

**GLOUCESTER COUNTY UTILITIES AUTHORITY  
REPORT OF AUDIT  
YEAR ENDED OCTOBER 31, 2020**

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# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
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MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA  
Denise R. Nevico, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and  
Members of the Authority  
Gloucester County Utilities Authority  
2 Paradise Road  
West Deptford, New Jersey 08066

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Gloucester County Utilities Authority, a component unit of the County of Gloucester, as of and for the fiscal years ended October 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Gloucester County Utilities Authority as of October 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

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

#### ***Other Information***

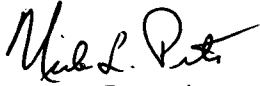
The introductory section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2022, on our consideration of the Gloucester County Utilities Authority's internal control over financial reporting and our test 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 internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering Gloucester County Utilities Authority's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC

A handwritten signature in black ink, appearing to read "Nick L. Petroni", with a stylized flourish at the end.

Nick L. Petroni  
Certified Public Accountant  
Registered Municipal Accountant #252

March 10, 2022

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2020  
UNAUDITED**

The discussion of the Gloucester County Utilities Authority's financial performance provides an overall review of the Authority's financial activities for the fiscal year ended October 31, 2020. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Authority's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued in June 1999. Certain comparative information between the current year (2019-2020) and the prior year (2018-2019) is required to be presented in the MD&A.

**Financial Highlights**

The Authority increased rates by 2% in the 2020 budget. The customer service charge to the Authority's municipal and private customers was \$3,209.00 per million gallons.

The FY2020 budget included a revenue projection of \$20,938,725.00 for sewer service charges. This projection was based upon projected flow of 17.9 million gallons per day (mgd). The actual revenues were \$21,773,580.10, an increase of \$834,855.10.

Construction Expansion Fees (CEF) collected were \$1,364,435.70. This is \$364,435.70 more than the anticipated revenue in the budget for FY2020. The Authority collects a CEF when a new connection is made into the wastewater system due to construction within its service area in the County.

**Statement of Net Position and the Statement of Changes in Net Position**

These statements include all assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector businesses. This basis of accounting takes into account, all of the current year revenues and expenses regardless of when cash is received or paid.

These two statements report the Authority's net position and changes in that position. This change in net position is important because it tells the reader that, for the Authority as a whole, the financial position of the Authority has improved or diminished. The cause of this change may be the result of many factors, some financial and some not.

The Statement of Net Position provides the perspective of the Authority as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The Authority's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2020  
UNAUDITED**

**Statement of Net Position and the Statement of Changes in Net Position  
(Continued)**

Table 1 provides a summary of the Authority's net position for 2020 with comparative data from 2019.

Table 1  
Summary of Net Position

	2020	2019
Current & Other Assets	\$ 59,528,866.32	\$ 59,357,711.58
Capital Assets	66,463,427.09	67,555,414.41
Total Assets	<u>125,992,293.41</u>	<u>126,913,125.99</u>
Deferred Outflow of Resources	<u>940,192.00</u>	<u>544,077.00</u>
Long-Term Liabilities	79,668,889.21	77,414,232.10
Other Liabilities	5,918,555.90	6,628,495.47
Total Liabilities	<u>85,587,445.11</u>	<u>84,042,727.57</u>
Deferred Inflows of Resources	<u>8,041,322.00</u>	<u>6,481,155.00</u>
Net Position:		
Invested in Capital Assets, Net of Related Debt	6,613,985.28	7,236,264.23
Restricted	36,962,531.06	33,597,194.87
Unrestricted	(10,272,798.04)	(3,900,138.68)
Total Net Position	<u>\$ 33,303,718.30</u>	<u>\$ 36,933,320.42</u>

The Authority's net position was \$33,303,718.30 on October 31, 2020. This was a decrease of \$3,629,602.12 from the prior year. This decrease was due, in most part, to an increase in annual OPEB and pension costs.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2020  
UNAUDITED**

**Statement of Net Position and the Statement of Changes in Net Position  
(Continued)**

Table 2 shows changes in net position for fiscal year 2020, with comparative data from 2019.

Table 2  
Change in Net Position

	2020	2019
Revenues:		
Operating Revenues:		
Charges for Services	\$ 21,773,580.10	\$ 24,638,756.50
Other	339,327.03	373,382.47
Non-Operating Revenues	6,573,531.59	11,696,110.46
Total Revenues	<u>28,686,438.72</u>	<u>36,708,249.43</u>
Expenses:		
Operating Expenses	20,702,666.24	20,534,240.43
Non-Operating Expenses	14,233,492.17	8,678,480.36
Total Expenses	<u>34,936,158.41</u>	<u>29,212,720.79</u>
Capital Contributions	<u>2,620,117.57</u>	<u>7,942,826.38</u>
Change in Net Position	<u>(3,629,602.12)</u>	<u>15,438,355.02</u>
Beginning Net Position	36,933,320.42	21,494,965.40
Ending Net Position	<u>\$ 33,303,718.30</u>	<u>\$ 36,933,320.42</u>

Revenues from charges for services decreased by \$2,865,176.40.

Non-operating revenue decreased due to a decrease in loans receivable offset by a decrease in OPEB costs.

Operating expenses increased by \$168,425.81 due to varying factors.

Non-operating expenses increased due to a payment of an NJEIT note in the current year.



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2020  
UNAUDITED**

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Authority's financial statements. This information is information that has not been presented on the face of the financial statements, for reasons of practicality, but is essential for the financial statements to be fairly presented.

**Capital Assets**

At the end of the fiscal year 2020, the Authority had \$66,463,427.09 invested in land, site improvements, buildings, machinery and equipment, and infrastructure. Note 7 shows fiscal year 2020 balances compared to 2019.

**Debt Administration**

October 31, 2020, the Authority had \$60,030,073.10 in outstanding debt consisting of various bonds and loans and a project note. For more detailed information, please refer to the Notes to the Financial Statements.

**Final Comments**

The budget performance of year ended 2020 has highlighted that future budgets shall require the Authority, the Board of Commissioners, and staff to regularly continue to evaluate the sewer service charge flow requirements based upon historical and current trends. The Authority recognizes the importance to compete in the marketplace to sustain the revenue source of outside commercial and industrial waste and has amended the rate schedule accordingly.

The Authority must regularly continue to prioritize the review and consideration for the capital requirements, regulatory requirements, and operation and maintenance costs of the Authority recognizing adherence to the NJDEP permit requirements.

**Contacting the Authority**

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 information, contact Mr. John J. Vinci, Sr., Executive Director, at Gloucester County Utilities Authority, 2 Paradise Road, West Deptford, New Jersey 08066. Please visit our website at: [www.gcuanj.com](http://www.gcuanj.com).

GLOUCESTER COUNTY UTILITIES AUTHORITY  
COMPARATIVE STATEMENT OF NET POSITION

	Year Ended October 31,	
	2020	2019
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 5,486,156.66	\$ 7,489,652.82
Investments	12,498,006.88	14,301,390.95
Service Charges Receivable	3,112,295.51	2,582,794.94
Due from County of Gloucester	203,965.48	203,965.48
Total Current Assets	21,300,424.53	24,577,804.19
Restricted Assets:		
Cash and Cash Equivalents	12,220,584.68	11,376,759.50
Investments	21,099,778.82	20,799,826.92
Loans Receivable	4,631,125.00	2,297,686.00
Grant Receivable	96,322.00	96,322.00
Total Restricted Assets	38,047,810.50	34,570,594.42
Net Capital Assets	66,463,427.09	67,555,414.41
Bond/Loan Issuance Costs and Discounts, Net	180,631.29	209,312.97
Total Assets	125,992,293.41	126,913,125.99
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Related to OPEB	205,854.00	9,080.00
Related to Pension	734,338.00	534,997.00
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	1,303,783.41	2,109,544.87
Payroll Taxes Payable	3,627.43	1,590.81
Compensated Absences Payable	127,790.38	103,951.61
Current Portion of Long-Term Debt	4,147,177.89	4,047,408.05
Accrued Interest Payable	293,636.55	334,541.13
Total Current Liabilities	5,876,015.66	6,597,036.47
Current Liabilities Payable from Restricted Assets:		
Escrow Accounts	42,540.24	31,459.00
Total Current Liabilities Payable from Restricted Assets	42,540.24	31,459.00

See accompanying notes to the basic financial statements.

GLOUCESTER COUNTY UTILITIES AUTHORITY  
COMPARATIVE STATEMENT OF NET POSITION  
(CONTINUED)

	Year Ended October 31,	
	2020	2019
Long-Term Liabilities:		
Bonds and Loans Payable	52,333,877.21	56,481,055.10
Project Note Payable	3,549,018.00	
Other Postemployment Benefit Obligation	15,501,028.00	11,022,844.00
Net Pension Liability	8,284,966.00	9,910,333.00
Total Long-Term Liabilities	79,668,889.21	77,414,232.10
Total Liabilities	85,587,445.11	84,042,727.57
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Related to OPEB	3,607,019.00	3,043,924.00
Related to Pensions	4,434,303.00	3,437,231.00
<b>NET POSITION</b>		
Investment in Capital Assets, Net of Related Liabilities	6,613,985.28	7,236,264.23
Restricted for Capital Activity and Debt Service	36,866,192.82	33,500,856.63
Restricted for Grant Expenditures	96,338.24	96,338.24
Unrestricted	(10,272,798.04)	(3,900,138.68)
Total Net Position	\$ 33,303,718.30	\$ 36,933,320.42

See accompanying notes to the basic financial statements.

