

**CUMBERLAND COUNTY UTILITIES AUTHORITY**

**AUDIT REPORT**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**



Romano, Hearing, Testa & Knorr  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**CUMBERLAND COUNTY UTILITIES AUTHORITY**  
**AUDIT REPORT**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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 AUDIT REPORT  
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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, 2023 and 2022, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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, 2023 and 2022, 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 March 3, 2025 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

March 3, 2025

**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, 2023 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 March 3, 2025.

**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. 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

## **Report on Internal Control Over Financial Reporting (Continued)**

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

March 3, 2025

**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, 2023. 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 2023 and 2022:

- For fiscal years 2023 and 2022, the Authority treated flow from Customers of 1,279.53 and 1,283.21 million gallons of wastewater, respectively. Treatment Fees from Customers decreased approximately 0.03% for the fiscal year 2023 as compared to 2022.
- Septage fees increased 23.62% for the fiscal year 2023 as compared to 2022 primarily due to an increase in the volume of wastewater delivered in by individual haulers.
- Operating expenses increased approximately \$179,000 in fiscal year 2023 as compared to 2022. The Cost of Providing Services actually increased by approximately \$200,000 while general and administrative expenses decreased approximately \$96,000 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 \$75,588 resulted in the increase in Operating Expenses.

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

### FINANCIAL HIGHLIGHTS (CONTINUED)

- Net position increased approximately \$3,478,000 and \$2,750,000 for the years ending December 31, 2023, and 2022, 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 on 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 \$3,478,000. 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)

	2023	2022	2021	2023 - 2022 Increase(Decrease)	
				\$	%
Current Assets	\$ 19,107	\$ 17,610	\$ 17,710	\$ 1,497	8.50%
Noncurrent Assets	17,325	17,985	16,798	(660)	-3.67%
<b>Total Assets</b>	<b>\$ 36,432</b>	<b>\$ 35,595</b>	<b>\$ 34,508</b>	<b>\$ 837</b>	<b>2.35%</b>
Deferred Loss on Defeasance of Debt	\$ 16	\$ 19	\$ 21	\$ (3)	-15.79%
Deferred Amount Relating to Pensions	329	589	604	(260)	-44.14%
Deferred Amount Related to OPEB	2,932	1,693	1,876	1,239	
<b>Total Deferred Outflows of Resources</b>	<b>\$ 3,277</b>	<b>\$ 2,301</b>	<b>\$ 2,501</b>	<b>\$ 976</b>	<b>42.42%</b>
Current Liabilities	\$ 959	\$ 2,346	\$ 2,702	\$ (1,387)	-59.12%
Long-Term Liabilities	12,869	13,002	14,347	(133)	-1.02%
<b>Total Liabilities</b>	<b>\$ 13,828</b>	<b>\$ 15,348</b>	<b>\$ 17,049</b>	<b>\$ (1,520)</b>	<b>-9.90%</b>
Deferred Amount Relating to Pensions	\$ 645	\$ 939	\$ 2,213	\$ (294)	-31.31%
Deferred Amount Relating to OPEB	5,268	5,119	4,007	149	
<b>Total Deferred Inflows of Resources</b>	<b>\$ 5,913</b>	<b>\$ 6,058</b>	<b>\$ 6,220</b>	<b>\$ (145)</b>	<b>-2.39%</b>
Net Investment in Capital Assets	\$ 14,535	\$ 14,565	\$ 12,548	\$ (30)	-0.21%
Restricted Net Position	1,447	1,394	1,362	53	3.80%
Unrestricted Net Position	3,986	531	(170)	3,455	650.66%
<b>Total Net Position</b>	<b>\$ 19,968</b>	<b>\$ 16,490</b>	<b>\$ 13,740</b>	<b>\$ 3,478</b>	<b>21.09%</b>

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

The decrease in non-current assets is the net result of a decrease in net capital assets.

The decrease in current liabilities is the result of a decrease in Contracts Payable – Construction and Accounts Payable - Construction.

**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)

	2023	2022	2021	2023 - 2022	
				Increase(Decrease) \$	%
Operating Revenue:					
Treatment Fees	\$ 7,451	\$ 7,334	\$ 7,616	\$ 117	1.60%
Septage Fees	764	618	666	146	23.62%
Other Operating	116	140	297	(24)	-17.14%
Nonoperating Revenue	759	93	3	666	716.13%
<b>Total Revenue</b>	<b>\$ 9,090</b>	<b>\$ 8,185</b>	<b>\$ 8,582</b>	<b>\$ 905</b>	<b>11.06%</b>
Operating Expenses:					
Cost of Providing Services	\$ 2,975	\$ 2,775	\$ 2,686	\$ 200	7.21%
Administrative and General	1,190	1,286	1,343	(96)	-7.47%
Depreciation	1,418	1,343	1,454	75	5.58%
Non Operating Expense:					
Interest	29	31	27	(2)	-6.45%
<b>Total Expenses</b>	<b>\$ 5,612</b>	<b>\$ 5,435</b>	<b>\$ 5,510</b>	<b>\$ 177</b>	<b>3.26%</b>
<b>Change in Net Position</b>	<b>3,478</b>	<b>2,750</b>	<b>3,072</b>	<b>728</b>	<b>26.47%</b>
<b>Net Position – Beginning</b>	<b>\$ 16,490</b>	<b>\$ 13,740</b>	<b>\$ 10,668</b>	<b>\$ 2,750</b>	<b>20.01%</b>
<b>Ending Net Position</b>	<b>\$ 19,968</b>	<b>\$ 16,490</b>	<b>\$ 13,740</b>	<b>\$ 3,478</b>	<b>21.09%</b>

**Revenues**

The Authority's total revenues are approximately \$9.090 million for the year ended December 31, 2023, as compared to \$8.185 million for the year ended December 31, 2022. Treatment Fees including Surcharges were \$7.451 million, accounting for 82% 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 \$5.583 million for the year ended December 31, 2023 increased \$179,000 or 5.33% from operating expenses of \$5.404 million for the year ended December 31, 2022 primarily due to the increase in cost of providing services and depreciation.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of December 2023, the Authority had \$17.323 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 \$1.418 million.

The following table summarizes the Authority's capital assets, net of accumulated depreciation, and changes therein, for the years ended December 31, 2023 and 2022.

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

	2023	2022	2023 - 2022 Increase(Decrease)	
			\$	%
Land	\$ 1,135	\$ 1,135	\$ -	
Land Improvements	19	24	(5)	-26.32%
Treatment Plant and Facilities	11,009	8,374	2,635	23.93%
Pumping Stations and Interceptors	2,914	3,066	(152)	-4.96%
Machinery and Equipment	816	855	(39)	-4.56%
Vehicles	575	653	(78)	-11.94%
Office Equipment	160	197	(37)	-18.78%
Construction in Progress	695	3,681	(2,986)	
<b>Total</b>	<b>\$ 17,323</b>	<b>\$17,985</b>	<b>\$ (662)</b>	<b>-3.68%</b>

The Authority's fiscal year 2024 capital budget (as amended) plans for investing another \$7,104,566 in capital projects, including:

Plant/Motor/Pump Replacement	\$ 30,000
Buildings, Grounds and Vehicles	2,074,566
Phase 1 Treatment Plant Upgrades	<u>5,000,000</u>
<b>Total</b>	<b>\$ <u>7,104,566</u></b>

