626)	(345,501)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered-Employee Payroll	\$ 1,518,012.00	\$ 1,653,786.00	\$ 1,703,587.00	\$ 1,544,799.00	\$ 1,664,949.00	\$ 1,649,256.00
Contributions as a Percentage of Authority's Covered-Employee Payroll	15.81%	13.40%	14.65%	27.36%	25.20%	20.95%

Notes

Changes in Benefit Terms - There were no significant changes in benefits for the July 1, 2021 and 2020 actuarial valuation.

Changes in Assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
2.16%	2.21%	3.50%	3.87%	3.58%	2.85%

Schedule Presentation - These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

See accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION

**CUMBERLAND COUNTY UTILITIES AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION-
NET INVESTMENT IN CAPITAL ASSETS, RESTRICTED AND UNRESTRICTED
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	UNRESTRICTED					RESTRICTED				TOTALS (MEMO)	
	NET INVESTMENT IN CAPITAL ASSETS	UNDESIGNATED	DESIGNATED - SUBSEQUENT EXPENDITURES	DESIGNATED - USER REVENUE RESERVE	DESIGNATED - FUTURE PLANT RECONSTRUCTION OR REPLACEMENT	CURRENT DEBT SERVICE	FUTURE DEBT SERVICE	RENEWAL AND REPLACE- MENT	CONSTRUCTION	2021	2020
OPERATING REVENUE:											
Treatment Fees	\$	\$ 7,604,430	\$	\$	\$	\$	\$	\$	\$	\$ 7,604,430	\$ 7,384,784
User Surcharge Revenue		11,089								11,089	11,618
Septage Fees		666,077								666,077	593,490
Service Fees		2,575								2,575	8,225
Finance Charges		448								448	1,440
Industrial Pretreatment Program Revenue		39,750								39,750	21,000
Connection Fees		223,831								223,831	239,033
Other Operating Income		30,758								30,758	65,019
	-	8,578,958	-	-	-	-	-	-	-	8,578,958	8,324,609
OPERATING EXPENSES:											
Cost of Providing Services		2,685,678								2,685,678	3,025,523
Administrative and General		1,343,270								1,343,270	1,406,760
Depreciation		1,453,917								1,453,917	1,353,650
	-	5,482,865	-	-	-	-	-	-	-	5,482,865	5,785,933
OPERATING INCOME	-	3,096,093	-	-	-	-	-	-	-	3,096,093	2,538,676
NON-OPERATING REVENUE (EXPENSES):											
Interest Income		11,870		(272)	46,190	100	16,612	11,323	18	85,841	276,952
Interest Expense		(27,040)								(27,040)	(50,066)
Gain (Loss) on Disposal of Capital Assets		16,585								16,585	-
Realized Loss on Investments		(56,297)		(9,088)	(65,755)		(20,719)			(151,859)	(21,283)
Increase (Decrease) in Fair Value of Investments		29,571		4,665	9,249		5,027	3,965		52,477	(117,132)
	-	(25,311)	-	(4,695)	(10,316)	100	920	15,288	18	(23,996)	88,471
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	-	3,070,782	-	(4,695)	(10,316)	100	920	15,288	18	3,072,097	2,627,147
TRANSFERS:											
Investment Income		16,308	-			(100)	(920)	(15,288)		-	-
Increase (Decrease) in Debt Service Requirement		417,414				(285,045)	(132,369)			-	-
Other Transfers	399,065	370,099	(2,459,122)	76,320	1,613,638					-	-
INCREASE (DECREASE) IN NET POSITION	399,065	3,874,603	(2,459,122)	71,625	1,603,322	(285,045)	(132,369)	-	18	3,072,097	2,627,147
NET POSITION JANUARY 1,	12,148,632	(10,178,429)	2,850,000	788,009	3,279,980	589,688	476,635	600,000	113,724	10,668,239	8,041,092
NET POSITION - DECEMBER 31,	\$ 12,547,697	\$ (6,303,826)	\$ 390,878	\$ 859,634	\$ 4,883,302	\$ 304,643	\$ 344,266	\$ 600,000	\$ 113,742	\$ 13,740,336	\$ 10,668,239
UNRESTRICTED NET POSITION (DEFICIT) - UNDESIGNATED-											
Related to Pensions (GASB 68 and 71)		\$ (4,684,781)									
Related to OPEB (GASB 75)		(10,487,392)									
Before GASB 68 and 71 Pension and GASB 75 OPEB Related Items		8,868,347									
		<u>\$ (6,303,826)</u>									

