GLOUCESTER COUNTY UTILITIES AUTHORITY

REPORT OF AUDIT

FOR THE FISCAL YEAR ENDED

OCTOBER 31, 2021

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

32450

GLOUCESTER COUNTY UTILITIES AUTHORITY

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GLOUCESTER COUNTY UTILITIES AUTHORITY
Roster of Officials
October 31, 2021

Commissioners	**Position**
Howard W. Bruner	Chairman
James Sabetta	Vice-Chairman
Walter Berglund	Secretary
Salvatore Fogarino	Treasurer
Thomas Bianco	Commissioner
Edward Coryell	Commissioner
Ralph Cossaboon	Commissioner
Richard Giuliani	Commissioner
Danielle M. Halpin	Commissioner
Frank J. DiMarco	County Commissioner-Liaison to GCUA

Management	**Position**
John J. Vinci, Sr.	Executive Director
Vernon Marino	Assistant Executive Director
Edward Bowman	Manager of Operations
Colleen O'Brien	Office Manager / Recording Secretary / Accounts Supervisor

Professionals	**Position**
James P. Pierson, Esquire	Solicitor
Remington & Vernick Engineers	Engineer
Bowman & Company, LLP	Auditor

GLOUCESTER COUNTY UTILITIES AUTHORITY

PART I

FINANCIAL SECTION

For the Fiscal Year Ended October 31, 2021

INDEPENDENT AUDITOR'S REPORT

The Chairman and Members of
Gloucester County Municipal Utilities Authority
West Deptford, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Gloucester County Utilities Authority, in the County of Gloucester, State of New Jersey, a component unit of the County of Gloucester (Authority), as of and for the fiscal year ended October 31, 2021 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 an opinion 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 entity'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 entity'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 opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Gloucester County Utilities Authority, in the County of Gloucester, State of New Jersey, a component unit of the County of Gloucester, as of October 31, 2021, and the changes in its financial position and its cash flows thereof for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Prior Period Restatement

As discussed in note 12 to the financial statements, net position as of November 1, 2020, on the statement of revenues, expenses, and changes in net position, has been restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary schedules as listed in the table of contents and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
October 5, 2023

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

The Chairman and Members of
Gloucester County Utilities Authority
West Deptford, New Jersey

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 States, and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Gloucester County Utilities Authority, in the County of Gloucester, State of New Jersey, a component unit of the County of Gloucester, (Authority), as of and for the fiscal year ended October 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 5, 2023. Our report on the financial statements included an emphasis of matter paragraph describing the restatement of the prior period financial statements resulting from the correction of a misstatement.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing 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 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
October 5, 2023

Gloucester County Utilities Authority
Management's Discussion and Analysis
For the Fiscal Years Ended October 31, 2021
(Unaudited)

FINANCIAL HIGHLIGHTS

Management believes the financial position of the Gloucester County Utilities Authority (the "Authority") to be strong with the current year change in net position of $3,427,412.93. According to Section 612 of the Authority's Bond Resolution, the Authority has a sufficiency of revenue requirement to ensure the Authority maintains rates and charges to cover the Authority's Bond Resolution requirements. Per Note 2 of the Notes to Financials Statements, the Authority exceeded this requirement by $3,075,503.68.

Key financial highlights for the Authority's fiscal year 2021 were:

- Operating revenues for fiscal year 2021 were $24,570,313.91 as compared to $23,477,342.83 for fiscal year 2020.
- Operating expenses for fiscal year 2021 were $17,564,654.40 as compared to $20,702,666.24 for fiscal year 2020.
- Operating income for fiscal year 2021 was $7,005,659.51 as compared to $2,774,676.59 for fiscal year 2020.
- Change in net position for fiscal year 2021 was an increase of $3,427,412.93 as compared to a decrease of $3,629,602.12 for fiscal year 2020.
- At year-end, total net position was $37,467,336.90 as compared to $34,039,923.97 (restated) for fiscal year 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of five parts – Independent Auditor's Report, the management's discussion and analysis (this section), the basic financial statements, required supplementary information and supplemental schedules.