GLOUCESTER COUNTY UTILITIES AUTHORITY  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION

	Year Ended October 31,	
	2020	2019
Operating Revenues:		
Sewer Service Charges	\$ 21,773,580.10	\$ 24,562,101.50
Septage and Industrial Charges		76,655.00
Sale of Effluent	318,208.50	338,732.52
Miscellaneous Income	21,118.53	34,649.95
Total Operating Revenues	22,112,907.13	25,012,138.97
Operating Expenses:		
Personnel Services	7,556,213.13	7,471,982.34
Contractual Services	6,186,896.86	5,532,241.34
Materials and Supplies	2,051,611.57	2,394,691.40
Equipment	510,606.29	1,158,758.79
County Expense	685,233.50	962,457.00
Depreciation	3,712,104.89	3,014,109.56
Total Operating Expenses	20,702,666.24	20,534,240.43
Operating Income (Loss):	1,410,240.89	4,477,898.54
Non-Operating Revenue (Expense):		
Interest Earned	593,675.36	1,209,668.18
Construction Expansion Fees	1,364,435.70	1,756,857.31
Impact Fee		446,717.50
County Appropriation	(1,336,776.00)	(1,232,442.00)
Earnings, Project Funds, and Savings Credit	49,537.33	45,907.06
Loan Receivable	3,513,879.00	
Note Payable	(3,549,018.00)	
Project Funds Canceled		2,259,522.00
Interest on Revenue Bonds	(957,625.13)	(1,096,239.67)
Contracts Payable	(818,818.37)	(4,900,234.97)
Renewal and Replacement Expenses	(2,599,104.98)	(997,777.91)
Prior Year Payables/Contracts Canceled	125,405.20	80,167.41
Amortization of Bond Issue Costs	(28,681.69)	(32,193.81)
Related to Pension	827,636.00	(136,308.00)
Annual OPEB Cost	(4,943,468.00)	5,897,271.00
Annual OPEB Contribution	98,963.00	(283,284.00)
Total Non-Operating Revenue (Expense)	(7,659,960.58)	3,017,630.10
Increase (Decrease) in Net Position Before Capital Contributions	(6,249,719.69)	7,495,528.64
Capital Contributions	2,620,117.57	7,942,826.38
Increase (Decrease) in Net Position	(3,629,602.12)	15,438,355.02
Net Position at Beginning of Year	36,933,320.42	21,494,965.40
Net Positions at End of Year	\$ 33,303,718.30	\$ 36,933,320.42

See accompanying notes to the basic financial statements.

GLOUCESTER COUNTY UTILITIES AUTHORITY  
COMPARATIVE STATEMENT OF CASH FLOWS

	Year Ended October 31,	
	2020	2019
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 21,244,079.53	\$ 24,849,872.29
Cash Paid to Suppliers	(11,113,270.21)	(12,888,556.44)
Cash Paid to Employees	(7,530,337.74)	(5,134,137.33)
Other Receipts	339,327.03	373,455.38
Net Cash Provided (Used) by Operating Activities	2,939,798.61	7,200,633.90
Cash Flows from Investing Activities:		
Purchase of Investments		(8,000,000.00)
Interest Income	593,675.60	374,644.85
Net Cash Provided (Used) by Investing Activities	593,675.60	(7,625,355.15)
Cash Flows from Non-Capital Financing Activities:		
Escrow Fees Received	24,500.00	10,000.00
Escrow Fees Disbursed	(13,419.00)	(19,604.50)
Impact Fees Received		446,717.50
Construction Expansion Fees	1,364,435.70	1,756,857.31
Contracts Payable	(818,818.37)	(5,370,345.21)
Renewal & Replacement Expenses	(2,599,104.98)	(997,777.91)
Net Cash Provided (Used) by Non-Capital Financing Activities	(2,042,406.65)	(4,174,152.81)
Cash Flows from Capital and Related Financing Activities:		
Principal Payments on Debt	(4,047,408.05)	(3,805,133.53)
Interest Paid on Debt	(986,306.82)	(1,002,047.03)
Loan Receipts	2,333,439.00	4,010,273.00
Earnings, Project Fund, and Savings Credits	49,537.33	45,907.06
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,650,738.54)	(751,000.50)
Increase (Decrease) in Cash and Cash Equivalents	(1,159,670.98)	(5,349,874.56)
Cash and Cash Equivalents at Beginning of Year	18,866,412.32	24,216,286.88
Cash and Cash Equivalents at End of Year	\$ 17,706,741.34	\$ 18,866,412.32

See accompanying notes to the basic financial statements.

GLOUCESTER COUNTY UTILITIES AUTHORITY  
COMPARATIVE STATEMENT OF CASH FLOWS  
(CONTINUED)

	Year Ended October 31,	
	2020	2019
Reconciliation to Balance Sheet:		
Unrestricted Cash and Cash Equivalents	\$ 5,486,156.66	\$ 7,489,652.82
Restricted Cash and Cash Equivalents	12,220,584.68	11,376,759.50
	<u>\$ 17,706,741.34</u>	<u>\$ 18,866,412.32</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	\$ 1,410,240.89	\$ 4,477,898.54
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation Expense	3,712,104.89	3,014,109.56
(Increase) Decrease in Accounts Receivable	(2,834,257.89)	211,188.70
Increase (Decrease) in Accounts Payable	651,710.72	(502,562.90)
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,939,798.61</u>	<u>\$ 7,200,633.90</u>

See accompanying notes to the basic financial statements.

GLOUCESTER COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED OCTOBER 31, 2020

**NOTE 1: AUTHORITY DESCRIPTION**

The Authority was duly created, under the name Gloucester County Sewerage Authority, by resolution of the Board of Chosen Freeholders of the County of Gloucester, New Jersey, duly adopted July 21, 1967, as a public body corporate and politic of the State of New Jersey pursuant to the Sewerage Authorities Law, constituting Chapter 138 of the Laws of 1946 of the State of New Jersey and the acts amendatory thereof and supplemental thereto. The Authority has been renamed, reorganized, and is continued pursuant to a resolution of the Board of Chosen Freeholders of the County of Gloucester, New Jersey adopted August 7, 1978, and the Act. The Authority is a component unit of the County of Gloucester.

The Act and the resolution creating the Authority provide that the governing body of the Authority shall consist of nine members to five-year terms, appointed by the Board of Chosen Freeholders of the County of Gloucester.

**NOTE 2: BASIS OF PRESENTATION**

The financial statements of the Authority have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles ("GAAP") applicable to Enterprise Funds of state and local governments.

The Authority's financial statement includes all the accounts of the Authority's operations. The primary criterion for including activities within a reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name);
- the primary government holds the corporate powers of the organization;
- the primary government appoints a voting majority of the organizations board;
- the primary government is able to impose its will on the organization;
- the organization has the potential to impose a financial benefit/burden on the primary government;
- there is a fiscal dependency by the organization on the primary government.

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

Based on the aforementioned criteria, the Authority has no component units.

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statement Presentation and Basis of Accounting**

The Authority's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As permitted by accounting principles generally accepted in the United States of

GLOUCESTER COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED OCTOBER 31, 2020

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Statement Presentation and Basis of Accounting (Continued)**

America, the Authority has elected to apply only Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989. Local Finance Board rules as set forth in the New Jersey Administrative Code, including financial oversight and Division regulatory responsibilities, including review and approval of annual budgets pursuant to statute, shall apply and supersede the previous where applicable.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (Statement No. 34). The Authority implemented the requirements of Statement No. 34, effective November 1, 2001.

The more significant of the Authority's accounting policies are described below.

The Authority prepares its financial statements on an Enterprise Fund Basis. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private businesses where the intent is that all costs of providing certain goods and services to the general public be financed or recovered primarily through user charges.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net position is segregated into "invested in capital assets, net of related debt;" "restricted for capital activity and debt service;" "restricted for grant expenditures;" and "unrestricted" components.

**Budgetary Accounting**

The Authority adopts an annual operating budget by resolution prior to October 1. The budget details the Authority's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the fiscal year. All unexpended and unencumbered appropriations remaining in the budget at the end of the fiscal year, lapse. During the year, management is authorized to transfer budgeted amounts between line items. All amendments to the budget are approved and adopted by resolution of the Authority.

**Cash Equivalents, Deposits, and Investments**

Cash and cash equivalents, for purposes of the Statement of Cash Flows, include restricted and unrestricted cash on hand or on deposit, certificates of deposit, and investments with a maturity of three months or less.

The Authority invests available funds in interest bearing securities as prescribed by its various bond resolution and applicable law. Investments are intended to be held to maturity, the timing of which is based on anticipated cash flow requirements. Investments are obligations of the United State Government and are stated at fair value. Investments are not considered cash equivalents for purposes of the Statement of Cash Flows.



GLOUCESTER COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED OCTOBER 31, 2020

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Restricted Assets**

Restricted assets represent cash, investments, and receivables maintained in accordance with bond resolutions, loan agreements, grant agreements, and other resolutions and formal actions of the Authority or by agreement for the purpose of funding certain debt service payments and improvements and extensions to the utility system.

**Receivables and Payables**

Receivables and payables between accounts are eliminated. Customer receivables represent various service fees earned but not yet collected.

**Capital Assets**

Property, plant, and equipment are stated at cost which includes direct construction costs and other expenditures related to construction. Some construction costs are charged to construction in progress until such time as given segments of the system are completed and put into operation.

Maintenance and repairs, which do not significantly extend the value or life of property, plant, and equipment, are expensed as incurred.

Assets are depreciated over their estimated useful lives using the straight-line method.

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

**Compensation for Future Absences**

Accumulated vacation and the portion of sick leave eligible to be paid to employees at termination are recorded as an expense and liability as the benefits are earned.

**Claims and Judgments**

These events and obligations are recorded on the accrual basis, when the event occurs and the obligation arises.

**Operating Revenues and Rate Structure**

Operating revenues are those revenues generated directly from the primary activity of the Authority and are recognized on the accrual basis and as earned. Services are supplied to customers under a rate structure designed to produce revenues sufficient to provide for operating and maintenance costs, capital outlay, debt service, reserves, and debt service coverage.

**Special and Extraordinary Items**

Extraordinary items are transactions or other events that are both unusual in nature and infrequent in occurrence. Special items are significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence. If such items exist during the reporting period, they are reported separately in the statement of revenues, expenses, and changes in net position.

GLOUCESTER COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED OCTOBER 31, 2020

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

**Deferred Outflows and Deferred Inflows of Resources**

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

Transactions are classified as deferred outflows of resources and deferred inflow of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Authority is required to report the following as deferred outflows of resources and 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.