**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**

On December 31, 2023, the Authority had several outstanding bond issues and loans payable in the amount of \$2,759,870 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 2024 Operating Budget (as amended) reflects an 11.00% increase from the 2023 Budget. The Authority plans to fund the capital expenditures of \$7,104,566 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 2024 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, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS - UNRESTRICTED:</b>		
Cash and Cash Equivalents	\$ 4,128,761	\$ 2,843,342
Investments	8,874,306	6,943,304
Accounts Receivable	63,129	53,132
Interest Receivable	118,745	61,845
Due from Restricted Assets		1,139,238
Inventory	51,320	33,563
	<u>13,236,261</u>	<u>11,074,424</u>
<b>Total Current Assets - Unrestricted</b>		
<b>CURRENT ASSETS- RESTRICTED:</b>		
Accounts Required by the Authority's Bond Resolutions:		
Cash and Cash Equivalents	485,100	391,597
Investments	904,629	934,680
Interest Receivable	13,407	7,143
Other Restricted Accounts:		
Cash and Cash Equivalents	1,074,493	1,979,864
Investments	3,347,777	3,152,869
Interest Receivable	45,610	32,087
Due from Unrestricted	367,236	
Due from New Jersey Environmental Infrastructure Trust		37,371
	<u>6,238,252</u>	<u>6,535,611</u>
<b>Total Current Assets - Restricted</b>		
<b>NONCURRENT ASSETS:</b>		
Capital Assets, Net	17,324,278	17,985,151
	<u>17,324,278</u>	<u>17,985,151</u>
<b>Total Noncurrent Assets</b>		
<b>TOTAL ASSETS</b>	<u>36,798,791</u>	<u>35,595,186</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred Loss on Defeasance of Debt	16,225	18,589
Deferred Amount Relating to Pensions	329,236	589,007
Deferred Amount Relating to OPEB	2,931,357	1,693,025
	<u>3,276,818</u>	<u>2,300,621</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>		

(Continued)

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

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED ASSETS:</b>		
Accounts Payable - Operations	\$ 194,149	\$ 199,719
Due to Restricted	367,236	
Accrued Liabilities	<u>332,608</u>	<u>331,803</u>
<b>Total Current Liabilities Payable From Unrestricted Assets</b>	<u>893,993</u>	<u>531,522</u>
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:</b>		
Accounts Payable - Construction	30,325	140,831
Contracts Payable - Construction		165,597
Retainage Payable - Construction		37,667
New Jersey Environmental Infrastructure Trust Loans Payable - Current Portion	301,430	300,430
Unearned Connection Fees	75,440	3,450
Due to Unrestricted Assets		1,139,238
Sensor Escrow	7,700	7,600
Accrued Interest Payable - Bonds and Loans	<u>17,773</u>	<u>19,857</u>
<b>Total Current Liabilities Payable From Restricted Assets</b>	<u>432,668</u>	<u>1,814,670</u>
<b>LONG-TERM LIABILITIES:</b>		
New Jersey Environmental Infrastructure Trust Loans Payable	2,458,440	2,775,376
Net Pension Liability	2,936,481	3,309,051
Net OPEB Obligation	7,238,254	6,687,547
Accrued Liabilities - Related to Pensions	135,480	138,254
Accrued Compensated Absences	<u>100,231</u>	<u>91,794</u>
<b>Total Long-Term Liabilities</b>	<u>12,868,886</u>	<u>13,002,022</u>
<b>TOTAL LIABILITIES</b>	<u>14,195,547</u>	<u>15,348,214</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred Amount Relating to Pensions	644,672	939,264
Deferred Amount Relating to OPEB	<u>5,267,186</u>	<u>5,118,410</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>5,911,858</u>	<u>6,057,674</u>
<b>NET POSITION:</b>		
Net Investment in Capital Assets	14,535,083	14,565,249
Restricted:		
Current Debt Service	386,283	334,194
Future Debt Service	340,566	344,266
Renewal and Replacement	600,000	600,000
Construction	120,292	114,948
Unrestricted	<u>3,985,980</u>	<u>531,262</u>
<b>TOTAL NET POSITION</b>	<u>\$ 19,968,204</u>	<u>\$ 16,489,919</u>

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, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUE:</b>		
Treatment Fees	\$ 7,446,990	\$ 7,332,048
User Surcharge Revenue	4,361	1,498
Septage Fees	763,469	617,735
Service Fees	5,471	3,012
Finance Charges	898	296
Industrial Pretreatment Program Revenue	70,500	84,000
Connection Fees	16,298	13,593
Other Operating Income	23,447	39,362
	<u>8,331,434</u>	<u>8,091,544</u>
<b>OPERATING EXPENSES:</b>		
Cost of Providing Services	2,974,737	2,775,031
Administrative and General	1,189,982	1,286,365
Depreciation	1,418,155	1,342,567
	<u>5,582,874</u>	<u>5,403,963</u>
<b>OPERATING INCOME</b>	<u>2,748,560</u>	<u>2,687,581</u>
<b>NON-OPERATING REVENUE (EXPENSES):</b>		
Interest Income	670,896	168,251
Interest Expense	(28,610)	(31,289)
Loss on Disposal of Capital Assets	(19,587)	
Realized Loss on Investments	(23,439)	(18,370)
Increase (Decrease) in Fair Value of Investments	130,465	(56,590)
	<u>729,725</u>	<u>62,002</u>
<b>CHANGE IN NET POSITION</b>	3,478,285	2,749,583
<b>TOTAL NET POSITION-BEGINNING</b>	<u>16,489,919</u>	<u>13,740,336</u>
<b>TOTAL NET POSITION-ENDING</b>	<u>\$ 19,968,204</u>	<u>\$ 16,489,919</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, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers and Users	\$ 8,370,080	\$ 8,058,201
Cash Payments to Suppliers for Goods and Services	(2,163,536)	(2,181,675)
Cash Payments for Employee Services	(2,943,557)	(2,776,831)
Other Receipts (Payments)	<u>2,622</u>	<u>71,260</u>
<b>Net Cash Provided by Operating Activities</b>	<u>3,265,609</u>	<u>3,170,955</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Other Non-Operating Revenue and Expenses	<u>37,371</u>	<u>34,945</u>
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<u>37,371</u>	<u>34,945</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and Construction of Capital Assets	(1,104,551)	(3,056,328)
Principal Paid on Loans Payable	(300,430)	(291,430)
Interest Paid on Bonds and Loans	<u>(30,694)</u>	<u>(42,832)</u>
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(1,435,675)</u>	<u>(3,390,590)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Investment Securities	(15,420,836)	(11,098,322)
Proceeds from Sale and Maturities of Investment Securities	13,432,873	7,761,191
Interest Received on Non-Operating Investments	<u>594,209</u>	<u>106,057</u>
<b>Net Cash Used by Investing Activities</b>	<u>(1,393,754)</u>	<u>(3,231,074)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	473,551	(3,415,763)
<b>CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR</b>	<u>5,214,803</u>	<u>8,630,566</u>
<b>CASH AND CASH EQUIVALENTS-END OF YEAR</b>	<u>\$ 5,688,354</u>	<u>\$ 5,214,803</u>
<b>CASH AND CASH EQUIVALENTS - STATEMENT OF NET POSITION:</b>		
Cash and Cash Equivalents - Unrestricted	\$ 4,128,761	\$ 2,843,342
Cash and Cash Equivalents - Accounts Required by Authority's Bond Resolutions	485,100	391,597
Cash and Cash Equivalents - Other Restricted Accounts	<u>1,074,493</u>	<u>1,979,864</u>
	<u>\$ 5,688,354</u>	<u>\$ 5,214,803</u>

(Continued)

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, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating Income	<u>\$ 2,748,560</u>	<u>\$ 2,687,581</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	1,418,155	1,342,567
Increase (Decrease) in Cash Resulting From Changes in:		
Accounts Receivable	(9,997)	5,819
Inventory	(17,757)	4,288
Deferred Outflows - Amount Related to Pensions	259,771	15,639
Deferred Outflows - Amount Related to OPEB	(1,238,332)	182,829
Accounts Payable - Non Capital	(5,570)	99,928
Accrued Liabilities	(1,969)	28,184
Net Pension Liability	(372,570)	630,307
Net OPEB Liability	550,707	(1,668,671)
Unearned Connection Fees	71,990	
Accrued Compensated Absences	8,437	5,301
Deferred Inflows - Amount Related to Pensions	(294,592)	(1,274,199)
Deferred Inflows - Amount Related to OPEB	<u>148,776</u>	<u>1,111,382</u>
Total Adjustments	<u>517,049</u>	<u>483,374</u>
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$ 3,265,609</u></u>	<u><u>\$ 3,170,955</u></u>

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, 2023 AND 2022**

**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 Fairfield and the United States Government (for the federal correctional institution) (the "Participants").