The basic financial statement report information about the Authority as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources. As the Authority follows the accrual method of accounting, the current fiscal year's revenues and expenses are accounted for in the statement of revenue, expenses and changes in net position regardless of when cash is received or paid. Net position, the difference between the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources, is a measure of the Authority's financial health or position.

The statement of revenue, expenses and changes in net position provides a breakdown of the various areas of revenues and expenses encountered during the current fiscal year.

The statement of cash flows provide a breakdown of the various sources of cash flow, categorized into four areas: cash flows from operating activities, non-capital financing activities, capital and related financing activities and investing activities.

Gloucester County Utilities Authority
Management's Discussion and Analysis
For the Fiscal Years Ended October 31, 2021
(Unaudited)

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

The Authority's total net position was $37,467,336.90 as of October 31, 2021 as shown below:

GLOUCESTER COUNTY UTILITIES AUTHORITY
Statements of Net Position
As of October 31, 2021

	2021	2020	Change from 2020 to 2021 Amount	Percentage
Unrestricted Assets	$ 21,863,767.84	$ 21,300,424.53	$ 563,343.31	2.64%
Restricted Assets	42,297,258.06	38,228,441.79	4,068,816.27	10.64%
Capital Assets	67,086,457.04	66,463,427.09	623,029.95	0.94%
	131,247,482.94	125,992,293.41	5,255,189.53	4.17%
Deferred Outflows of Resources	5,039,115.38	940,192.00	4,098,923.38	435.97%
Current Liabilities	16,658,596.30	5,918,555.90	10,740,040.40	181.46%
Long Term Liabilities	70,442,778.12	79,668,889.21	(9,226,111.09)	-11.58%
	87,101,374.42	85,587,445.11	1,513,929.31	1.77%
Deferred Inflows of Resources	11,717,887.00	8,041,322.00	3,676,565.00	45.72%
Net Position				
Net Investment in Capital Assets	12,773,760.65	6,613,985.28	6,159,775.37	93.13%
Restricted	15,365,808.16	36,962,531.06	(21,596,722.90)	-58.43%
Unrestricted	9,327,768.09	(10,272,798.04)	19,600,566.13	-190.80%
	$ 37,467,336.90	$ 33,303,718.30	$ 4,163,618.60	12.50%

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE (CONT'D)

For the current fiscal year, the Authority realized operating income of $7,005,659.51 and net non-operating revenues (expenses) totaling $(3,578,246.58), resulting in a change in net position for the current fiscal year of $3,427,412.93. Major components of this activity are detailed in the statement below:

GLOUCESTER COUNTY UTILITIES AUTHORITY
Statements of Revenue, Expenses and Changes in Net Position
For the Fiscal Year Ended October 31, 2021

	2021	2020	Change from 2020 to 2021 Amount	Percentage
Operating Revenues:				
Service Charges	$ 23,170,881.56	$ 21,773,580.10	$ 1,397,301.46	6.42%
Connection Fees	992,161.30	1,364,435.70	(372,274.40)	-27.28%
Other Operating Revenues	407,271.05	339,327.03	67,944.02	20.02%
Total Operating Revenues	24,570,313.91	23,477,342.83	1,092,971.08	4.66%
Operating Expenses:				
Budgeted Expenses	13,860,531.84	16,990,561.35	(3,130,029.51)	-18.42%
Depreciation	3,704,122.56	3,712,104.89	(7,982.33)	-0.22%
Total Operating Expenses	17,564,654.40	20,702,666.24	(3,138,011.84)	-15.16%
Operating Income	7,005,659.51	2,774,676.59	4,230,982.92	152.49%
Non-operating Revenue (Expenses)	(3,578,246.58)	(9,024,396.28)	5,446,149.70	-60.35%
Change in Net Position Before Capital Contributions	3,427,412.93	(6,249,719.69)	9,677,132.62	-154.84%
Capital Contributions	-	2,620,117.57	(2,620,117.57)	-100.00%
Change in Net Position	3,427,412.93	(3,629,602.12)	7,057,015.05	-194.43%
Net Position November 1	33,303,718.30	36,933,320.42	(3,629,602.12)	-9.83%
Prior Period Adjustments (Note 12)	736,205.67			
Net Position November 1, Restated	34,039,923.97			
Net Position June 30	$ 37,467,336.90	$ 33,303,718.30	$ 4,163,618.60	12.50%

Gloucester County Utilities Authority
Management's Discussion and Analysis
For the Fiscal Years Ended October 31, 2021
(Unaudited)

OVERALL ANALYSIS

The Authority's financial position remains strong. The Authority was able to realize the budgeted revenues for the fiscal year ending October 31, 2021. The Authority was also able to meet its sufficiency of revenue requirement in the current period.