**Net Position**

Net position comprises the various net earnings from operating and non-operating revenues, expenses, and contributions of capital. Net position is classified in the following components: invested in capital assets, net of related liabilities; restricted for capital activity and debt service; restricted for grants; and unrestricted. Invested in capital assets, net of related debt, consist of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction, and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted for capital activity and debt service and grants consist of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities. Unrestricted consists of all other assets not included in the above categories.

**Recent Accounting Pronouncements Adopted**

Statement No. 83, "Certain Asset Retirement Obligations." This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's). This Statement, originally effective for period's beginning after June 15, 2018, was postponed until June 15, 2019. This statement did not have any significant impact on the financial statements.

GLOUCESTER COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED OCTOBER 31, 2020

**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recent Accounting Pronouncements Adopted (Continued)**

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements." This Statement, originally effective for periods beginning after June 15, 2018, was postponed until June 15, 2019. This Statement did not have any significant impact on the financial reporting.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, "Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61." This Statement, originally effective for periods beginning after December 15, 2018, was postponed until December 15, 2019. This Statement did not have any significant impact on the financial reporting.

**Recent Accounting Pronouncements Postponed by Statement No. 95**

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. As a result of GASB 95, the effective dates of the following statements are postponed by one year:

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92, "Omnibus 2020." This Statement, originally effective for periods beginning after December 15, 2020, is postponed until December 15, 2021. Management has not yet determined the impact of this Statement on the financial Statements.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93, "Replacement of Interbank Offered Rate." This Statement, except for paragraph 11b originally effective for periods beginning after June 15, 2020, is postponed until June 15, 2021. The requirement in paragraph 11b originally effective for periods beginning after December 31, 2021, is postponed until December 31, 2022. Management has not yet determined the impact of this Statement on the financial statements.

**Recent Accounting Pronouncements Not Yet Effective**

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases." The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement, originally effective for periods beginning after December 15, 2019, is postponed until June 15, 2021, due to the issuance of Statement No. 95. Management does not expect this Statement will have an impact on the financial statements

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Costs Incurred Before the End of a Construction Period." The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement, originally

GLOUCESTER COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

effective for periods beginning after December 15, 2019, is postponed until December 15, 2020, due to the issuance of Statement No. 95. Management does not expect this Statement will have an impact on the financial statements.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations." The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This Statement, originally effective for periods beginning after December 15, 2020, is postponed until December 15, 2021, due to the issuance of Statement No. 95. Management does not expect this Statement will have an impact on the financial statements.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement is effective for periods beginning after June 15, 2022. Management does not expect this Statement will have an impact on the financial statements.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements." This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement is effective for periods beginning after June 15, 2022. Management does not expect this Statement will have an impact on the financial statements.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84 and supersession of GASB Statement No. 32." The primary objectives of this Statement are to increase consistency and comparability related to the reporting of fiduciary component. This Statement is effective for periods beginning after June 15, 2021. Management does not expect this Statement will have a significant impact on the financial statements.

**NOTE 4: CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Cash and Cash Equivalents**

The Authority has defined cash and cash equivalents to consist primarily of petty cash, change funds, cash on deposit, certificates of deposit, money market accounts, and short-term investments with original maturities of three months or less.

Additionally, the Authority requires its' funds to be deposited 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.

GLOUCESTER COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED OCTOBER 31, 2020

**NOTE 4: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Cash and Cash Equivalents (Continued)**

NJSA 17:9-41 et seq. establishes the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks), and savings banks; the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent 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 carrying amount of the Authority's cash and cash equivalents at October 31, 2020 and 2019, was \$17,706,741.34 and \$18,866,412.32, respectively, and the bank balance was \$17,681,715.60 and \$19,372,888.33, respectively.

Custodial Credit Risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned or the Authority will not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At October 31, 2020, all of the Authority's deposits were collateralized by securities held in its name and accordingly, not exposed to Custodial Credit Risk. The Authority does not have a policy for Custodial Credit Risk.

**Investments**

Investments are stated fair value. The investment of funds are limited by the various Bond Resolutions to any bond, debenture, note or participation certificate issued by certain agencies identified within the Bond Resolutions, any fully secured or non-negotiable certificates of deposit and repurchase agreements, obligations of the New Jersey Cash Management Fund, and other obligations of the United States of America or the State of New Jersey.

As of October 31, 2020 and 2019, the Authority held investments in the amount of \$33,597,785.70 and \$35,101,217.87, respectively.

**NOTE 5: ACCOUNTS RECEIVABLE**

Accounts receivable were composed of the following:

Sewer Service Charges	<u>\$ 3,112,295.51</u>
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GLOUCESTER COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED OCTOBER 31, 2020

**NOTE 6: RESTRICTED ASSETS**

Certain proceeds of revenue bonds and notes, as well as resources set aside for their repayment or to satisfy restrictive covenants of the bond agreements, are classified as restricted assets on the balance sheet because their use is limited by those bond covenants. The "Debt Service Fund" accounts are used to segregate resources accumulated for debt service payments equal to any unpaid interest or principal due, plus any interest or principal to become due at or before the first day of January next ensuing. The "Debt Service Reserve Fund" accounts are used to report resources set aside to make up potential future deficiencies in Revenue Bond Debt Service Funds or to effect whole or partial redemption of the bonds. The "Renewal and Replacement" account is used to accumulate resources to pay the costs of major repairs, renewals, and replacements of the Utility System.

Amounts required by Section 507 of the Bond Resolution for the above are as follows:

1. At October 31, 2020, the Bond Service Requirement was \$4,432,492.00.
2. At October 31, 2020, the Bond Service Reserve Requirement was \$11,624,096.36.
3. At October 31, 2020, the System Reserve Requirement was \$2,250,000.00.

All of the above requirements were met as of October 31, 2020.

**NOTE 7: CAPITAL ASSETS**

Capital asset activity during the year was as follows:

	Oct. 31, 2019	Additions	Deletions	Oct. 31, 2020
Construction in Progress				
Land	\$ 6,074,500.00			\$ 6,074,500.00
Site Improvements	4,367,306.00	\$ 14,600.00		4,381,906.00
Buildings	21,772,704.44	1,866,025.00		23,638,729.44
Machinery & Equipment	36,542,726.12	739,492.57	\$ 220,008.00	37,062,210.69
Infrastructure	100,465,378.00			100,465,378.00
Total Capital Assets	169,222,614.56	2,620,117.57	220,008.00	171,622,724.13
Accumulated Depreciation	(101,667,200.15)	(3,712,104.89)	(220,008.00)	(105,159,297.04)
Net Capital Assets	\$ 67,555,414.41	\$ (1,091,987.32)	\$ -	\$ 66,463,427.09

**NOTE 8: BONDS PAYABLE AND LOANS PAYABLE**

**Bonds Payable**

There were bonds payable on October 31, 2020, in the amount of \$7,120,000.00.

On April 6, 2017, the Authority issued \$12,475,000.00 in bonds to finance the refunding of Refunding Sewer Revenue Bonds of 2003 and 2005. Principal payments are due annually on January 1 through the year 2030. Interest is paid semi-annually at rates of 3% to 5% per annum. The balance remaining at October 31, 2020, was \$7,120,000.00.

GLOUCESTER COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED OCTOBER 31, 2020

**NOTE 8: BONDS PAYABLE AND LOANS PAYABLE (CONTINUED)**

**Loans Payable**

There were loans payable on October 31, 2020, in the amount of \$49,361,055.10.

On October 15, 2001, the Authority issued a total of \$4,444,383.00 in loans to finance an Odor Control Project. The financing of this project was done through participation in the New Jersey Wastewater Treatment Trust. Since allowable costs were less than anticipated, the obligation was reduced by \$218,248.00. Principal payments are due annually on January 1 through the year 2021. Interest is paid semi-annually at rates of 0% to 4.75% per annum. The balance remaining at October 31, 2020, was \$175,000.00.

On November 6, 2008, the Authority issued a total of \$3,255,582.00 in loans to finance various structural and electrical improvements, upgrades, and rehabilitation of the existing sanitary sewer system. The financing of this project was done through participation in the New Jersey Environmental Infrastructure Trust Loan Program. Since allowable costs were less than anticipated, the obligation was reduced by \$227,752.00. Principal payments are due annually on July 1 through the year 2028. Interest is paid semi-annually at rates of 0% to 5% per annum. The balance remaining at October 31, 2020, was \$1,333,146.86.

On March 10, 2010, the Authority issued a total of \$1,742,007.44 in loans to finance various structural and electrical improvements, upgrades, and rehabilitation of the existing sanitary sewer system. The financing of this project was done through participation in the New Jersey Environmental Infrastructure Trust Loan Program. A portion of this financing, \$465,157.44, was a pass-through of American Recovery and Reinvestment Act (ARRA) funds. Principal payments are due annually on January 1 through the year 2029. Interest is paid semi-annually at rates of 0% to 5% per annum. On the date of execution of the loan agreement, the State forgave a portion of the ARRA loan in the amount of \$230,000.00. The balance remaining at October 31, 2020, was \$757,266.94.

On December 2, 2010, the Authority issued a total of \$2,192,500.00 in loans to finance the 2010 capital projects. The financing of this project was done through participation in the New Jersey Environmental Infrastructure Trust Loan Program. Principal payments are due annually on January 1 through the year 2030. Interest is paid semi-annually at rates of 0% to 5% per annum. The balance remaining at October 31, 2020, was \$1,278,157.98.

On May 22, 2013, the Authority issued a total of \$3,837,813.00 in loans to finance the 2013 capital projects. The financing of this project was done through participation in the New Jersey Environmental Infrastructure Trust Loan Program. Since allowable costs were less than anticipated, the obligation was reduced by \$158,728.00. Principal payments are due annually on January 1 through the year 2032. Interest is paid semi-annually at rates of 0% to 5% per annum. The balance remaining at October 31, 2020, was \$2,275,530.84.