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, 2023 AND 2022**

**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

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets and Budgetary Accounting (Continued)**

not affecting the legal level line items may be made by management at any time. There are no statutory provisions that budgetary line items not be over-expended.

**Cash, Cash Equivalents and Investments**

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

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

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

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

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

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

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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)

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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.

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

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Pensions (Continued)**

(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.

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.

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position (Continued)**

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

**Grants**

Contributions received from various sources as grants are recorded in the period earned. Developer financed construction is recorded in the period in which applicable construction costs are incurred. Donated assets are recorded at fair market value at the date of the gift. Grants not externally restricted and utilized to finance operations are identified as 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 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 adoption of this Statement had no material impact on the Authority's 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

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Adoption of Accounting Pronouncements (Continued)**

capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange like transaction. The adoption of this Statement had no material impact on the Authority's 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 became effective in 2023. The adoption of this part of the statements had no material impact on the Authority's Financial Statements. 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.

**Recent Accounting Pronouncements Not Yet Effective**

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

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recent Accounting Pronouncements Not Yet Effective (Continued)**

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.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financials are issued. The requirements of this Statements are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Managements is currently evaluating the impact this Statement will have on the basic financial statements of the Authority.

In April 2024, the GASB issued Statement No. 103, *Financial Model Improvements*. The objective of this Statement is to improve key components of the financial model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. That objective is achieved by improving the quality of the analysis if changes from the prior year, which will enhance the relevance of that information. The Statement will become effective for the Authority in the fiscal year ending June 30, 2026. Management is currently evaluating the impact this Statement will have on the basic financial Statement will have on the basic financial statements of the Authority.

**Subsequent Events**

Management has evaluated subsequent events through March 3, 2025, the date the financial statements were available for issue.

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**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.

**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.

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 2      STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**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 2023 and 2022 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.

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

	Bond Service Fund	Bond Reserve Fund
Cash and Investments	\$ 314,913	\$ 349,950
Required Amount	404,056	340,566
	* \$ (89,143)	\$ 9,384

\*Account was fully funded January 2024.

**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, 2023 and 2022 there were no material arbitrage profits subject to rebate.

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 3      DETAIL NOTES – ASSETS**

**CASH AND CASH EQUIVALENTS**

At December 31, 2023, the carrying amount and bank balance of the Authority's time and demand deposits were \$3,746,783 and \$3,879,342, respectively. At December 31, 2022, the carrying amount and bank balance of the Authority's time and demand deposits were \$2,817,038 and \$2,924,802, 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, 2023, \$250,000 of the Authority's bank balance was insured and \$3,629,342 was uninsured and collateralized. As of December 31, 2022, \$250,000 of the Authority's bank balance was insured and \$2,674,802 was uninsured and collateralized.

In addition to the bank deposits described above, the Authority also had \$1,941,556 at December 31, 2023 and \$2,397,750 at December 31, 2022 invested in a government money market fund which is not covered by federal deposit insurance or by GUDPA, but 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, 2023 and 2022 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 \$13,126,712 at December 31, 2023 and \$11,030,853 at December 31, 2022 are held in the name of the counterparty, as trustee for the Authority, not in the name of the Authority.

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 3      DETAIL NOTES – ASSETS (CONTINUED)**

**INVESTMENTS (CONTINUED)**

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.

As of December 31, 2023, 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	\$ 12,383,486
AAA	-
AA	-
A	-
Other	743,226
Total Investments	<u>\$ 13,126,712</u>

<u>Investment</u>	<u>Investment Maturities (in Years)</u>		
	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Total Investments	<u>\$ 13,126,712</u>	<u>\$ -</u>	<u>\$ -</u>

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 3      DETAIL NOTES – ASSETS (CONTINUED)**

**INVESTMENTS (CONTINUED)**

As of December 31, 2022, the Authority had the following investments and maturities which are measured using Level 1 inputs:

Quality/Rating	Total Fair Value
Treasury/Agency	\$ 8,135,237
AAA	
AA	481,763
A	
Other	2,413,853
Total Investments	\$ 11,030,853

Investment	Investment Maturities (in Years)		
	Less than 1	1-5	6-10
Total Investments	\$ 11,030,853	\$ -	\$ -

**ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following at December 31, 2023 and 2022:

	2023	2022
Septage Haulers	\$ 69,969	\$ 57,396
User Charges and Fees		1,452
Delinquent Fees	157	23
Less:		
Allowance for Doubtful Accounts	(6,997)	(5,739)
	\$ 63,129	\$ 53,132

**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, 2023 and 2022 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, 2023 and 2022, the undrawn portion of the Trust Loan in the amount of \$0 and \$37,371 was held by the Fiscal Agent to be applied as credits against the loan payments.

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 3     DETAIL NOTES – ASSETS (CONTINUED)**

**CAPITAL ASSETS**

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

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 1,135,342	\$ -	\$ -	\$ 1,135,342
Construction In Progress	3,680,437	477,110	3,462,814	694,733
Total Non-Depreciable Capital Assets	<u>4,815,779</u>	<u>477,110</u>	<u>3,462,814</u>	<u>1,830,075</u>
<b>Depreciable Capital Assets:</b>				
Land Improvements	501,175		4,157	497,018
Treatment Plant	29,531,299	3,531,025	55,327	33,006,997
P/S And Interceptors	9,079,267	35,392	9,017	9,105,642
Machinery And Equipment	5,175,405	196,156	358,251	5,013,310
Vehicles	1,510,508		222,565	1,287,943
Office Equipment	392,692		54,317	338,375
Total Depreciable Capital Assets	<u>46,190,346</u>	<u>3,762,573</u>	<u>703,634</u>	<u>49,249,285</u>
<b>Less Accumulated Depreciation:</b>				
Land Improvements	477,062	3,624	2,996	477,690
Treatment Plant	21,156,857	887,349	46,449	21,997,757
P/S And Interceptors	6,013,674	186,427	8,468	6,191,633
Machinery and Equipment	4,320,041	226,440	349,250	4,197,231
Vehicles	857,317	77,846	222,565	712,598
Office Equipment	196,023	36,466	54,316	178,173
Total Accumulated Depreciation	<u>33,020,974</u>	<u>1,418,152</u>	<u>684,044</u>	<u>33,755,082</u>
Net Depreciable Capital Assets	<u>13,169,372</u>	<u>2,344,421</u>	<u>19,590</u>	<u>15,494,203</u>
Total Capital Assets, Net	<u>\$ 17,985,151</u>	<u>\$ 2,821,531</u>	<u>\$ 3,482,404</u>	<u>\$ 17,324,278</u>

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)**

**CAPITAL ASSETS (CONTINUED)**

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

	Balance January 1, 2022	Additions	Reductions	Balance December 31, 2022
Non-Depreciable Capital Assets:				
Land	\$ 1,135,342	\$ -	\$ -	\$ 1,135,342
Construction In Progress	1,634,083	2,155,483	109,129	3,680,437
Total Non-Depreciable Capital Assets	<u>2,769,425</u>	<u>2,155,483</u>	<u>109,129</u>	<u>4,815,779</u>
Depreciable Capital Assets:				
Land Improvements	501,175			501,175
Treatment Plant	29,258,815	272,484		29,531,299
P/S And Interceptors	9,079,267			9,079,267
Machinery And Equipment	5,011,225	164,180		5,175,405
Vehicles	1,510,508			1,510,508
Office Equipment	346,419	46,273		392,692
Total Depreciable Capital Assets	<u>45,707,409</u>	<u>482,937</u>	<u>-</u>	<u>46,190,346</u>
Less Accumulated Depreciation:				
Land Improvements	473,438	3,624		477,062
Treatment Plant	20,323,484	833,373		21,156,857
P/S And Interceptors	5,831,581	182,093		6,013,674
Machinery and Equipment	4,110,976	209,065		4,320,041
Vehicles	779,365	77,952		857,317
Office Equipment	159,563	36,460		196,023
Total Accumulated Depreciation	<u>31,678,407</u>	<u>1,342,567</u>	<u>-</u>	<u>33,020,974</u>
Net Depreciable Capital Assets	<u>14,029,002</u>	<u>(859,630)</u>	<u>-</u>	<u>13,169,372</u>
Total Capital Assets, Net	<u>\$ 16,798,427</u>	<u>\$1,295,853</u>	<u>\$ 109,129</u>	<u>\$ 17,985,151</u>