The Authority has not experienced any decrease in the number of intergovernmental and public customer billing base.

Connection fee revenue in the current fiscal year was $992,161.30. Potential users of the system pay connection fees upon submittal of plans to connect into the Authority's systems. The Authority recognizes these payments as revenue on the date payment is received.

Overall, the Authority believes its financial position has improved in the current fiscal year with the positive change in net position. Net position has increased by $3,427,412.93 to $37,467,336.90.

BUDGET VARIANCES

The Authority's fiscal year 2021 projected revenues were collected and were sufficient to satisfy all fiscal 2021 operating and non-operating expenditures.

Actual operating revenues in the amount of $24,570,313.91 exceeded the adopted budget of $22,739,800.00 by $1,830,513.91, primarily due to excess sewer service fees received.

Actual budgetary expenditures of $22,895,226.23 were less than the adopted budget of $26,282,013.00 by $3,386,786.77. Individual appropriation budget variances are detailed in Schedule 1.

CAPITAL ASSET AND LONG-TERM ACTIVITY

The Authority continues to maintain a proactive maintenance philosophy for its capital facilities. The Authority capitalized $600,960.47 in capital assets and $2,947,641.31 in construction in progress for fiscal year 2021. The Authority has five ongoing capital projects, four funded through the New Jersey Infrastructure Bank and one funded through the Authority's unrestricted net position. The capital program can be found with the adopted budget for the fiscal year along with the analysis of the infrastructure and equipment considered for proper operation of the wastewater system.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide Gloucester County's citizens and our customers, clients, investors and creditors, with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the public funds it receives. If you have questions about this report or need additional financial information, contact the Executive Director, Gloucester County Utilities Authority, 2 Paradise Road, West Deptford NJ 08066.

BASIC FINANCIAL STATEMENTS

GLOUCESTER COUNTY UTILITIES AUTHORITY
Statement of Net Position
As of October 31, 2021

	2021
ASSETS	
Current Assets:	
Unrestricted Assets:	
Cash and Cash Equivalents	$ 9,681,938.38
Investments	9,367,447.42
Consumer Accounts Receivable	2,809,073.29
Other Receivables	5,308.75
Total Unrestricted Assets	21,863,767.84
Restricted Assets:	
Cash and Cash Equivalents	15,752,681.66
Investments	17,473,513.90
Due from State of New Jersey	9,071,062.50
Total Restricted Assets	42,297,258.06
Total Current Assets	64,161,025.90
Noncurrent Assets:	
Capital Assets:	
Completed (Net of Accumulated Depreciation)	63,360,265.00
Construction in Progress	3,726,192.04
Total Capital Assets	67,086,457.04
Total Non-Current Assets	67,086,457.04
Total Assets	131,247,482.94
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Loss on Defeasance of Debt	145,683.32
Related to Pensions	783,301.00
Related to Other Post Employment Benefits	4,110,131.06
	5,039,115.38

(Continued)

GLOUCESTER COUNTY UTILITIES AUTHORITY
Statement of Net Position
As of October 31, 2021

	2021
LIABILITIES	
Current Liabilities Payable from Unrestricted Assets:	
Accounts Payable - Operations	$ 555,198.36
Accounts Payable - Related to Pension	615,647.00
Accrued Liabilities	3,468.46
Developer Escrow Deposits	43,599.80
Total Current Liabilities Payable from Unrestricted Assets	1,217,913.62
Current Liabilities Payable from Restricted Assets:	
Revenue Bonds Payable - Current Portion	1,035,000.00
Loans Payable - Current Portion	2,052,157.47
NJIB Project Note Payable	11,500,000.00
Accrued Interest Payable	265,900.45
Contracts Payable	579,844.00
Accounts Payable	7,780.76
Total Current Liabilities Payable from Restricted Assets	15,440,682.68
Long-term Liabilities:	
Revenue Bonds Payable	4,135,000.00
Loans Payable	44,227,440.74
Accrued Compensated Absences	128,814.38
Net Pension Liability	6,227,616.00
Accrued Liabilities - Related to Pension	205,216.00
Net Other Post Employment Benefits Liability	15,518,691.00
Total Long-term Liabilities	70,442,778.12
Total Liabilities	87,101,374.42
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	4,518,328.00
Related to Other Post Employment Benefits	7,199,559.00
	11,717,887.00