On May 28, 2015, the Authority issued a total of \$4,296,981.00 in loans to finance the Porches Branch Interceptor Project. The financing of this project was done through participation in the New Jersey Environmental Infrastructure Trust Loan Program. A portion of this financing, \$3,281,981.00, was a pass-through of American Recovery and Reinvestment Act (ARRA) funds. Principal payments are due annually on January 1 through the year 2032. Interest is paid semi-annually at rates of 0% to 5% per annum. On the date of execution of the loan

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**NOTE 8: BONDS PAYABLE AND LOANS PAYABLE (CONTINUED)**

**Loans Payable (Continued)**

agreement the State forgave a portion of the ARRA loan in the amount of \$831,425.00. Since allowable costs were less than anticipated, the obligation was reduced by \$1,342.00. The balance remaining at October 31, 2020, was \$2,634,323.50.

On May 22, 2018, the Authority issued a total of \$1,725,809.00 in loans to finance the 2018 capital projects. The financing of this project was done through participation in the New Jersey Infrastructure Bank Trust Loan Program. Since allowable costs were less than anticipated, the obligation was reduced by \$29,025.00. Principal payments are due annually on January 1 through the year 2047. Interest is paid semi-annually at rates of 0% to 5% per annum. The balance remaining at October 31, 2020, was \$1,587,851.98.

On November 29, 2018, the Authority issued a total of \$41,240,478.00 in loans to finance the 2019 capital projects. The financing of this project was done through participation in the New Jersey Infrastructure Bank Trust Loan Program. Principal payments are due annually on January 1 through the year 2048. Interest is paid semi-annually at rates of 0% to 5% per annum. The balance remaining at October 31, 2020, was \$39,319,777.00.

**Changes in Debt During the Year**

	Balance Oct. 31, 2019	Reductions	Balance Oct. 31, 2020	Due Within One Year
Bonds	\$ 8,980,000.00	\$ 1,860,000.00	\$ 7,120,000.00	\$ 1,950,000.00
Loans	51,548,463.15	2,187,408.05	49,361,055.10	2,197,177.89
Total	<u>\$ 60,528,463.15</u>	<u>\$ 4,047,408.05</u>	<u>\$ 56,481,055.10</u>	<u>\$ 4,147,177.89</u>

Remaining debt service payments at October 31, 2020, are as follows:

	Interest	Principal	Total
2021	\$ 873,278.47	\$ 4,147,177.89	\$ 5,020,456.36
2022	771,826.42	3,087,157.47	3,858,983.89
2023	694,689.80	3,151,988.86	3,846,678.66
2024	613,513.90	3,226,834.52	3,840,348.42
2025	547,346.40	2,686,704.26	3,234,050.66
2026-2030	2,151,247.02	11,575,884.78	13,727,131.80
2031-2035	1,510,125.04	8,205,977.49	9,716,102.53
2036-2040	1,106,612.52	7,514,433.05	8,621,045.57
2041-2045	657,575.00	7,959,433.05	8,617,008.05
2046-2048	140,250.00	4,925,463.73	5,065,713.73
	<u>\$ 9,066,464.57</u>	<u>\$ 56,481,055.10</u>	<u>\$ 65,547,519.67</u>



GLOUCESTER COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED OCTOBER 31, 2020

**NOTE 9: PROJECT NOTE PAYABLE**

During the fiscal year 2020, the Authority passed resolutions authorizing the submission of applications to the New Jersey Environmental Trust to fund various capital projects. The applications were reviewed and approved by the Trust. In anticipation of permanent financing, the Trust issued a short-term, interest free, subordinate project note in the amount of \$3,549,018.00 to temporarily finance the costs of the projects.

**NOTE 10: REQUIRED RATES AND CHARGES**

Section 612 of the Bond Resolution dated as of August 8, 1978, stipulates that so long as bonds of any series shall be outstanding, the Authority shall make, impose, charge, and collect Annual Charges in accordance with the Service Contract and the Customer Agreements and shall charge and collect Service Charges in accordance with the Act to the extent permitted by the Service Contract and Customer Agreements. Such Annual Charges shall be so estimated, computed, made, charged, imposed, and collected pursuant to the Customer Agreements or the Service Contract, and such Service Charges shall be so fixed, charged, and collected under the Act, that the Revenues collected (including any proceeds to the Authority of use and occupancy Insurance) and paid to the Trustee hereunder will be at least sufficient:

1. to provide in each fiscal year a sum equal to the operating fund requirement for such fiscal year in order to maintain, preserve, and keep the system in good repair, working order, and condition; and
2. to provide in each fiscal year a sum equal to the Bond Service for such fiscal year (except any part thereof the payment of which has been provided for by the deposit of proceeds of Bonds in the Bond Service Fund) calculated as of the beginning of such fiscal year; and
3. at all times, by deposit and application in accordance with the Resolution of said Revenues paid to the Trustee, to pay all interest and principal installments becoming due with respect to the Bonds at the end of each fiscal year, and to maintain in the Bond Reserve Fund an amount at least equal to the Bond Reserve Requirement and in the Renewal and Replacement Fund an amount at least equal to the amount required to be deposited pursuant to Section 507(4); and
4. at all times to provide for any deficits of the Authority resulting from failure to receive any Annual Charges or Service Charges or from any other cause and comply in all respects with the terms and provisions of the Resolution and of the Act and pay and discharge all charges or liens payable out of the Revenues when due and enforceable.

GLOUCESTER COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED OCTOBER 31, 2020

**NOTE 10: REQUIRED RATES AND CHARGES (CONTINUED)**

As is reflected in the following calculation, the Authority met the sufficiency of revenue required under Section 612 of the Bond Resolution dated August 8, 1978.

Total Revenue	<u>\$ 23,723,948.02</u>
Less:	
Operating Expenses	16,990,561.35
Bond Service Requirement	5,045,937.76
Transfer to Construction Expansion Fund	<u>1,364,435.70</u>
Total	<u>23,400,934.81</u>
Excess in Revenues Realized Required by Section 612	<u>\$ 323,013.21</u>

**NOTE 11: PENSION PLAN**

**Description of Plan** - All eligible employees of the Authority are covered by the Public Employees' Retirement System (PERS), a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Department of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

**Funding Policy** - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS contribution is 7.5% of base salary. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The Authority's contributions for the years ending October 31, 2020, 2019, and 2018, were \$537,253.00, \$540,754.26, and \$506,326.00, respectively, equal to the required contributions for each year.

GLOUCESTER COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED OCTOBER 31, 2020

**NOTE 12: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS**

**PUBLIC EMPLOYEE'S RETIREMENT SYSTEM (PERS)**

For the fiscal year ended October 31, 2020, the Authority recognized pension expense of \$(271,855.00).

At October 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to the PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions		\$ 3,150,322
Net Difference Between Projected and Actual Earning on Pension Plan Investments	\$ 178,557	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions		1,182,200
Difference Between Expected and Actual Experience		101,781
Employer Contributions Subsequent to the Measurement Date	555,781	
	<u>\$ 734,338</u>	<u>\$ 4,434,303</u>

\$555,781 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended October 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended October 31,	Amount
2021	\$ (1,523,614)
2022	(1,442,634)
2023	(852,580)
2024	(367,752)
2025	(69,166)
	<u>\$ (4,255,746)</u>

Additional Information – Collective balances at June 30, 2019 and 2020, are as follows:

	June 30, 2020	June 30, 2019
Collective Deferred Outflows of Resources	\$ 2,347,583,337	\$ 3,149,522,616
Collective Deferred Inflows of Resources	7,849,949,467	7,645,087,574
Collective Net Pension Liability	<u>16,307,384,832</u>	<u>18,018,482,972</u>
Authority's Proportion	0.0508049931%	0.0550009263%

GLOUCESTER COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED OCTOBER 31, 2020

**NOTE 13: DEFERRED COMPENSATION**

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Mutual of America  
Equitable Assurance Society

**NOTE 14: COMPENSATED ABSENCES**

The Authority accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to benefits.

Authority employees are granted vacation and sick leave in accordance with the Authority's personnel policy and union contracts. Upon termination, employees are paid for accrued vacation and sick time. The Authority does not permit employees to accrue unused vacation pay. Unused sick days may be carried over for future use or a cash reimbursement may be requested.

The total value of compensated absences owed to employees as of October 31, 2020, was \$127,790.38.

**NOTE 15: LABOR CONTRACTS**

As of October 31, 2020, The Authority has a total of approximately 66 employees. Of this total, 41 employees are represented by the United Steel Workers Union. The union agreement expires on June 16, 2023.

**NOTE 16: POSTEMPLOYMENT HEALTH CARE PLAN**

**Plan Description** - The Gloucester County Utilities Authority contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

GLOUCESTER COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED OCTOBER 31, 2020

**NOTE 16: POSTEMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2012, the Authority authorized participation in the SHBP's post-retirement benefit program through resolution number R-2012-029. All employees who were part of a state administered pension system and have at least 25 years of government service are eligible to participate in the program.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey - Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at: [www.state.nj.us/treasury/pensions/hb-employers.shtml](http://www.state.nj.us/treasury/pensions/hb-employers.shtml).

**Funding Policy** - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Authority on a monthly basis.

The Authority's contributions to the SHBP for the years ended October 31, 2020, 2019, and 2018, were \$367,169.19, \$382,842.24, and \$499,935.34, respectively, which equaled the required contributions for retirees for the year. There were approximately 40, 40, and 34 retired participants eligible at October 31, 2020, 2019, and 2018, respectively.

**NOTE 17: FINANCIAL INFORMATION RELATED TO GASB 75 FOR PUBLIC RETIREMENT SYSTEMS**

The following OPEB liability note information is reported at the State's level and is not specific to the Authority. The following disclosures meet the requirements of GASB 75 for the PERS retirement system.

**Actuarial Assumptions**

The total OPEB liability as of June 30, 2020, was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases (PERS):	
Through 2026	2.00 – 6.00% Based on Age
Thereafter	3.00 – 7.00% Based on Age

GLOUCESTER COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED OCTOBER 31, 2020

**NOTE 17: FINANCIAL INFORMATION RELATED TO GASB 75 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

**Actuarial Assumptions (Continued)**

Pre-retirement mortality rates were based on the (PERS): PUB-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019.