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 4     DETAIL NOTES – LIABILITIES**

**LONG-TERM LIABILITIES**

Loans Payable

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 \$102,000 and \$149,735 is included in loans payable as of December 31, 2023 and 2022 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 \$270,000 and \$295,000 is included in loans payable as of December 31, 2023 and 2022 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 \$691,590 and \$768,433 is included in loans payable as of December 31, 2023 and 2022 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 \$50,000 to \$61,000 from February 1, 2022 through August 1, 2030. The outstanding balance of \$367,000 and \$411,000 is included in loans payable as of December 31, 2023 and 2022 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, 2023 AND 2022**

**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 \$0 and \$37,371 as of December 31, 2023 and 2022 respectively is being held by the Fiscal Agent and will be applied as credits against the loan payments until the amount is exhausted. The outstanding loan balance of \$425,000 and \$450,000 is included in loans payable as of December 31, 2023 and 2022 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 \$838,216 and \$920,068 is included in loans payable as of December 31, 2023 and 2022 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, 2023 AND 2022**

**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, 2023:

	Balance Jan. 1, 2023	Additions	Reductions	Balance Dec. 31, 2023	Amounts Due One Year
Type of Debt:					
Loans Payable:					
Series 2010 Fund	149,735		47,735	102,000	47,735
Series 2013 Trust	768,433		76,843	691,590	76,843
Series 2013 Fund	295,000		25,000	270,000	25,000
Series 2016A R-2 (2010B) Trust	411,000		44,000	367,000	45,000
Series 2017 Trust	450,000		25,000	425,000	25,000
Series 2017 Fund	920,068		81,852	838,216	81,852
	<u>2,994,236</u>	-	<u>300,430</u>	<u>2,693,806</u>	<u>301,430</u>
Add:					
Unamortized Premium	81,570		15,506	66,064	-
Total Loans Payable	<u>3,075,806</u>	-	<u>315,936</u>	<u>2,759,870</u>	<u>301,430</u>
Accrued PERS Liabilities	<u>138,254</u>		<u>2,774</u>	<u>135,480</u>	-
Net Pension Liability	<u>3,309,051</u>		<u>372,570</u>	<u>2,936,481</u>	-
Net OPEB Obligation	<u>6,687,547</u>	<u>550,707</u>		<u>7,238,254</u>	-
Accrued Compensated Absences	<u>91,794</u>	<u>8,437</u>		<u>100,231</u>	-
	<u>\$ 13,302,452</u>	<u>\$559,144</u>	<u>\$ 691,280</u>	<u>\$13,170,316</u>	<u>\$301,430</u>

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 4     DETAIL NOTES – LIABILITIES (CONTINUED)**

**LONG-TERM LIABILITIES (CONTINUED)**

The following is a summary of changes in long-term liabilities for the year ended December 31, 2022:

	Balance Jan. 1, 2022	Additions	Reductions	Balance Dec. 31, 2022	Amounts Due One Year
Type of Debt:					
Loans Payable:					
Series 2010 Fund	197,470		47,735	149,735	47,735
Series 2013 Trust	845,276		76,843	768,433	76,843
Series 2013 Fund	320,000		25,000	295,000	25,000
Series 2016A R-2 (2010B) Trust	451,000		40,000	411,000	44,000
Series 2017 Trust	470,000		20,000	450,000	25,000
Series 2017 Fund	1,001,920		81,852	920,068	81,852
	<u>3,285,666</u>	-	<u>291,430</u>	<u>2,994,236</u>	<u>300,430</u>
Add:					
Unamortized Premium	98,631		17,061	81,570	-
Total Loans Payable	<u>3,384,297</u>	-	<u>308,491</u>	<u>3,075,806</u>	<u>300,430</u>
Accrued PERS Liabilities	<u>132,407</u>	<u>5,847</u>		<u>138,254</u>	-
Net Pension Liability	<u>2,678,744</u>	<u>630,307</u>		<u>3,309,051</u>	-
Net OPEB Obligation	<u>8,356,218</u>		<u>1,668,671</u>	<u>6,687,547</u>	-
Accrued Compensated Absences	<u>86,493</u>	<u>25,382</u>	<u>20,081</u>	<u>91,794</u>	-
	<u>\$ 14,638,159</u>	<u>\$661,536</u>	<u>\$1,997,243</u>	<u>\$13,302,452</u>	<u>\$300,430</u>

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**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, 2023 are as follows:

Year Ending December 31,	Loans Payable	
	Principal	Interest
2024	301,430	43,906
2025	305,430	38,906
2026	269,226	34,156
2027	271,695	29,256
2028	271,695	24,106
2029 - 2033	1,114,633	57,394
2034 - 2038	159,697	15,475
	2,693,806	\$      243,199
Add:		
Unamortized Debt		
Premium	66,064	
	\$ 2,759,870	

**COMMITMENTS AND CONTINGENCIES**

As of December 31, 2023 and 2022 the Authority has entered into various commitments for construction contracts in the amount of \$0 and \$1,859,887, respectively. Costs incurred on those contracts to December 31, 2023 and 2022 totaled \$0 and \$1,743,942.

**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

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 5**     **DETAIL NOTES – RETIREMENT SYSTEM**

**PENSIONS (Continued)**

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.

**Plan Descriptions**

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>

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

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

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 5      DETAIL NOTES – RETIREMENT SYSTEM (CONTINUED)**

**PENSIONS (CONTINUED)**

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**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, 2023, 2022 and 2021, 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 2023, 2022 and 2021, the State's pension contribution was less than the actuarial determined amount.

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)**

**PENSIONS (CONTINUED)**

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

Covered Authority employees are required to contribute a percentage of their salary toward their pension benefits. P.L. 2011, c78, effective June 28, 2011, increased the active member contribution rate from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.50% in State fiscal year 2023 and 7.50% in State fiscal year 2022. Employee contributions were \$118,062, \$113,240 and \$113,548 for the years ended December 31, 2023, 2022, and 2021, respectively.

The payroll subject to pension for the Authority's employees covered by PERS was \$1,542,020, \$1,481,560 and \$1,518,012 for the years ended December 31, 2023, 2022 and 2021, 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 \$270,960, \$276,507 and \$264,814 for the years ended December 31, 2023, 2022, and 2021, respectively, and is included in the accompanying financial statements. The percentage of employer's contribution rate as a percentage of covered payroll for 2023, 2022 and 2021 was 17.57%, 18.66% and 17.44%, respectively.