(Continued)

GLOUCESTER COUNTY UTILITIES AUTHORITY
Statement of Net Position
As of October 31, 2021

		2021
NET POSITION		
Net Investment in Capital Assets	$	12,773,760.65
Restricted:		
Bond Service Requirement		3,303,236.14
Bond Service Reserve Requirement		3,577,039.77
Operating Requirement		6,235,532.25
System Reserve Requirement		2,250,000.00
Unrestricted		9,327,768.09
Total Net Position	$	37,467,336.90

The accompanying Notes to Financial Statements are an integral part of this statement.

GLOUCESTER COUNTY UTILITIES AUTHORITY
Statement of Revenue, Expenses and Changes in Net Position
For the Fiscal Year Ended October 31, 2021

	2021
Operating Revenues:	
Service Charges	$ 23,170,881.56
Connection Fees	992,161.30
Sale of Effluent	385,373.20
Other Operating Revenues	21,897.85
Total Operating Revenues	24,570,313.91
Operating Expenses:	
Administration:	
Salaries and Wages	476,826.59
Fringe Benefits	551,907.23
Other Expenses	3,001,558.78
Cost of Providing Services:	
Salaries and Wages	5,034,522.69
Fringe Benefits	120,561.61
Other Expenses	4,675,154.94
Depreciation	3,704,122.56
Total Operating Expenses	17,564,654.40
Operating Income	7,005,659.51
Non-operating Revenue (Expenses):	
Investment Income (Loss)	(12,973.18)
NJIB Earnings and Savings Credits	38,933.02
Interest Expense	(861,729.41)
Major Repairs and Other Expenses	(1,342,061.01)
County Appropriation	(1,400,416.00)
Total Non-operating Expenses	(3,578,246.58)
Change in Net Position	3,427,412.93
Net Position November 1, As Originally Stated	33,303,718.30
Cumulative Effect of Prior Period Adjustment (See Note 12)	736,205.67
Net Position November 1, As Restated	34,039,923.97
Net Position October 31	$ 37,467,336.90

The accompanying Notes to Financial Statements are an integral part of this statement.

GLOUCESTER COUNTY UTILITIES AUTHORITY
Statement of Cash Flows
For the Fiscal Year Ended October 31, 2021

	2021
Cash Flows from Operating Activities:	
Receipts from Customers	$ 24,883,202.38
Payments to Suppliers	(10,366,677.32)
Payments to Employees	(5,510,484.25)
Other Operating Receipts	1,059.56
Net Cash Provided by Operating Activities	9,007,100.37
Cash Flows from Noncapital Financing Activities:	
County Appropriation	(1,400,416.00)
Net Cash Used in Noncapital Financing Activities	(1,400,416.00)
Cash Flows from Capital and Related Financing Activities:	
Received from State of New Jersey	2,661,904.50
Capital Acquisitions	(4,303,038.03)
Bond Principal	(4,147,177.89)
Interest Expense	(873,278.47)
NJIB Earnings and Savings Credits	38,933.02
Net Cash Used in Capital and Related Financing Activities	(6,622,656.87)
Cash Flows from Investing Activities:	
Investment Income (Loss)	(12,973.18)
Net Cash Used in Investing Activities	(12,973.18)
Net Change in Cash and Cash Equivalents	971,054.32
Cash and Cash Equivalents -- November 1	24,463,565.72
Cash and Cash Equivalents -- October 31	$ 25,434,620.04

(Continued)

GLOUCESTER COUNTY UTILITIES AUTHORITY
Statement of Cash Flows
For the Fiscal Year Ended October 31, 2021