CUMBERLAND COUNTY UTILITIES AUTHORITY
SCHEDULE OF REVENUES AND COSTS FUNDED BY
REVENUES COMPARED TO BUDGET - BUDGETARY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021 BUDGET	2021 ACTUAL	2020 ACTUAL
REVENUES:			
Treatment Fees	\$ 6,990,000	\$ 7,604,430	\$ 7,384,784
User Surcharge Revenue		11,089	11,618
Septage Fees	450,000	666,077	593,490
Service Fees		2,575	8,225
Finance Charges		448	1,440
Industrial Pretreatment Program Fees	30,000	39,750	21,000
Investment Income	20,000	39,880	188,730
Connection Fees		223,831	239,033
Other Income		30,758	65,019
Total Revenues	\$ 7,490,000	\$ 8,618,838	\$ 8,513,339
EXPENSES:			
Costs of Providing Services:			
Salaries and Wages	\$ 1,217,081	\$ 1,194,038	\$ 1,231,703
Employee Benefits	912,500	729,903	724,416
Automotive Expense	42,000	28,870	25,923
Chemicals Used in Treatment	114,500	97,817	84,979
Fuels and Lubricants	96,000	78,077	99,267
Utilities	486,000	494,318	423,777
Materials and Supplies	57,000	37,457	45,981
Repairs and Replacements	156,400	96,385	120,239
Sludge/Waste/Recycling Disposal	498,000	514,488	423,607
Laboratory Expenses	61,000	60,758	44,731
Other Operations and Maintenance Expenses	2,500	3,274	3,629
Industrial Pretreatment Program	8,500	2,269	2,156
Total Costs of Providing Services	3,651,481	3,337,654	3,230,408
Administrative and General Expenses:			
Salaries and Wages	627,268	511,610	587,606
Employee Benefits	333,000	308,883	291,945
Office Supplies and Expense	60,900	57,927	67,176
Professional Services	580,000	439,492	305,064
Insurance	79,000	76,714	71,569
Conferences and Education	16,500	15,720	10,650
Utilities	69,000	62,364	54,888
Dues and Subscriptions	11,300	10,643	7,309
Maintenance of General Property	59,700	55,651	41,866
Permits and Fees	65,800	65,256	55,711
Provision for Bad Debts	2,000	-	4,415
Other Administrative Fees	5,250	5,401	5,943
Total Administrative and General Expenses	1,909,718	1,609,661	1,504,142
Interest Expense	67,419	44,017	62,676

(Continued)

CUMBERLAND COUNTY UTILITIES AUTHORITY
SCHEDULE OF REVENUES AND COSTS FUNDED BY
REVENUES COMPARED TO BUDGET - BUDGETARY BASIS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021 BUDGET	2021 ACTUAL	2020 ACTUAL
OTHER COSTS FUNDED BY REVENUES:			
Principal Maturities	\$ 717,456	712,456	\$ 696,369
Capital Outlays	3,893,926	2,188,324	1,577,306
Plant Reconstruction & Replacement	50,000	50,000	50,000
User Revenue Reserve Fund	50,000	50,000	50,000
Total Other Costs Funded by Revenues	<u>4,711,382</u>	<u>3,000,780</u>	<u>2,373,675</u>
TOTAL COSTS FUNDED BY REVENUES	<u>10,340,000</u>	<u>7,992,112</u>	<u>7,170,901</u>
REVENUES OVER (UNDER) COSTS FUNDED BY REVENUES	<u>\$ (2,850,000)</u>	626,726	1,342,438
Reconciliation of Budgetary Basis to Change in Net Position:			
Adjustments to Budgetary Basis:			
Interest Income not used for Operations		45,961	88,222
Capital Outlays		2,188,324	1,577,306
Plant Reconstruction & Replacement Funds		50,000	50,000
User Revenue Reserve Fund		50,000	50,000
Principal Maturities		712,456	696,369
Increase (Decrease) in Fair Value of Investments		(99,382)	(138,415)
Gain (Loss) on Disposal of Capital Assets		16,585	
Pension Expense - Difference of GAAP vs. Budgetary Basis		718,904	107,362
OPEB Expense - Difference of GAAP vs. Budgetary Basis		199,463	194,905
Amortization (Charged) Credited to Interest Expense		16,977	12,610
Depreciation Expense		<u>(1,453,917)</u>	<u>(1,353,650)</u>
CHANGE IN NET POSITION PER EXHIBIT B		<u>\$ 3,072,097</u>	<u>\$ 2,627,147</u>