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

At December 31, 2023 and 2022, the Authority reported a liability of \$2,936,480 and \$3,309,051, respectively for its proportionate share of the net pension liability. The net pension liability at December 31, 2023 and 2022 were measured as of June 30, 2023 and 2022, respectively. The total pension liability used to calculate the net pension liability on June 30, 2023 and 2022 was determined by an actuarial valuation as of July 1, 2022 and 2021, respectively. The Authority's proportion share of the net position liability was as follows:

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**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)**

**December 31, 2023**

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<b><u>Measurement Date</u></b>	<b><u>Allocation</u></b>
June 30, 2023	0.0202734361%
June 30, 2022	<u>0.0219267621%</u>
Change	<u><u>-0.0016533260%</u></u>

**December 31, 2022**

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<b><u>Measurement Date</u></b>	<b><u>Allocation</u></b>
June 30, 2022	0.0219267621%
June 30, 2021	<u>0.0226121024%</u>
Change	<u><u>-0.0006853403%</u></u>

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)**

**PENSIONS (CONTINUED)**

At December 31, 2023 and 2022, respectively, the Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<b>June 30, 2023</b>		<b>June 30, 2022</b>	
	<b>Measurement Date</b>		<b>Measurement Date</b>	
	<b><u>Deferred</u></b>	<b><u>Deferred</u></b>	<b><u>Deferred</u></b>	<b><u>Deferred</u></b>
	<b><u>Outflow of</u></b>	<b><u>Inflow of</u></b>	<b><u>Outflow of</u></b>	<b><u>Inflow of</u></b>
	<b><u>Resources</u></b>	<b><u>Resources</u></b>	<b><u>Resources</u></b>	<b><u>Resources</u></b>
Differences between Expected and Actual Experience	\$ 28,077	\$ 12,003	\$ 23,883	\$ 21,062
Changes of Assumptions	6,451	177,963	10,252	495,496
Net Difference between Projected and Actual Earnings on Pension Plan Investments	13,523	-	136,959	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	145,705	454,706	279,659	422,706
Authority Contributions Subsequent to the Measurement Date	135,480	-	138,254	-
	<u>\$ 329,236</u>	<u>\$ 644,672</u>	<u>\$ 589,007</u>	<u>\$ 939,264</u>

Deferred outflows of resources related to pensions in the amount of \$135,480 and \$138,254 will be included as a reduction of the net pension liability in the years ending December 31, 2024 and 2023, respectively. This amount is based on an estimated April 1, 2024 and April 1, 2023 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:

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**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)**

<b>Year Ending</b>	<b><u>Dec 31,</u></b>	<b><u>Amortization</u></b>
2024		\$ (492,598)
2025		(274,950)
2026		384,224
2027		(68,761)
2028		<u>1,169</u>
		<u><u>\$ (450,916)</u></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, 2023 AND 2022**

**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, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	-	5.13
June 30, 2022	-	5.04
June 30, 2023	5.08	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04
June 30, 2023	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.00
June 30, 2019	-	5.00
June 30, 2020	-	5.00
June 30, 2021	-	5.00
June 30, 2022	5.00	
June 30, 2023	5.00	

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)**

**PENSIONS (CONTINUED)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2023 and 2022 measurement dates were determined by actuarial valuations as of July 1, 2022 and 2021, respectively, which were rolled forward to June 30, 2023 and 2022, respectively.

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:		
Through 2026	2.75% - 6.55% Based on Years of Service	2.00% - 6.00% Based on Years of Service
Thereafter	2.75% - 6.55% Based on Years of Service	3.00% - 7.00% Based on Years of Service
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	Pub-2010	Pub-2010
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021	July 1, 2018 - June 30, 2021

For the June 30, 2023 and June 30, 2022 measurement date, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)**

**PENSIONS (CONTINUED)**

At December 31, 2023 and 2022, respectively, the Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

<u>Asset Class</u>	<u>June 30, 2023</u> <u>Measurement Date</u>		<u>June 30, 2022</u> <u>Measurement Date</u>	
	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>
U.S. Equity	28.00%	8.98%	27.00%	8.12%
Non-U.S. Developed Market E	12.75%	9.22%	13.50%	8.38%
International Small Cap Equity	1.25%	9.22%		
Emerging Market Equities	5.50%	11.13%	5.50%	10.33%
Private Equity	13.00%	12.50%	13.00%	11.80%
Real Estate	8.00%	8.58%	8.00%	11.19%
Real Assets	3.00%	8.40%	3.00%	7.60%
High Yield	4.50%	6.97%	4.00%	4.95%
Private Credit	8.00%	9.20%	8.00%	8.10%
Investment Grade Credit	7.00%	5.19%	7.00%	3.38%
Cash Equivalents	2.00%	3.31%	4.00%	1.75%
U.S. Treasuries	4.00%	3.31%	4.00%	1.75%
Risk Mitigation Strategies	3.00%	6.21%	3.00%	4.91%
	<u>100.00%</u>		<u>100.00%</u>	

Deferred outflows of resources related to pensions in the amount of \$135,480 and \$138,254 will be included as a reduction of the net pension liability in the years ending December 31, 2024 and 2023, respectively. This amount is based on an estimated April 1, 2024 and April 1, 2023 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:

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**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, 2023 and 2022, 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 100% 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 as of the June 30, 2023 and 2022 measurement dates, respectively, calculated using the discount rate as disclosed above, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<b>December 31, 2023</b>		
	<b>1% Decrease <u>6.00%</u></b>	<b>Current Discount Rate <u>7.00%</u></b>	<b>1% Increase <u>8.00%</u></b>
Authority's Proportionate Share of the Net Pension Liability	\$ 3,822,672	\$ 2,936,481	\$ 2,182,213

	<b>December 31, 2022</b>		
	<b>1% Decrease <u>6.00%</u></b>	<b>Current Discount Rate <u>7.00%</u></b>	<b>1% Increase <u>8.00%</u></b>
Authority's Proportionate Share of the Net Pension Liability	\$ 4,251,160	\$ 3,309,051	\$ 2,507,277

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**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)

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 5      DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)**

**POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

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

retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective 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 \$267,089, \$259,211 and \$239,952 for the years ended December 31, 2023, 2022 and 2021, respectively. The Plan payments represent 17.32%, 17.50% and 15.81% of the Authority's covered payroll for the years ended December 31, 2023, 2022 and 2021, respectively. Retirees did not contribute to the plan for the fiscal year ended June 30, 2023.

**OPEB Liability**

At December 31, 2023 and 2022, the Authority's proportionate share of the net OPEB liability was \$7,238,254 and \$6,687,547 respectively. The net OPEB liability was measured as of June 30, 2023 and June 30, 2022 respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023.

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, 2022 through June 30, 2023. The Authority's proportion share of the net OPEB liability was as follows:

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 5    DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)**

**POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**OPEB Liability (Continued)**

<b>December 31, 2023</b>	
<b><u>Measurement Date</u></b>	<b><u>Allocation</u></b>
June 30, 2023	0.0482340000%
June 30, 2022	0.0414100000%
Change	0.0068240000%
<b>December 31, 2022</b>	
<b><u>Measurement Date</u></b>	<b><u>Allocation</u></b>
June 30, 2022	0.0414100000%
June 30, 2021	0.0464240000%
Change	-0.0050140000%

**OPEB (Benefit) Expense**

At December 31, 2023 and 2022 the Authority’s proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2023 and 2022 measurement date is \$(300,011) and \$(191,446) respectively. As previously mentioned, for the years ended June 30, 2023 and 2022, the Authority made contributions to the Plan totaling \$267,089 and \$259,211.

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**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, 2023 and 2022, the Authority had deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<b>June 30, 2023</b>		<b>June 30, 2022</b>	
	<b>Measurement Date</b>		<b>Measurement Date</b>	
	<b><u>Deferred</u></b>	<b><u>Deferred</u></b>	<b><u>Deferred</u></b>	<b><u>Deferred</u></b>
	<b><u>Outflow of</u></b>	<b><u>Inflow of</u></b>	<b><u>Outflow of</u></b>	<b><u>Inflow of</u></b>
	<b><u>Resources</u></b>	<b><u>Resources</u></b>	<b><u>Resources</u></b>	<b><u>Resources</u></b>
Differences between Expected and Actual Experience	\$ 333,791	\$ 1,965,673	\$ 345,352	\$ 1,239,587
Changes of Assumptions	937,625	2,046,023	892,481	2,282,331
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	1,194	1,761	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	1,526,396	1,254,296	323,825	1,596,492
Authority Contributions Subsequent to the Measurement Date	<u>133,545</u>	<u>-</u>	<u>129,606</u>	<u>-</u>
	<u>\$2,931,357</u>	<u>\$ 5,267,186</u>	<u>\$1,693,025</u>	<u>\$ 5,118,410</u>

Deferred outflows of resources related to OPEB in the amount of \$133,545 and \$129,606 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, 2024 and 2023 respectively.