Post-retirement health mortality rates were based on (Chapter 330 Retirees): PUB-2010 “Safety” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019. Other Retirees: PUB-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2020.

Disability mortality was based on the PUB-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019 for PERS Future Disabled Retirees and Other Current Retirees.

Certain actuarial assumptions used in the June 30, 2018, valuation were based on the results of the pension plans’ experience studies for which the members are eligible for coverage under this Plan – the Public Employees Retirement System (PERS). The PERS experience studies were prepared for the periods July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond index.

Detailed information about the pension plan’s fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at: <http://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

GLOUCESTER COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED OCTOBER 31, 2020

**NOTE 17: FINANCIAL INFORMATION RELATED TO GASB 75 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

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

**Total OPEB Liability**

Service Cost	\$ 605,949,339
Interest	497,444,533
Changes of Benefit Terms	1,055,527
Differences Between Expected and Actual Experience	852,424,987
Changes in Assumptions or Other Inputs	3,138,556,114
Benefit Payments	(466,218,997)
Contributions - Members	37,546,413
Net Change in OPEB Liability	4,666,757,916
Total OPEB Liability Beginning	13,819,244,582
Total OPEB Liability Ending	<u>\$ 18,486,002,498</u>

**Plan Fiduciary Net Position**

Contributions - Employer	\$ 292,404,377
Contributions - Non-Employer Contributing Entities	35,011,940
Contributions - Members	37,546,413
Net Investment Income	2,858,334
Benefit Payments	(466,218,997)
Administrative Expense	(9,913,267)
Net Change in Plan Fiduciary Net Position	(108,311,200)
Plan Fiduciary Net Position Beginning	273,203,482
Plan Fiduciary Net Position Ending	<u>\$ 164,862,282</u>

Net OPEB Liability Ending	<u>\$ 18,321,140,216</u>
---------------------------	--------------------------

There were no changes in benefit terms during the year.

Differences Between Expected and Actual Experiences: The decrease in the liability from June 30, 2019 to June 30, 2020, is due to changes in the census, claims, and premiums experience.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate: The following represents the collective net OPEB liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percent-point lower or 1-percent-point higher than the current rate.

GLOUCESTER COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED OCTOBER 31, 2020

**NOTE 17: FINANCIAL INFORMATION RELATED TO GASB 75 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

**Actuarial Assumptions (Continued)**

	1% Decrease 1.21%	Current Rate 2.21%	1% Increase 3.21%
Net OPEB Liability	<u>\$ 21,677,290,971</u>	<u>\$ 18,321,140,216</u>	<u>\$ 15,666,313,249</u>

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate: The following presents the net OPEB liability as of June 30, 2020, as well as what the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease	Health Care Costs Trend Rate	1% Increase
Net OPEB Liability	<u>\$ 15,145,526,262</u>	<u>\$ 18,321,140,216</u>	<u>\$ 22,483,436,558</u>

**OPEB Liability, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At October 31, 2020, the Authority reported a liability of \$15,501,028 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability was based on a projection of the Authority's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. At October 31, 2020, the Authority's proportion was 0.086373 percent.

For the year ended October 31, 2020, the Authority recognized net OPEB expense of 98,963. The Authority's deferred outflows of resources and deferred inflows of resources are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience		\$ 2,478,296
Differences Between Projected and Actual		
Investment Earnings	\$ 9,844	
Changes in Assumptions		1,128,723
Changes in Proportions	196,010	
	<u>\$ 205,854</u>	<u>\$ 3,607,019</u>



GLOUCESTER COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED OCTOBER 31, 2020

**NOTE 17: FINANCIAL INFORMATION RELATED TO GASB 75 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)**

**OPEB Liability, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

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

<u>Year Ending</u>	
2021	\$ (786,844)
2022	(787,551)
2023	(788,799)
2024	(788,798)
2025	(373,106)
Thereafter	123,933
	<u>\$ (3,401,165)</u>

**NOTE 18: 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 maintains commercial insurance coverage for property, liability, and surety bonds. The Authority is a member of the Gloucester County Insurance Commission. The Authority is obligated to remit insurance premiums to this commission for sufficient insurance coverage. There have been no claims in excess of coverage and no reduction in coverage during the year.

**NOTE 19: ECONOMIC DEPENDENCY**

The Authority is heavily reliant on the collection of sewer and septage and industrial service charges to fund the Authority's operations. This income funded approximately 105% of the Authority's operating expenditures.

**NOTE 20: CONTINGENT LIABILITIES AND LITIGATION**

The Authority participates in state assisted grant/loan programs. These programs are subject to program compliance audits by the grantor or its' representative. The Authority is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant/loan programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

It is the opinion of management and legal counsel, that there exists no litigation or contingent liability that may be pending against the Authority that would have an adverse effect on the financial position in the future.

GLOUCESTER COUNTY UTILITIES AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED OCTOBER 31, 2020

**NOTE 21: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between October 31, 2020 and March 10, 2022, the date that the financial statements were issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact the collection of certain anticipated revenues. Other financial impact could occur though such potential impact is unknown at this time.

GLOUCESTER COUNTY UTILITIES AUTHORITY  
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY - PERS -  
LAST SEVEN FISCAL YEARS

	Fiscal Year Ended October 31, 2020	Fiscal Year Ended October 31, 2019	Fiscal Year Ended October 31, 2018	Fiscal Year Ended October 31, 2017	Fiscal Year Ended October 31, 2016	Fiscal Year Ended October 31, 2015	Fiscal Year Ended October 31, 2014
Authority's Proportion of the Net Pension Liability (Asset)	0.0508049931%	0.0550009263%	0.0540792700%	0.0546556257%	0.5208424570%	0.0489051351%	0.0478302885%
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 8,284,966.00	\$ 9,910,333	\$ 10,647,938	\$ 12,722,956	\$ 15,425,860	\$ 10,978,223	\$ 8,955,138
Authority's Covered-Employee Payroll	3,792,339	3,794,905	3,830,005	3,730,366	3,700,718	3,495,124	3,447,466
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	218.47%	261.15%	278.01%	341.06%	416.83%	314.10%	259.76%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.59%	48.10%	40.14%	47.93%	52.08%
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

GLOUCESTER COUNTY UTILITIES AUTHORITY  
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - PERS -  
LAST SEVEN FISCAL YEARS

	Fiscal Year Ended October 31, 2020	Fiscal Year Ended October 31, 2019	Fiscal Year Ended October 31, 2018	Fiscal Year Ended October 31, 2017	Fiscal Year Ended October 31, 2016	Fiscal Year Ended October 31, 2015	Fiscal Year Ended October 31, 2014
Contractually Required Contribution	\$ 534,997	\$ 537,914	\$ 506,326	\$ 462,709	\$ 420,453	\$ 394,306	\$ 351,442
Contributions in Relation to the Contractually Required Contribution	534,997	537,914	506,326	462,709	420,453	394,306	351,442
Contribution Deficiency (Excess)	None	None	None	None	None	None	None
Authority's Covered-Employee Payroll	\$ 3,792,339	\$ 3,794,905	\$ 3,830,005	\$ 3,730,366	\$ 3,700,718	\$ 3,495,124	\$ 3,447,466
Contributions as a Percentage of Covered- Employee Payroll	16.98%	14.17%	13.22%	12.40%	11.36%	11.28%	10.19%
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

**GLOUCESTER COUNTY UTILITIES AUTHORITY  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
OCTOBER 31, 2020**

**NOTE 1: CONTRIBUTIONS**

The contribution policy for the PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The Authority's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

**NOTE 2: ACTUARIAL ASSUMPTIONS**

The total pension liability for the June 30, 2020, measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% Based on Age
Thereafter	3.00 – 7.00% Based on Age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value 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-2020.

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviate from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.state.nj.us/treasury/pensions/gasb-notices.shtml>.

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Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA  
Denise R. Nevico, CPA

## 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

### Independent Auditor's Report

Honorable Chairman and  
Members of the Authority  
Gloucester County Utilities Authority  
2 Paradise Road  
West Deptford, New Jersey 08066

We have audited, in accordance with the 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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Gloucester County Utilities Authority as of and for the year ended October 31, 2020, and the related notes to the financial statements, which collectively comprise Gloucester County Utilities Authority's basic financial statements, and have issued our report thereon dated March 10, 2022.

### ***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

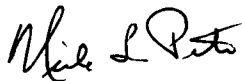
### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Gloucester 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 as prescribed by the Local Finance Board and 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* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Registered Municipal Accountant #252