		2021
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	$	7,005,659.51
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense		3,704,122.56
GASB 68 Pension Benefit		(1,330,388.00)
GASB 75 Other Post Employment Benefit		(176,883.11)
Change in Assets and Liabilities:		
Service Charges Receivable		303,222.22
Other Accounts Receivable		9,666.25
Accounts Payable - Operations		(510,223.65)
Accrued Liabilities		865.03
. Developers' Escrow Deposits		1,059.56
Net Cash Provided by Operating Activities	$	9,007,100.37

The accompanying Notes to Financial Statements are an integral part of this statement.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Gloucester County Utilities Authority (the "Authority") have been prepared to conform 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. The following is a summary of the more significant of these policies.

Reporting Entity

The Authority is a public body corporate and politic of the State of New Jersey and was originally created as a sewerage authority by a resolution adopted on July 21, 1967 by the governing body of the County of Gloucester (the "County"), pursuant to the Sewerage Authority Law, Chapter 138 of the Laws of 1946, as amended. By resolution of the governing body of the County adopted August 7, 1978, the Authority was reorganized as a county utilities authority pursuant to the Municipal and County Utilities Authorities Law.

The Authority was created for the purpose of constructing, maintaining and operating sewerage collection and treatment facilities for the relief of waters in, bordering or entering the areas within the territorial boundaries of the County from pollution or threatened pollution and for the improvement of conditions affecting the public health.

The Authority services member municipalities within the County who join prior to the creation of the Authority or subsequently join with approval of the County and member municipalities. The Authority bills and collects its revenue from the users of the system sufficient to pay or provide for the expenses of operation, repair and maintenance of the system, debt service, deficits (if any), and maintain reserves and sinking funds as may be required.

Component Unit

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity,* as amended. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Authority has no component units and is a component unit of the County of Gloucester.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Presentation

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Authority is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

Revenues -- Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. Sewer service charges are recognized as revenue when services are provided. Connection fees are paid to the Authority at the time a property applies for connection to the regional sewer system and are recognized as revenue when the funds are received.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, contributed capital, and donations. Revenue from grants, contributed capital, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Budgets and Budgetary Accounting

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current fiscal year and to adopt not later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the fiscal year. The budget is adopted on the accrual basis of accounting with provisions for cash payments for bond principal. Depreciation expense, deferred loss on defeasance and the annual required contribution for the Authority's Other Postemployment Benefits (OPEB) Plan are not included in the budget appropriations.

The legal level of budgetary control is established at the detail shown on the Statement of Revenues, Expenses and Changes in Net Position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended. The Authority adopted did adopt an amending budget resolution during the fiscal year.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Budgets and Budgetary Accounting (Cont'd) - The Authority records encumbrances. An encumbrance represents a commitment related to unperformed contracts for goods or services. The issuance of a purchase order or the signing of a contract would create an encumbrance. The encumbrance does not represent an expenditure for the period, only a commitment to expend resources. At fiscal year-end, the accounting records are adjusted to record only expenses in accordance with generally accepted accounting principles.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds and cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of three months or more when purchased are stated at fair value. All other investments are stated at fair value.

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey governmental units. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of school district of which the local unit is a part or within which the school district is located, bonds or other obligations approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 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 Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value 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 amount of their deposits to the governmental units.

Additionally, the Authority has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

Inventories

Inventory consists principally of chemicals for the treatment of wastewater, sewerage and sludge, in addition to replacement parts for the system, which are valued at cost. The Authority has determined that the inventories are immaterial and are not recorded in the financial statements.

Prepaid Expenses

Prepaid expenses represent payments made to vendors for services that will benefit periods beyond the applicable fiscal year end. The Authority has determined that the prepaid expenses are immaterial and are not recorded in the financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Capital Assets

Capital assets primarily consist of expenditures to acquire, construct, place in operation and improve the facilities of the Authority. Assets purchased are stated at cost. Donated capital assets are recorded at their fair market value as of the date received.

Expenditures, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the capital asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Costs incurred during construction of an asset are recorded as construction in progress. In the fiscal year that the project is completed, these costs are transferred to Capital Assets - Completed. Interest costs incurred during construction are not capitalized into the cost of the asset.