**CUMBERLAND COUNTY UTILITIES AUTHORITY
SCHEDULE OF SEWER REVENUE BONDS PAYABLE
DECEMBER 31, 2021**

	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE JANUARY 1, 2021	ISSUED 2021	PAID 2021	BALANCE DECEMBER 31, 2021
	DATE	AMOUNT		DATE	AMOUNT				
Issue of 2006A	3/28/2006	\$ 6,055,000	4.00%			\$ 85,000	\$ -	\$ 85,000	\$ -
Issue of 2006B	4/18/2006	2,430,000	4.20%			210,000	-	210,000	-
						<u>\$ 295,000</u>	<u>\$ -</u>	<u>\$ 295,000</u>	<u>\$ -</u>

**CUMBERLAND COUNTY UTILITIES AUTHORITY
SCHEDULE OF LOANS PAYABLE
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
DECEMBER 31, 2021**

Series	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE JANUARY 1, 2021	ISSUED 2021	PRINCIPAL REDUCTION 2021	PAID 2021	BALANCE DECEMBER 31, 2021
	DATE	AMOUNT		DATE	AMOUNT					
2001 Trust Loan Agreement	10/15/2001	\$ 950,000	4.75%			\$ 75,000	\$ -	\$ -	\$ 75,000	\$ -
2001 Fund Loan Agreement	10/15/2001	1,000,000	N/A			51,026			51,026	-
2010 Fund Loan Agreement	12/2/2010	938,785	N/A	2022	47,735	245,205			47,735	197,470
				2023	47,735					
				2024	47,735					
				2025	47,735					
				2026	6,530					

(continued)

**CUMBERLAND COUNTY UTILITIES AUTHORITY
SCHEDULE OF LOANS PAYABLE
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
DECEMBER 31, 2021**

Series	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE JANUARY 1, 2021	ISSUED 2021	PRINCIPAL REDUCTION 2021	PAID 2021	BALANCE DECEMBER 31, 2021
	DATE	AMOUNT		DATE	AMOUNT					
2013 Trust Loan Agreement	5/22/2013	\$ 485,000	4.00%	8/1/2022	25,000	\$ 345,000	\$ -		\$ 25,000	\$ 320,000
			5.00%	8/1/2023	25,000					
			5.00%	8/1/2024	25,000					
			3.00%	8/1/2025	25,000					
			3.00%	8/1/2026	30,000					
			3.00%	8/1/2027	30,000					
			3.00%	8/1/2028	30,000					
			3.00%	8/1/2029	30,000					
			3.00%	8/1/2030	30,000					
			3.00%	8/1/2031	35,000					
			3.00%	8/1/2032	35,000					
			2013 Fund Loan Agreement	5/22/2013	\$ 1,511,250					
2023	76,843									
2024	76,843									
2025	76,843									
2026	76,843									
2027	76,843									
2028	76,843									
2029	76,843									
2030	76,843									
2031	76,843									
2032	76,846									

(continued)

**CUMBERLAND COUNTY UTILITIES AUTHORITY
SCHEDULE OF LOANS PAYABLE
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
DECEMBER 31, 2021**