March 10, 2022

GLOUCESTER COUNTY UTILITIES AUTHORITY  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED OCTOBER 31, 2020

	2020 Budget		2020 Actual	Variance of 2020 Actual Data To Budget	
	Original	Final		Dollars	%
				Favorable (Unfavorable)	
Operating Revenues:					
Sewer Service Charges	\$ 20,938,725.00	\$ 20,938,725.00	\$21,773,580.10	\$ 834,855.10	3.99%
Sale of Effluent	340,000.00	340,000.00	318,208.50	(21,791.50)	-6.41%
Miscellaneous Income	50,000.00	50,000.00	21,118.53	(28,881.47)	-57.76%
Total Operating Revenues	21,328,725.00	21,328,725.00	22,112,907.13	784,182.13	3.68%
Operating Expenses:					
Personnel Services:					
Salaries and Wages	6,081,000.00	6,096,000.00	5,268,829.42	827,170.58	13.57%
Uniform Rental	25,000.00	25,000.00	22,977.48	2,022.52	8.09%
Contributions to:					
Public Employees' Retirement	542,000.00	542,000.00	537,699.40	4,300.60	0.79%
Social Security System	470,000.00	470,000.00	342,324.00	127,676.00	27.17%
Unemployment Compensation	48,000.00	48,000.00	33,111.72	14,888.28	31.02%
Employee Benefits	2,329,500.00	2,329,500.00	1,351,271.11	978,228.89	41.99%
Total Personnel Services	9,495,500.00	9,510,500.00	7,556,213.13	1,954,286.87	20.55%
Contractual Services:					
Advertising	6,500.00	6,500.00	1,193.58	5,306.42	81.64%
Travel Expense	5,500.00	5,500.00	484.04	5,015.96	91.20%
Postage Expense	6,500.00	6,500.00	4,489.83	2,010.17	30.93%
Telephone Expense	42,000.00	42,000.00	36,737.87	5,262.13	12.53%
Natural Gas	500,000.00	500,000.00	191,056.88	308,943.12	61.79%
Electricity	1,800,000.00	1,800,000.00	1,328,649.74	471,350.26	26.19%
Water and Sewer	19,000.00	19,000.00	9,245.66	9,754.34	51.34%
Hunter Street Expense	30,000.00	30,000.00	6,067.74	23,932.26	79.77%
Printing	6,000.00	6,000.00	2,952.54	3,047.46	50.79%
Energy Project Costs	200,000.00	200,000.00		200,000.00	100.00%
Dues and Memberships	15,200.00	15,200.00	8,036.00	7,164.00	47.13%
Motor Vehicle Maintenance	45,600.00	45,600.00	9,322.93	36,277.07	79.55%
Equipment Maintenance	524,500.00	524,500.00	437,324.57	87,175.43	16.62%
Interceptor Rehabilitation	315,000.00	690,560.00	660,308.16	30,251.84	4.38%
Equipment Rental	139,500.00	139,500.00	109,906.85	29,593.15	21.21%
Training and Seminars	22,000.00	22,000.00	2,004.00	19,996.00	90.89%
Permits and Registrations	244,500.00	244,500.00	135,492.40	109,007.60	44.58%
Incinerator Title V/Mact Rules	230,000.00	230,000.00		230,000.00	100.00%
Professional Services	332,000.00	332,000.00	229,007.25	102,992.75	31.02%
Doctor	8,000.00	8,000.00	2,695.45	5,304.55	66.31%
Accounting/Auditing	107,000.00	107,000.00	102,792.25	4,207.75	3.93%
Legal Services	235,000.00	235,000.00	128,126.28	106,873.72	45.48%
Engineering	950,000.00	1,330,110.00	1,187,403.25	142,706.75	10.73%
Trustee's Fees	325,000.00	325,000.00	83,603.48	241,396.52	74.28%
Computer Services	76,000.00	76,000.00	63,626.59	12,373.41	16.28%
Insurance	865,600.00	865,600.00	685,314.08	180,285.92	20.83%
Sludge Disposal	2,000,000.00	1,183,330.00	715,823.51	467,506.49	39.51%
Other Expenses	59,000.00	59,000.00	45,231.93	13,768.07	23.34%
Total Contractual Services	9,109,400.00	9,048,400.00	6,186,896.86	2,861,503.14	31.62%



GLOUCESTER COUNTY UTILITIES AUTHORITY  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED OCTOBER 31, 2020  
(CONTINUED)

	2020 Budget		2020 Actual	Variance of 2020 Actual Data To Budget	
	Original	Final		Dollars	%
				Favorable (Unfavorable)	
Materials and Supplies:					
Books and Publications	4,500.00	4,500.00	159.98	4,340.02	96.44%
Building and Construction Supplies	36,000.00	36,000.00	22,043.69	13,956.31	38.77%
Fuel and Lubricants	101,500.00	101,500.00	52,730.90	48,769.10	48.05%
Motor Vehicle Parts	46,500.00	46,500.00	32,698.79	13,801.21	29.68%
Laboratory Services/Supplies	150,000.00	150,000.00	118,687.49	31,312.51	20.88%
Janitorial Supplies	7,500.00	7,500.00	6,609.22	890.78	11.88%
Office Supplies	17,000.00	17,000.00	10,612.10	6,387.90	37.58%
Electrical/Communication Supplies	207,500.00	207,500.00	200,226.11	7,273.89	3.51%
Hardware/Minor Tools	29,700.00	29,700.00	28,587.09	1,112.91	3.75%
Equipment/Machinery Parts	287,600.00	287,600.00	264,432.58	23,167.42	8.06%
Plumbing/Heating/HVAC Supplies	90,000.00	100,000.00	90,553.79	9,446.21	9.45%
Safety Supplies	41,000.00	41,000.00	31,191.67	9,808.33	23.92%
Chemicals and Gases	164,000.00	164,000.00	75,260.17	88,739.83	54.11%
Sodium Hydroxide	83,000.00	83,000.00	5,641.39	77,358.61	93.20%
Polymer	600,000.00	600,000.00	510,209.04	89,790.96	14.97%
Chlorine	219,500.00	219,500.00	161,734.98	57,765.02	26.32%
Odor/H2S Control	75,000.00	75,000.00	35,560.00	39,440.00	52.59%
Buildings/Grounds Maintenance Supplies	432,000.00	432,000.00	404,610.18	27,389.82	6.34%
Interceptor Supplies	13,300.00	13,300.00		13,300.00	100.00%
Miscellaneous Supplies	1,300.00	1,300.00	61.97	1,238.03	95.23%
Total Materials and Supplies	2,606,900.00	2,616,900.00	2,051,611.14	565,288.86	21.60%
Equipment:					
Vehicles/Rental	448,000.00	448,000.00	332,200.00	115,800.00	25.85%
Laboratory Equipment	15,300.00	15,300.00	4,083.92	11,216.08	73.31%
Office Equipment	26,000.00	26,000.00	1,199.00	24,801.00	95.39%
Electrical/Communication Equipment	125,000.00	125,000.00		125,000.00	100.00%
General Equipment	191,000.00	191,000.00	152,723.00	38,277.00	20.04%
Pitman Reuse Plant	21,000.00	21,000.00	20,400.37	599.63	2.86%
Total Equipment	826,300.00	826,300.00	510,606.29	315,693.71	38.21%
County Expense:					
County Infrastructure Improvements	650,000.00	686,000.00	685,233.50	766.50	0.11%
Total County Expense	650,000.00	686,000.00	685,233.50	766.50	0.11%
Total Operating Expenses	22,688,100.00	22,688,100.00	16,990,560.92	5,697,539.08	25.11%
Operating Income (Loss)	(1,359,375.00)	(1,359,375.00)	5,122,346.21	6,481,721.21	-476.82%
Non-Operating Revenue (Expense):					
CEF Contribution to Debt Service	5,031,000.00	5,031,000.00	4,088,312.63	(942,687.37)	-18.74%
Construction Expansion Fees	1,000,000.00	1,000,000.00	1,364,435.70	364,435.70	36.44%
Unrestricted Net Position Utilized	2,711,094.00	2,711,094.00	1,336,776.00	(1,374,318.00)	-50.69%
Debt Service Requirements	(5,045,943.00)	(5,045,943.00)	(5,045,937.76)	5.24	0.00%
Transfers to CEF Fund	(1,000,000.00)	(1,000,000.00)	(1,364,435.70)	(364,435.70)	-36.44%
County Appropriation	(1,336,776.00)	(1,336,776.00)	(1,336,776.00)		
Total Non-Operating Revenue (Expense)	1,359,375.00	1,359,375.00	(957,625.13)	(2,317,000.13)	-170.45%
Increase (Decrease) in Budgeted Net Position			\$ 4,164,721.08	\$ 4,164,721.08	

GLOUCESTER COUNTY UTILITIES AUTHORITY  
SCHEDULE OF BONDS AND LOANS PAYABLE  
FOR THE YEAR ENDED OCTOBER 31, 2020

**Wastewater Trust Fund Loan - Trust Share**

Date of Issue	Amount of Issue	Description	Balance Oct. 31, 2019	Redeemed	Balance Oct. 31, 2020
10/15/01	\$ 2,185,000.00	2001 Capital Project	<u>\$ 340,000.00</u>	<u>\$ 165,000.00</u>	<u>\$ 175,000.00</u>
Schedule of Annual Maturities					
			Due January 1, 2021	Interest Rate 4.75%	Annual Principal Payment <u>\$ 175,000.00</u>
					<u>\$ 175,000.00</u>

**Wastewater Trust Fund Loan - Fund Share**

Date of Issue	Amount of Issue	Description	Balance Oct. 31, 2019	Redeemed
10/15/01	\$ 2,259,383.00	2001 Capital Project	<u>\$ 20,354.22</u>	<u>\$ 20,354.22</u>

**NJEIT Fund Loan - Trust Share**

Date of Issue	Amount of Issue	Description	Balance Oct. 31, 2019	Redeemed	Balance Oct. 31, 2020
11/6/08	\$ 1,670,000.00	Sewer Revenue Bonds	<u>\$ 995,000.00</u>	<u>\$ 90,000.00</u>	<u>\$ 905,000.00</u>
Schedule of Annual Maturities					
			Due July 1,	Interest Rate	Annual Principal Payment
			2021	5.00%	\$ 95,000.00
			2022	5.00%	100,000.00
			2023	5.00%	105,000.00
			2024	5.00%	110,000.00
			2025	5.00%	115,000.00
			2026	5.00%	120,000.00
			2027	5.00%	125,000.00
			2028	5.00%	135,000.00
					<u>\$ 905,000.00</u>

**NJEIT Trust Fund Loan - Fund Share**

Date of Issue	Amount of Issue	Description	Balance Oct. 31, 2019	Redeemed	Balance Oct. 31, 2020
11/6/08	\$ 1,585,582.00	Sewer Revenue Bonds	<u>\$ 511,187.30</u>	<u>\$ 83,040.44</u>	<u>\$ 428,146.86</u>
Schedule of Annual Maturities					
			Due July 1,	Interest Rate	Annual Principal Payment
			2021	0.00%	\$ 82,988.25
			2022	0.00%	82,772.04
			2023	0.00%	82,391.80
			2024	0.00%	82,011.57
			2025	0.00%	81,638.79
			2026	0.00%	16,344.41
					<u>\$ 428,146.86</u>

GLOUCESTER COUNTY UTILITIES AUTHORITY  
SCHEDULE OF BONDS AND LOANS PAYABLE  
FOR THE YEAR ENDED OCTOBER 31, 2020  
(CONTINUED)