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**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:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
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
June 30, 2022	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	-
June 30, 2022	-	-
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	-
June 30, 2022	5.00	-

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**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:

<b>Year Ending <u>Dec 31,</u></b>	
2024	\$ (621,623)
2025	(473,041)
2026	(164,309)
2027	28,987
2028	(526,340)
Thereafter	<u>(713,048)</u>
	<u>\$ (2,469,374)</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, 2023 and 2022 used the following actuarial assumptions, applied to all periods in the measurement:

	<u>June 30, 2023</u> <u>Measurement Date</u>	<u>June 30, 2022</u> <u>Measurement Date</u>
Salary Increases*:	<u>Rate for all future years</u> 2.75% - 6.55% based on years of service	<u>Rate for all future years</u> 2.75% - 6.55%

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

For the June 30, 2022 and 2021 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.

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 5     DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)**

**POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Actuarial Assumptions (Continued)**

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

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, 2023 and 2022) 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, 2023 and 2022 are summarized in the table below.

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)**

**POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Actuarial Assumptions (Continued)**

<u>Asset Class</u>	<u>June 30, 2023</u> <u>Measurement Date</u>		<u>June 30, 2022</u> <u>Measurement Date</u>	
	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>
U.S. Equity				
Non-U.S. Developed Market Equity	28.00%	8.98%	27.00%	8.12%
International Small Cap Equity	12.75%	9.22%	13.50%	8.38%
Emerging Market Equities	1.25%	9.22%		
Private Equity	5.50%	11.13%	5.50%	10.33%
Real Estate	13.00%	12.50%	13.00%	11.80%
Real Assets	8.00%	8.58%	8.00%	11.19%
High Yield	3.00%	8.40%	3.00%	7.60%
Private Credit	4.50%	6.97%	4.00%	4.95%
Investment Grade Credit	8.00%	9.20%	8.00%	8.10%
Cash Equivalents	7.00%	5.19%	7.00%	3.38%
U.S. Treasuries	2.00%	3.31%	4.00%	1.75%
Risk Mitigation Strategies	4.00%	3.31%	4.00%	1.75%
	3.00%	6.21%	3.00%	4.91%
	100.00%		100.00%	

**Discount Rate** - The discount rate used to measure the OPEB Liability at June 30, 2023 and 2022 were 3.65% and 3.54% 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:

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 5 DETAILED NOTES – RETIREMENT SYSTEM (CONTINUED)**

**POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Actuarial Assumptions (Continued)**

<b>Fiscal Year</b>	<b>Annual Rate of Increase</b>			
	<b>Medical Trend</b>			<b>Prescription</b>
	<b>Pre-65</b>	<b>PPO Post-65</b>	<b>HMO Post-65</b>	<b>Drug</b>
<b><u>Ending</u></b>	<b><u>Pre-65</u></b>	<b><u>PPO Post-65</u></b>	<b><u>HMO Post-65</u></b>	<b><u>Trend</u></b>
2023	6.25%	-1.89%	-1.99%	8.00%
2024	6.00%	-6.00%	-6.15%	7.50%
2025	5.75%	6.99%	7.02%	7.00%
2026	5.50%	15.04%	15.18%	6.50%
2027	5.25%	13.00%	13.11%	6.00%
2028	5.00%	11.47%	11.56%	5.50%
2029	4.75%	10.27%	10.35%	5.00%
2030	4.50%	9.29%	9.35%	4.50%
2031	4.50%	8.50%	8.55%	4.50%
2032	4.50%	6.25%	6.27%	4.50%
2033 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, 2023 and 2022, the plans measurement dates, for the Authority and the State of New Jersey, calculated using a discount rate of 3.65% for June 30, 2023 and 3.54% for June 30, 2022, 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, 2023 AND 2022**

**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)**

	<b>December 31, 2023</b>		
	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b><u>2.65%</u></b>	<b><u>3.65%</u></b>	<b><u>4.65%</u></b>
Authority's Proportionate Share of the Net OPEB Liability	\$ 8,384,206	\$ 7,238,254	\$ 6,316,513

	<b>December 31, 2022</b>		
	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b><u>2.54%</u></b>	<b><u>3.54%</u></b>	<b><u>4.54%</u></b>
Authority's Proportionate Share of the Net OPEB Liability	\$ 7,752,214	\$ 6,687,547	\$ 5,830,924

**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 the June 30, 2023 and 2022 measurement dates, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	<b>December 31, 2023</b>		
	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
Authority's Proportionate Share of the Net OPEB Liability	\$ 6,151,664	\$ 7,238,254	\$ 8,629,421

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**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)**

	<b>December 31, 2022</b>		
	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
Authority's Proportionate Share of the Net OPEB Liability	\$ 5,673,248	\$ 6,687,547	\$ 7,986,580

**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.

	<b>2023</b>	<b>2022</b>
Current Debt Service	\$ 386,283	\$ 334,194
Future Debt Service	340,566	344,266
Renewal and Replacement	600,000	600,000
Construction	120,292	114,948

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**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, 2023 and 2022 is \$3,803,016 and \$3,099,203, 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, 2023 and 2022 is \$1,023,630 and \$919,374, respectively.

Subsequent Year’s Expenditures - The amount so designated as of December 31, 2023 and 2022 is \$959,308 and \$890,000, respectively.

Undesignated:

The balance of unrestricted and undesignated net position (deficit) as of December 31, 2023 and 2022 of \$(1,799,974) and \$(4,377,315) respectively, is comprised of the following:

	2023	2022
Amount Related to Pensions (GASB 68 and 71)	\$ (3,658,356)	\$ (4,074,068)
Amount Related to OPEB (GASB 75)	(9,574,083)	(10,112,932)
Undesignated before GASB 68 and 71		
Pension Related Items and GASB 75 OPEB Items	11,432,465	9,809,685
	\$ (1,799,974)	\$ (4,377,315)

**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.

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022**

**NOTE 7**     **RISK MANAGEMENT (CONTINUED)**

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.

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, 2023, 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-one percent (81%) of its User Charge revenues from the City of Bridgeton.

**NOTE 9**     **SUBSEQUENT EVENTS**

In March of 2024, the Authority adopted a resolution authorizing the issuance of not to exceed \$13,200,000 aggregate principal amount of the Sewer System Revenue Bonds, Series 2024. The Series 2024 Bonds are to be issued to provide funds for (i) improvements to following: the primary and secondary clarifiers, aeration and reaeration tanks, the headworks building, the chlorine building, the equalization basin(s), the chlorine contact tanks, the secondary sludge pumping station, and the existing electrical system, and all work necessary and ancillary thereto, and (ii) payment of the costs of issuance associated with the issuance of the sewer revenue bonds. The NJ I-Bank has agreed to provide short-term financing for the projects and has authorized a short-term loan in the amount of \$5,797,247 to finance Phase I of the project. No permanent bonds have been issued pursuant to this Bond Resolution as of the date of this report.

**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)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.0202734361%	0.0219267621%	0.0226121024%	0.0243211396%	0.0214846131%	0.0212502200%	0.0248475485%	0.0247203434%	0.0251768050%	0.0243742741%
Authority's Proportionate Share of the Net Pension Liability	\$ 2,936,480	\$ 3,309,050	\$ 2,678,743	\$ 3,966,142	\$ 3,871,201	\$ 4,184,062	\$ 5,784,112	\$ 7,321,457	\$ 5,651,688	\$ 4,563,531
Authority's Covered-Employee Payroll (Plan Measurement Period)	\$ 1,521,360	\$ 1,598,508	\$ 1,657,104	\$ 1,727,008	\$ 1,526,748	\$ 1,442,756	\$ 1,656,768	\$ 1,649,256	\$ 1,736,708	\$ 1,632,168
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	193.02%	207.01%	161.65%	229.65%	253.56%	290.00%	349.12%	443.92%	325.43%	279.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

**Schedule of Employer Contributions**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 270,960	\$ 276,507	\$ 264,814	\$ 266,061	\$ 208,982	\$ 211,371	\$ 230,186	\$ 219,612	\$ 216,453	\$ 200,938
Contributions in Relation to the Contractually Required Contribution	(270,960)	(276,507)	(264,814)	(266,061)	(208,982)	(211,371)	(230,186)	(219,612)	(216,453)	(200,938)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered-Employee Payroll	\$ 1,542,020	\$ 1,481,560	\$ 1,518,012	\$ 1,653,786	\$ 1,703,587	\$ 1,589,908	\$ 1,544,799	\$ 1,664,949	\$ 1,691,268	\$ 1,692,080
Contributions as a Percentage of Authority's Covered-Employee Payroll	17.57%	18.66%	17.44%	16.09%	12.27%	13.29%	14.90%	13.19%	12.80%	11.88%

**Notes**

*Changes in Benefit Terms* - There were no significant changes in benefits for the July 1, 2023 and 2022 actuarial valuation.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	7.00%	7.00%	7.00%	7.00%	6.28%	5.66%	5.00%	3.98%	4.90%	5.39%

*Schedule Presentation* - These schedules are presented to illustrate the requirement to show information for 10 years.