Series	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE JANUARY 1, 2021	ISSUED 2021	PRINCIPAL REDUCTION 2021	PAID 2021	BALANCE DECEMBER 31, 2021
	DATE	AMOUNT		DATE	AMOUNT					
2016A R-2 Refunding Loan Agreement	5/11/2016	\$ 531,000	5.00%	2022	40,000	\$ 491,000	\$ -		\$ 40,000	\$ 451,000
			5.00%	2023	44,000					
			5.00%	2024	45,000					
			5.00%	2025	49,000					
			5.00%	2026	49,000					
			5.00%	2027	53,000					
			5.00%	2028	53,000					
			5.00%	2029	57,000					
			5.00%	2030	61,000					
2017 Trust Loan Agreement	11/21/2017	\$ 530,000	5.00%	9/1/2022	20,000	490,000			20,000	470,000
			5.00%	9/1/2023	25,000					
			5.00%	9/1/2024	25,000					
			5.00%	9/1/2025	25,000					
			5.00%	9/1/2026	25,000					
			2.13%	9/1/2027	30,000					
			2.38%	9/1/2028	30,000					
			2.50%	9/1/2029	30,000					
			2.63%	9/1/2030	30,000					
			2.75%	9/1/2031	30,000					
			2.70%	9/1/2032	30,000					
			2.88%	9/1/2033	30,000					
			2.88%	9/1/2034	35,000					
			3.00%	9/1/2035	35,000					
			3.00%	9/1/2036	35,000					
			3.00%	9/1/2037	35,000					

(continued)

**CUMBERLAND COUNTY UTILITIES AUTHORITY
SCHEDULE OF LOANS PAYABLE
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
DECEMBER 31, 2021**

Series	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE JANUARY 1, 2021	ISSUED 2021	PRINCIPAL REDUCTION 2021	PAID 2021	BALANCE DECEMBER 31, 2021
	DATE	AMOUNT		DATE	AMOUNT					
2017 Fund Loan Agreement	11/21/2017	\$ 1,609,755	N/A	2022	81,852	\$ 1,083,772	\$ -		\$ 81,851	\$ 1,001,921
				2023	81,852					
				2024	81,852					
				2025	81,852					
				2026	81,852					
				2027	81,852					
				2028	81,852					
				2029	81,852					
				2030	81,852					
				2031	81,852					
				2032	81,852					
				2033	81,852					
				2034	19,697					
							<u>\$ 3,703,122</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 417,455</u>

**CUMBERLAND COUNTY UTILITIES AUTHORITY
FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2021**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* or with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None Noted

**CUMBERLAND COUNTY UTILITIES AUTHORITY
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2021**

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* or with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None Noted

ROSTER OF OFFICIALS

<u>Authority Members</u>	<u>Position</u>	<u>Amount of Surety Bond</u>
Albert Jones	Chairman	
Keith Wasserman	Vice-Chairman (to 1/31/2021)	
Richard Dawson	Vice-Chairman (from 2/18/2021)	
Angelia L. Edwards	Commissioner	
William Andre	Commissioner	
Zarko Rajacich	Commissioner	
Kenny Smith-Bey	Commissioner	
R. Todd Edwards	Commissioner (from 3/18/2021 to 10/21/2021)	
William Whelan	Commissioner (from 11/18/2021)	
Dean Dellaquila	Commissioner (from 11/18/2021)	

Other Officials

C. Kenneth Hill	Secretary (to 1/21/2021)	
John Fuqua	Secretary (from 2/18/2021)	
Edward Bethea	Treasurer (to 1/21/2021)	\$ 75,000
R. Todd Edwards	Treasurer (from 2/18/21 to 3/18/21)	\$ 75,000
Donald Olbrich	Treasurer (from 3/18/2021)	\$ 75,000
Gregg L. Zeff	General Counsel	
G. Steven Errickson	Executive Director (to 6/30/2021)	
Bob Carlson	Executive Director (from 7/16/2021)	
Daniel Jefferson	Deputy Executive Director	
Stephanie Mick	Assistant Secretary/Treasurer	

Surety Company

ITT Hartford Insurance Group