**NJEIT Fund Loan - Trust Share**

Date of Issue	Amount of Issue	Description	Balance Oct. 31, 2019	Redeemed	Balance Oct. 31, 2020
3/10/10	\$ 320,000.00	Sewer Revenue Bonds	<u>\$ 200,000.00</u>	<u>\$ 15,000.00</u>	<u>\$ 185,000.00</u>

Schedule of Annual Maturities

Due Jan 1,	Interest Rate	Annual Principal Payment
2021	3.00%	\$ 15,000.00
2022	4.00%	20,000.00
2023	4.00%	20,000.00
2024	4.00%	20,000.00
2025	4.00%	20,000.00
2026	3.50%	20,000.00
2027	4.00%	20,000.00
2028	4.00%	25,000.00
2029	4.00%	25,000.00
		<u>\$ 185,000.00</u>

**NJEIT Trust Fund Loan - Fund Share**

Date of Issue	Amount of Issue	Description	Balance Oct. 31, 2019	Redeemed	Balance Oct. 31, 2020
3/10/10	\$ 956,850.00	Sewer Revenue Bonds	<u>\$ 503,605.32</u>	<u>\$ 50,360.52</u>	<u>\$ 453,244.80</u>

Schedule of Annual Maturities

Due Jan 1,	Interest Rate	Annual Principal Payment
2021	0.00%	\$ 50,360.52
2022	0.00%	50,360.52
2023	0.00%	50,360.52
2024	0.00%	50,360.52
2025	0.00%	50,360.52
2026	0.00%	50,360.52
2027	0.00%	50,360.52
2028	0.00%	50,360.52
2029	0.00%	50,360.64
		<u>\$ 453,244.80</u>

GLOUCESTER COUNTY UTILITIES AUTHORITY  
SCHEDULE OF BONDS AND LOANS PAYABLE  
FOR THE YEAR ENDED OCTOBER 31, 2020  
(CONTINUED)

**NJEIT ARRA Fund Loan - Trust Share**

Date of Issue	Amount of Issue	Description	Balance Oct. 31, 2019	Redeemed	Balance Oct. 31, 2020
3/10/10	\$ 121,157.44	Sewer Revenue Bonds	<u>\$ 71,141.63</u>	<u>\$ 6,119.49</u>	<u>\$ 65,022.14</u>

Schedule of Annual Maturities

Due Jan 1,	Interest Rate	Annual Principal Payment
2021	3.11%	\$ 6,295.74
2022	3.26%	6,491.53
2023	3.37%	6,703.16
2024	3.50%	6,929.05
2025	3.60%	7,171.57
2026	3.66%	7,429.75
2027	3.80%	7,701.68
2028	3.89%	7,994.34
2029	3.99%	8,305.32
		<u>\$ 65,022.14</u>

**NJEIT ARRA Trust Fund Loan - Fund Share**

Date of Issue	Amount of Issue	Description	Balance Oct. 31, 2019	Redeemed	Balance Oct. 31, 2020
3/10/10	\$ 344,000.00	Sewer Revenue Bonds	<u>\$ 60,000.00</u>	<u>\$ 6,000.00</u>	<u>\$ 54,000.00</u>

Schedule of Annual Maturities

Due Jan 1,	Interest Rate	Annual Principal Payment
2021	0.00%	\$ 6,000.00
2022	0.00%	6,000.00
2023	0.00%	6,000.00
2024	0.00%	6,000.00
2025	0.00%	6,000.00
2026	0.00%	6,000.00
2027	0.00%	6,000.00
2028	0.00%	6,000.00
2029	0.00%	6,000.00
		<u>\$ 54,000.00</u>

GLOUCESTER COUNTY UTILITIES AUTHORITY  
SCHEDULE OF BONDS AND LOANS PAYABLE  
FOR THE YEAR ENDED OCTOBER 31, 2020  
(CONTINUED)

**NJEIT Fund Loan - Trust Share**

Date of Issue	Amount of Issue	Description	Balance Oct. 31, 2019	Redeemed	Balance Oct. 31, 2020
12/2/10	\$ 1,075,000.00	Sewer Revenue Bonds	<u>\$ 740,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ 690,000.00</u>

Schedule of Annual Maturities

Due Jan 1,	Interest Rate	Annual Principal Payment
2021	5.00%	\$ 55,000.00
2022	5.00%	60,000.00
2023	5.00%	60,000.00
2024	5.00%	65,000.00
2025	5.00%	65,000.00
2026	5.00%	70,000.00
2027	5.00%	75,000.00
2028	5.00%	75,000.00
2029	5.00%	80,000.00
2030	5.00%	85,000.00
		<u>\$ 690,000.00</u>

**NJEIT Trust Fund Loan - Fund Share**

Date of Issue	Amount of Issue	Description	Balance Oct. 31, 2019	Redeemed	Balance Oct. 31, 2020
12/2/10	\$ 1,117,500.00	Sewer Revenue Bonds	<u>\$ 646,973.76</u>	<u>\$ 58,815.78</u>	<u>\$ 588,157.98</u>

Schedule of Annual Maturities

Due Jan 1,	Interest Rate	Annual Principal Payment
2021	0.00%	\$ 58,815.78
2022	0.00%	58,815.78
2023	0.00%	58,815.78
2024	0.00%	58,815.78
2025	0.00%	58,815.78
2026	0.00%	58,815.78
2027	0.00%	58,815.78
2028	0.00%	58,815.78
2029	0.00%	58,815.78
2030	0.00%	58,815.96
		<u>\$ 588,157.98</u>

GLOUCESTER COUNTY UTILITIES AUTHORITY  
SCHEDULE OF BONDS AND LOANS PAYABLE  
FOR THE YEAR ENDED OCTOBER 31, 2020  
(CONTINUED)

**NJEIT Fund Loan - Trust Share**

Date of Issue	Amount of Issue	Description	Balance Oct. 31, 2019	Redeemed	Balance Oct. 31, 2020
5/22/13	\$ 930,000.00	Sewer Revenue Bonds	<u>\$ 705,000.00</u>	<u>\$ 45,000.00</u>	<u>\$ 660,000.00</u>

Schedule of Annual Maturities

Due Jan 1,	Interest Rate	Annual Principal Payment
2021	4.00%	\$ 45,000.00
2022	4.00%	50,000.00
2023	5.00%	50,000.00
2024	5.00%	50,000.00
2025	3.00%	55,000.00
2026	3.00%	55,000.00
2027	3.00%	55,000.00
2028	3.00%	55,000.00
2029	3.00%	60,000.00
2030	3.00%	60,000.00
2031	3.00%	60,000.00
2032	3.00%	65,000.00
		<u>\$ 660,000.00</u>

**NJEIT Trust Fund Loan - Fund Share**

Date of Issue	Amount of Issue	Description	Balance Oct. 31, 2019	Redeemed	Balance Oct. 31, 2020
5/22/13	\$ 2,907,813.00	Sewer Revenue Bonds	<u>\$ 1,763,385.73</u>	<u>\$ 147,854.89</u>	<u>\$ 1,615,530.84</u>

Schedule of Annual Maturities

Due Jan 1,	Interest Rate	Annual Principal Payment
2021	0.00%	\$ 147,854.89
2022	0.00%	147,854.89
2023	0.00%	147,854.89
2024	0.00%	147,854.89
2025	0.00%	147,854.89
2026	0.00%	147,854.89
2027	0.00%	147,854.89
2028	0.00%	147,854.89
2029	0.00%	147,854.89
2030	0.00%	147,854.89
2031	0.00%	136,981.94
		<u>\$ 1,615,530.84</u>

GLOUCESTER COUNTY UTILITIES AUTHORITY  
SCHEDULE OF BONDS AND LOANS PAYABLE  
FOR THE YEAR ENDED OCTOBER 31, 2020  
(CONTINUED)

**NJEIT Fund Loan - Trust Share**

Date of Issue	Amount of Issue	Description	Balance Oct. 31, 2019	Redeemed	Balance Oct. 31, 2020
5/28/15	\$ 1,015,000.00	Sewer Revenue Bonds	<u>\$ 870,000.00</u>	<u>\$ 40,000.00</u>	<u>\$ 830,000.00</u>

Schedule of Annual Maturities

Due Jan 1,	Interest Rate	Annual Principal Payment
2021	5.00%	\$ 45,000.00
2022	5.00%	45,000.00
2023	5.00%	50,000.00
2024	5.00%	50,000.00
2025	5.00%	50,000.00
2026	5.00%	55,000.00
2027	4.00%	60,000.00
2028	4.00%	60,000.00
2029	4.00%	65,000.00
2030	4.00%	65,000.00
2031	4.00%	65,000.00
2032	4.00%	70,000.00
2033	4.00%	75,000.00
2034	4.00%	75,000.00
		<u>\$ 830,000.00</u>

**NJEIT Trust Fund Loan - Fund Share**

Date of Issue	Amount of Issue	Description	Balance Oct. 31, 2019	Redeemed	Balance Oct. 31, 2020
5/28/15	\$ 3,281,981.00	Sewer Revenue Bonds	<u>\$ 1,933,299.60</u>	<u>\$ 128,976.10</u>	<u>\$ 1,804,323.50</u>

Schedule of Annual Maturities

Due Jan 1,	Interest Rate	Annual Principal Payment
2021	0.00%	\$ 128,976.10
2022	0.00%	128,976.10
2023	0.00%	128,976.10
2024	0.00%	128,976.10
2025	0.00%	128,976.10
2026	0.00%	128,976.10
2027	0.00%	128,976.10
2028	0.00%	128,976.10
2029	0.00%	128,976.10
2030	0.00%	128,976.10
2031	0.00%	128,976.10
2032	0.00%	128,976.10
2033	0.00%	128,976.10
2034	0.00%	127,634.20
		<u>\$ 1,804,323.50</u>

GLOUCESTER COUNTY UTILITIES AUTHORITY  
SCHEDULE OF BONDS AND LOANS PAYABLE  
FOR THE YEAR ENDED OCTOBER 31, 2020  
(CONTINUED)