See accompanying independent auditors' report.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART III**

**CUMBERLAND COUNTY 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>2023</u>	<u>2022</u>	<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	0.0482340000%	0.0414100000%	0.0464240000%	0.0460650000%	0.0464990000%	0.0492450000%	0.0467040000%	0.0505590000%
Authority's Proportionate Share of the Net OPEB Liability	\$ 7,238,254	\$ 6,687,547	\$ 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)	\$ 1,521,360	\$ 1,598,508	\$ 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	475.78%	418.36%	504.27%	478.70%	412.56%	534.74%	575.52%	665.76%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.79%	-0.36%	0.28%	0.92%	2.02%	1.97%	1.03%	0.69%

**Schedule of Employer Contributions**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 267,089	\$ 259,211	\$ 239,952	\$ 221,632	\$ 249,563	\$ 422,650	\$ 419,626	\$ 345,501
Contributions in Relation to the Contractually Required Contribution	(267,089)	(259,211)	(239,952)	(221,632)	(249,563)	(422,650)	(419,626)	(345,501)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered-Employee Payroll	\$ 1,542,020	\$ 1,481,156	\$ 1,518,012	\$ 1,653,786	\$ 1,703,587	\$ 1,544,799	\$ 1,664,949	\$ 1,649,256
Contributions as a Percentage of Authority's Covered-Employee Payroll	17.32%	17.50%	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, 2023 and 2022 actuarial valuation.

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

<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
3.65%	3.54%	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, 2023 AND 2022**

	UNRESTRICTED					RESTRICTED				TOTALS (MEMO)	
	NET INVESTMENT IN CAPITAL ASSETS	DESIGNATED - SUBSEQUENT EXPENDITURES	DESIGNATED - USER REVENUE RESERVE	DESIGNATED - FUTURE PLANT RECONSTRUCTION OR REPLACEMENT		CURRENT DEBT SERVICE	FUTURE DEBT SERVICE	RENEWAL AND REPLACEMENT	CONSTRUCTION	2023	2022
	UNDESIGNATED										
<b>OPERATING REVENUE:</b>											
Treatment Fees	\$ 7,446,990									\$ 7,446,990	\$ 7,332,048
User Surcharge Revenue	4,361									4,361	1,498
Septage Fees	763,469									763,469	617,735
Service Fees	5,471									5,471	3,012
Finance Charges	898									898	296
Industrial Pretreatment Program Revenue	70,500									70,500	84,000
Connection Fees	16,298									16,298	13,593
Other Operating Income	23,447									23,447	39,362
	<u>-</u>	<u>8,331,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,331,434</u>	<u>8,091,544</u>
<b>OPERATING EXPENSES:</b>											
Cost of Providing Services		2,974,737								2,974,737	2,775,031
Administrative and General		1,189,982								1,189,982	1,286,365
Depreciation		1,418,155								1,418,155	1,342,567
	<u>-</u>	<u>5,582,874</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,582,874</u>	<u>5,403,963</u>
<b>OPERATING INCOME</b>	<u>-</u>	<u>2,748,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,748,560</u>	<u>2,687,581</u>
<b>NON-OPERATING REVENUE (EXPENSES):</b>											
Interest Income		419,717		36,851	154,378	13,851	15,838	24,917	5,344	670,896	168,251
Interest Expense		(28,610)								(28,610)	(31,289)
Gain (Loss) on Disposal of Capital Assets		(19,587)								(19,587)	-
Realized Loss on Investments		(15,985)		(1,800)	(3,868)		158	(1,944)		(23,439)	(18,370)
Increase (Decrease) in Fair Value of Investments		97,477			24,292		1,616	7,080		130,465	(56,590)
	<u>-</u>	<u>453,012</u>	<u>-</u>	<u>35,051</u>	<u>174,802</u>	<u>13,851</u>	<u>17,612</u>	<u>30,053</u>	<u>5,344</u>	<u>729,725</u>	<u>62,002</u>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>-</u>	<u>3,201,572</u>	<u>-</u>	<u>35,051</u>	<u>174,802</u>	<u>13,851</u>	<u>17,612</u>	<u>30,053</u>	<u>5,344</u>	<u>3,478,285</u>	<u>2,749,583</u>
<b>TRANSFERS:</b>											
Investment Income		61,516				(13,851)	(17,612)	(30,053)		-	-
Increase (Decrease) in Debt Service Requirement		(29,551)				29,551	-			-	-
Other Transfers	(30,166)	(656,196)	69,308	69,205	529,011	22,538	(3,700)			-	-
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u>(30,166)</u>	<u>2,577,341</u>	<u>69,308</u>	<u>104,256</u>	<u>703,813</u>	<u>52,089</u>	<u>(3,700)</u>	<u>-</u>	<u>5,344</u>	<u>3,478,285</u>	<u>2,749,583</u>
<b>NET POSITION JANUARY 1,</b>	<u>14,565,249</u>	<u>(4,377,315)</u>	<u>890,000</u>	<u>919,374</u>	<u>3,099,203</u>	<u>334,194</u>	<u>344,266</u>	<u>600,000</u>	<u>114,948</u>	<u>16,489,919</u>	<u>13,740,336</u>
<b>NET POSITION - DECEMBER 31,</b>	<u>\$ 14,535,083</u>	<u>\$ (1,799,974)</u>	<u>\$ 959,308</u>	<u>\$ 1,023,630</u>	<u>\$ 3,803,016</u>	<u>\$ 386,283</u>	<u>\$ 340,566</u>	<u>\$ 600,000</u>	<u>\$ 120,292</u>	<u>\$ 19,968,204</u>	<u>\$ 16,489,919</u>
<b>UNRESTRICTED NET POSITION (DEFICIT) - UNDESIGNATED-</b>											
Related to Pensions (GASB 68 and 71)		\$ (3,658,356)									
Related to OPEB (GASB 75)		(9,574,083)									
Before GASB 68 and 71 Pension and GASB 75 OPEB Related Items		11,432,465									
		<u>\$ (1,799,974)</u>									