**2018 Refunding Bonds**

Date of Issue	Amount of Issue	Description	Balance Oct. 31, 2019	Issued	Balance Oct. 31, 2020
4/6/17	\$ 12,475,000.00	Sewer Revenue Refunding Bonds Series 2017	<u>\$ 8,980,000.00</u>	<u>\$ 1,860,000.00</u>	<u>\$ 7,120,000.00</u>

Schedule of Annual Maturities

Due Jan 1,	Interest Rate	Annual Principal Payment
2021	5.00%	\$ 1,950,000.00
2022	5.00%	1,035,000.00
2023	5.00%	1,080,000.00
2024	5.00%	1,135,000.00
2025	4.00%	575,000.00
2026	4.00%	250,000.00
2027	4.00%	260,000.00
2028	4.00%	270,000.00
2029	3.00%	280,000.00
2030	3.00%	285,000.00
		<u>\$ 7,120,000.00</u>

**NJIB Fund Loan - Trust Share**

Date of Issue	Amount of Issue	Description	Balance Oct. 31, 2019	Redeemed	Balance Oct. 31, 2020
5/22/18	\$ 440,000.00	Sewer Revenue Bonds	<u>\$ 430,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 420,000.00</u>

Schedule of Annual Maturities

Due Jan 1,	Interest Rate	Annual Principal Payment
2021	5.00%	\$ 10,000.00
2022	5.00%	10,000.00
2023	5.00%	10,000.00
2024	5.00%	10,000.00
2025	5.00%	10,000.00
2026	5.00%	10,000.00
2027	5.00%	10,000.00
2028	3.00%	15,000.00
2029	3.00%	15,000.00
2030	3.00%	15,000.00
2031	3.00%	15,000.00
2032	3.125%	15,000.00
2033	3.125%	15,000.00
2034	3.25%	15,000.00
2035	3.25%	15,000.00
2036	3.375%	15,000.00
2037	3.375%	15,000.00
2038	3.375%	15,000.00
2039	3.375%	20,000.00
2040	3.50%	20,000.00
2041	3.50%	20,000.00
2042	3.50%	20,000.00
2043	3.50%	20,000.00
2044	3.50%	20,000.00
2045	3.50%	20,000.00
2046	3.50%	20,000.00
2047	3.50%	25,000.00
		<u>\$ 420,000.00</u>



GLOUCESTER COUNTY UTILITIES AUTHORITY  
SCHEDULE OF BONDS AND LOANS PAYABLE  
FOR THE YEAR ENDED OCTOBER 31, 2020  
(CONTINUED)

**NJIB Trust Fund Loan - Fund Share**

Date of Issue	Amount of Issue	Description	Balance Oct. 31, 2019	Redeemed	Balance Oct. 31, 2020
5/22/18	\$ 1,285,809.00	Sewer Revenue Bonds	<u>\$ 1,212,317.99</u>	<u>\$ 44,466.01</u>	<u>\$ 1,167,851.98</u>
Schedule of Annual Maturities					
			Due Jan 1,	Interest Rate	Annual Principal Payment
			2021	0.00%	\$ 44,466.01
			2022	0.00%	44,466.01
			2023	0.00%	44,466.01
			2024	0.00%	44,466.01
			2025	0.00%	44,466.01
			2026	0.00%	44,466.01
			2027	0.00%	44,466.01
			2028	0.00%	44,466.01
			2029	0.00%	44,466.01
			2030	0.00%	44,466.01
			2031	0.00%	44,466.01
			2032	0.00%	44,466.01
			2033	0.00%	44,466.01
			2034	0.00%	44,466.01
			2035	0.00%	44,466.01
			2036	0.00%	44,466.01
			2037	0.00%	44,466.01
			2038	0.00%	44,466.01
			2039	0.00%	44,466.01
			2040	0.00%	44,466.01
			2041	0.00%	44,466.01
			2042	0.00%	44,466.01
			2043	0.00%	44,466.01
			2044	0.00%	44,466.01
			2045	0.00%	44,466.01
			2046	0.00%	44,466.01
			2047	0.00%	11,735.72
					<u>\$ 1,167,851.98</u>

GLOUCESTER COUNTY UTILITIES AUTHORITY  
SCHEDULE OF BONDS AND LOANS PAYABLE  
FOR THE YEAR ENDED OCTOBER 31, 2020  
(CONTINUED)

**NJEIB Fund Loan - Trust Share**

Date of Issue	Amount of Issue	Description	Balance Oct. 31, 2019	Redeemed	Balance Oct. 31, 2020
11/29/18	\$ 10,345,000.00	Sewer Revenue Bonds	<u>\$ 10,345,000.00</u>	<u>\$ 185,000.00</u>	<u>\$ 10,160,000.00</u>
Schedule of Annual Maturities					
			Due Jan 1,	Interest Rate	Annual Principal Payment
			2021	5.00%	\$ 190,000.00
			2022	5.00%	200,000.00
			2023	5.00%	210,000.00
			2024	5.00%	220,000.00
			2025	5.00%	230,000.00
			2026	5.00%	245,000.00
			2027	5.00%	255,000.00
			2028	4.00%	270,000.00
			2029	4.00%	280,000.00
			2030	4.00%	290,000.00
			2031	4.00%	305,000.00
			2032	4.00%	315,000.00
			2033	4.00%	325,000.00
			2034	4.00%	340,000.00
			2035	4.00%	355,000.00
			2036	4.00%	370,000.00
			2037	4.00%	385,000.00
			2038	4.00%	400,000.00
			2039	4.00%	415,000.00
			2040	4.00%	430,000.00
			2041	4.00%	450,000.00
			2042	4.00%	465,000.00
			2043	4.00%	485,000.00
			2044	4.00%	505,000.00
			2045	4.00%	525,000.00
			2046	4.00%	545,000.00
			2047	4.00%	565,000.00
			2048	4.00%	590,000.00
					<u>\$ 10,160,000.00</u>

GLOUCESTER COUNTY UTILITIES AUTHORITY  
SCHEDULE OF BONDS AND LOANS PAYABLE  
FOR THE YEAR ENDED OCTOBER 31, 2020  
(CONTINUED)

**NJIB Trust Fund Loan - Fund Share**

Date of Issue	Amount of Issue	Description	Balance Oct. 31, 2019	Redeemed	Balance Oct. 31, 2020
11/29/18	\$ 30,895,478.00	Sewer Revenue Bonds	<u>\$ 30,201,197.60</u>	<u>\$ 1,041,420.60</u>	<u>\$ 29,159,777.00</u>
Schedule of Annual Maturities					
			Due Jan 1,	Interest Rate	Annual Principal Payment
			2021	0.00%	\$ 1,041,420.60
			2022	0.00%	1,041,420.60
			2023	0.00%	1,041,420.60
			2024	0.00%	1,041,420.60
			2025	0.00%	1,041,420.60
			2026	0.00%	1,041,420.60
			2027	0.00%	1,041,420.60
			2028	0.00%	1,041,420.60
			2029	0.00%	1,041,420.60
			2030	0.00%	1,041,420.60
			2031	0.00%	1,041,420.60
			2032	0.00%	1,041,420.60
			2033	0.00%	1,041,420.60
			2034	0.00%	1,041,420.60
			2035	0.00%	1,041,420.60
			2036	0.00%	1,041,420.60
			2037	0.00%	1,041,420.60
			2038	0.00%	1,041,420.60
			2039	0.00%	1,041,420.60
			2040	0.00%	1,041,420.60
			2041	0.00%	1,041,420.60
			2042	0.00%	1,041,420.60
			2043	0.00%	1,041,420.60
			2044	0.00%	1,041,420.60
			2045	0.00%	1,041,420.60
			2046	0.00%	1,041,420.60
			2047	0.00%	1,041,420.60
			2048	0.00%	1,041,420.80
					<u>\$ 29,159,777.00</u>
			Balance Oct. 31, 2019	(Decreased)	Balance Oct. 31, 2020
Summary Total of all Bonds and Loans			<u>\$ 60,528,463.15</u>	<u>\$ (4,047,408.05)</u>	<u>\$ 56,481,055.10</u>

## **GENERAL COMMENTS**

### **Contracts and Agreements Required to be Advertised for NJSA 40A:11-4**

NJSA 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds, not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971, c.198 (C.40A:11-3), except by contract or agreement."

The Authority has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the calendar year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per NJSA 40A:11-5.

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the bid threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisements or where a resolution had been previously adopted under the provisions of NJSA 40A:11-6.

### **Cash Management Program**

The Authority adopted a cash management plan in accordance with NJAC 5:31-3.1.

All money received by the Authority is deposited within 48 hours in its legal depositories. The investment of Authority funds is in interest bearing accounts. The practice of cashing checks with public funds is prohibited.

All disbursements are made only after the approval of the members of the Authority. All other transfers are made by the Trustee who is also responsible for investing Authority funds in accordance with the Bond Resolution.

### **Examination of Claims**

An examination of claims paid during the period under review indicated no discrepancies with respect to claimant's certification and acknowledgment of receipt as required by NJAC 5:31-4.1.

## **GENERAL COMMENTS (CONTINUED)**

### **Accounting System**

The records maintained by the Authority were found to be in good condition.

A general ledger has been established by the Authority. The general ledger is the official permanent financial record of the Authority which provides a summary of all financial transactions as they have been recorded in the books of original entry utilizing a "double entry" accounting system.

### **Fixed Assets**

A fixed asset accounting and reporting system has been established by the Authority. Fixed assets comprise the most significant investment of the Authority; therefore, it is important that these assets are properly safeguarded. A system for maintaining and verifying fixed assets can provide these safeguards as well as provide valuable management information.

### **Corrective Action Plan**

A corrective action plan was not required for the year ended October 31, 2019.

### **Status of Prior Recommendations**

Not Applicable

## **FINDINGS AND RECOMMENDATIONS**

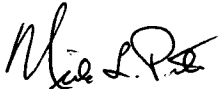
None

### **Acknowledgment**

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

Respectfully submitted,

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Registered Municipal Accountant #252