**CUMBERLAND COUNTY UTILITIES AUTHORITY**  
**SCHEDULE OF REVENUES AND COSTS FUNDED BY**  
**REVENUES COMPARED TO BUDGET - BUDGETARY BASIS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023 BUDGET</b>	<b>2023 ACTUAL</b>	<b>2022 ACTUAL</b>
<b>REVENUES:</b>			
Treatment Fees	\$ 7,300,000	\$ 7,446,990	\$ 7,332,048
User Surcharge Revenue		4,361	1,498
Septage Fees	350,000	763,469	617,735
Service Fees		5,471	3,012
Finance Charges		898	296
Industrial Pretreatment Program Fees	33,750	70,500	84,000
Investment Income	20,000	516,518	107,998
Connection Fees		16,298	13,593
Other Income		23,447	39,362
<b>Total Revenues</b>	<b>\$ 7,703,750</b>	<b>\$ 8,847,952</b>	<b>\$ 8,199,542</b>
<b>EXPENSES:</b>			
Costs of Providing Services:			
Salaries and Wages	\$ 1,600,584	\$ 1,342,633	\$ 1,300,376
Employee Benefits	1,058,500	795,368	719,495
Automotive Expense	42,000	29,346	45,416
Chemicals Used in Treatment	167,500	198,985	130,939
Fuels and Lubricants	129,000	107,629	123,534
Utilities	522,000	354,983	395,004
Materials and Supplies	67,000	69,429	63,263
Repairs and Replacements	156,500	96,208	103,262
Sludge/Waste/Recycling Disposal	598,000	619,711	490,396
Laboratory Expenses	91,000	50,702	61,650
Other Operations and Maintenance Expenses	3,500	4,290	49,768
Industrial Pretreatment Program	15,500	2,780	9,836
<b>Total Costs of Providing Services</b>	<b>4,451,084</b>	<b>3,672,064</b>	<b>3,492,939</b>
Administrative and General Expenses:			
Salaries and Wages	615,138	493,584	486,044
Employee Benefits	393,700	318,440	311,953
Office Supplies and Expense	84,700	48,030	79,846
Professional Services	665,000	309,488	317,222
Insurance	97,000	104,093	94,503
Conferences and Education	24,000	18,998	19,310
Utilities	86,000	56,638	69,560
Dues and Subscriptions	11,300	1,647	7,378
Maintenance of General Property	65,000	38,605	73,298
Permits and Fees	67,000	50,102	50,953
Provision for Bad Debts	2,000	-	-
Legal Settlements	-	-	32,250
Other Administrative Fees	6,500	7,591	11,313
<b>Total Administrative and General Expenses</b>	<b>2,117,338</b>	<b>1,447,216</b>	<b>1,553,630</b>
Interest Expense	47,656	35,753	41,061

(Continued)

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
SCHEDULE OF REVENUES AND COSTS FUNDED BY  
REVENUES COMPARED TO BUDGET - BUDGETARY BASIS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023 BUDGET</u>	<u>2023 ACTUAL</u>	<u>2022 ACTUAL</u>
<b>OTHER COSTS FUNDED BY REVENUES:</b>			
Principal Maturities	\$ 308,020	300,430	291,430
Capital Outlays	1,569,652	776,870	2,529,290
Plant Reconstruction & Replacement	50,000	50,000	50,000
User Revenue Reserve Fund	50,000	50,000	50,000
	<u>1,977,672</u>	<u>1,177,300</u>	<u>2,920,720</u>
<b>TOTAL COSTS FUNDED BY REVENUES</b>	<u>8,593,750</u>	<u>6,332,333</u>	<u>8,008,350</u>
<b>REVENUES OVER (UNDER) COSTS FUNDED BY REVENUES</b>	<u>\$ (890,000)</u>	2,515,619	191,192
<b>Reconciliation of Budgetary Basis to Change in Net Position:</b>			
Adjustments to Budgetary Basis:			
Interest Income not used for Operations		154,378	60,253
Capital Outlays		776,870	2,529,290
Plant Reconstruction & Replacement Funds		50,000	50,000
User Revenue Reserve Fund		50,000	50,000
Principal Maturities		300,430	291,430
Increase (Decrease) in Fair Value of Investments		107,026	(74,960)
Gain (Loss) on Disposal of Capital Assets		(19,587)	
Pension Expense - Difference of GAAP vs. Budgetary Basis		415,712	610,713
OPEB Expense - Difference of GAAP vs. Budgetary Basis		538,849	374,460
Amortization (Charged) Credited to Interest Expense		7,143	9,772
Depreciation Expense		<u>(1,418,155)</u>	<u>(1,342,567)</u>
<b>CHANGE IN NET POSITION PER EXHIBIT B</b>		<u>\$ 3,478,285</u>	<u>\$ 2,749,583</u>

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
SCHEDULE OF LOANS PAYABLE  
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST  
DECEMBER 31, 2023**

Series	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE JANUARY 1, 2023	ISSUED 2023	PRINCIPAL REDUCTION 2023	PAID 2023	BALANCE DECEMBER 31, 2023
	DATE	AMOUNT		DATE	AMOUNT					
2010 Fund Loan Agreement	12/2/2010	\$ 938,785	N/A	2024	\$ 47,735	\$ 149,735	\$ -	\$ -	\$ 47,735	\$ 102,000
				2025	47,735					
				2026	6,530					
2013 Trust Loan Agreement	5/22/2013	485,000	5.00%	8/1/2024	25,000	295,000			25,000	270,000
			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					

(continued)

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
SCHEDULE OF LOANS PAYABLE  
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST  
DECEMBER 31, 2023**

Series	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE JANUARY 1, 2023	ISSUED 2023	PRINCIPAL REDUCTION 2023	PAID 2023	BALANCE DECEMBER 31, 2023
	DATE	AMOUNT		DATE	AMOUNT					
2013 Fund Loan Agreement	5/22/2013	\$ 1,511,250	N/A	2024	\$ 76,843	\$ 768,433	\$ -	\$ -	\$ 76,843	\$ 691,590
				2025	76,843					
				2026	76,843					
				2027	76,843					
				2028	76,843					
				2029	76,843					
				2030	76,843					
				2031	76,843					
				2032	76,846					
2016A R-2 Refunding Loan Agreement	5/11/2016	531,000	5.00%	2024	45,000	411,000			44,000	367,000
			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					

(continued)

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
SCHEDULE OF LOANS PAYABLE  
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST  
DECEMBER 31, 2023**

Series	ORIGINAL		INTEREST RATE	MATURITIES		BALANCE JANUARY 1, 2023	ISSUED 2023	PRINCIPAL REDUCTION 2023	PAID 2023	BALANCE DECEMBER 31, 2023
	DATE	AMOUNT		DATE	AMOUNT					
2017 Trust Loan Agreement	11/21/2017	\$ 530,000	5.00%	9/1/2024	\$ 25,000	\$ 450,000	\$ -	\$ -	\$ 25,000	\$ 425,000
			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					
2017 Fund Loan Agreement	11/21/2017	\$ 1,609,755	N/A	2024	81,852	920,068			81,852	838,216
				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	19,696					
						<u>\$ 2,994,236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,430</u>	<u>\$ 2,693,806</u>

**CUMBERLAND COUNTY UTILITIES AUTHORITY  
FINDINGS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2023**

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements 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, 2023**

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.

**Finding No. 2022-001**

**Condition**

As a result of a transition of certain positions in the finance department, the Authority's internal control system lacked certain controls with respect to separation of duties in the payroll function. As a result, an employee was responsible for more than one payroll function, including transmitting payroll information for processing, as well as reviewing and posting payroll transactions. This enabled the employee to pay themselves for unauthorized or unapproved overtime, which the Authority contends the employee was not entitled to receive, as the employee was a salaried employee.

**Current Status**

This is not a finding in the current year.

**Finding No. 2022-002**

**Condition**

As a result of the transition of certain positions in the finance department, the Authority's general ledger and subsidiary ledgers contained a number of erroneous postings that were not timely rectified.

**Current Status**

This is not a finding in the current year.

## ROSTER OF OFFICIALS

<u>Authority Members</u>	<u>Position</u>	<u>Amount of Surety Bond</u>
Albert Jones	Chairman	
Richard Dawson	Vice-Chairman (to 2/16/23)	
William Whelan	Vice-Chairman (from 2/16/23)	
Angelia L. Edwards	Commissioner	
William Andre	Commissioner (to 1/31/23)	
John Daddario	Commissioner (from 2/16/23)	
Richard Dawson	Commissioner (from 2/16/23)	
Zarko Rajacich	Commissioner	
Kenny Smith-Bey	Commissioner	
William Whelan	Commissioner (to 2/16/23)	
Viola Thomas-Hughes	Commissioner (to 1/31/23)	
Ron Marino	Commissioner	
Mirella Piccioni	Commissioner (from 2/16/23)	
 <u>Other Officials</u>		
Carol Maier	Secretary	
Donald Olbrich	Treasurer	\$ 75,000
Kevin McCann	General Counsel	
Bob Carlson	Executive Director	
Daniel Jefferson	Deputy Executive Director	
Minerva Scogna	Assistant Secretary/Treasurer	

### Surety Company

ITT Hartford Insurance Group