Expenditures are capitalized when they meet the following requirements:

1) Cost of $2,500.00 or more
2) Useful life of more than one year
3) Asset is not affected by consumption

Depreciation

Depreciation is provided using the straight-line/unrecovered cost method was used to calculate one-half year's depreciation in the year of acquisition and one-half year of depreciation in the fiscal year of expiration, over the following estimated useful life of the assets:

	Years
Buildings and Components	15-50
Machinery & Equipment	5-20
Infrastructure	5-50

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 inflows 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: loss on refunding of debt, defined benefit pension plans and postemployment benefit plans.

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Authority and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the Authority is eligible to realize the revenue.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB (benefit) expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan (the Plan) and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

In accordance with the provisions of GASB Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board *"Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments"*, the Authority has classified its net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

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

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

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

Income Taxes

The Authority operates as defined by the Internal Revenue Code Section 115 and appropriately is exempt from income taxes under Section 115.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Operating and Non-Operating Revenues and Expenses

Operating revenues include all revenues derived from sewer collection and treatment facilities (i.e., sewer service fees and connection fees) and other revenue sources. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and investments in debt securities and NJIB earnings and savings credits.

Operating expenses include expenses associated with the operation, maintenance and repair of the sewer collection and treatment facilities and general administrative expenses. Non-operating expenses principally include expenses attributable to the Authority's interest on funded debt, major repairs and other expense, and payment of the Authority's budgeted surplus to the County.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Impact of Recently Issued Accounting Policies

Recently Issued and Adopted Accounting Pronouncements

Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The adoption of this Statement had no impact on the Authority's financial statements.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as indicated below:

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 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement originally would have become effective for the Authority in the fiscal year ending October 31, 2020, but as a result of GASB Statement 95 will become effective in the fiscal year ending October 31, 2022. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* The objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also simplifies accounting for interest cost incurred before the end of a construction period. This Statement originally would have become effective for the Authority in the fiscal year ending October 31, 2021, but as a result of GASB Statement 95 will become effective in the fiscal year ending October 31, 2022. Management has not yet determined the impact of this Statement on the financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impact of Recently Issued Accounting Policies (Cont'd)

Recently Issued Accounting Pronouncements (Cont'd)

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 (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement originally would have become effective for the Authority in the fiscal year ending October 31, 2022, but as a result of GASB Statement 95 will become effective in the fiscal year ending October 31, 2023. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 92, *Omnibus 2020.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statements are effective as follows:

1. The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
2. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 originally would have become effective for the Authority in the fiscal year ending October 31, 2021, but as a result of GASB Statement 95 will become effective in the fiscal year ending October 31, 2022.
3. The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities originally would have become effective for the Authority in the fiscal year ending October 31, 2021, but as a result of GASB Statement 95 will become effective in the fiscal year ending October 31, 2022.
4. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition originally would have become effective for the Authority in the fiscal year ending October 31, 2021, but as a result of GASB Statement 95 will become effective in the fiscal year ending October 31, 2022.

Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. This Statement originally would have become effective for the Authority in the fiscal year ending October 31, 2021, but as a result of GASB Statement 95 will become effective in the fiscal year ending October 31, 2022. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The Statement will become effective for the Authority in the fiscal year ending October 31, 2023. Management does not expect this Statement will have an impact on the financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impact of Recently Issued Accounting Policies (Cont'd)

Recently Issued Accounting Pronouncements (Cont'd)

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 (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The Statement will become effective for the Authority in the fiscal year ending October 31, 2023. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The portions of the statement effect component unit criteria are effective immediately, but the other portions of the Statement will become effective for the Authority in the fiscal year ending October 31, 2022. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 98, *The Annual Comprehensive Financial Report* This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The Statement will become effective for the Authority in the fiscal year ending October 31, 2022. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 99, *Omnibus 2022.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective immediately. The requirements related to leases, PPPs, and SBITAs will become effective for the Authority in the fiscal year ending October 31, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will become effective for the Authority in the fiscal year ending October 31, 2024. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 100, *Accounting Changes and Error Corrections.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Statement will become effective for the Authority in the fiscal year ending October 31, 2024. Management does not expect this Statement will have an impact on the financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impact of Recently Issued Accounting Policies (Cont'd)

Recently Issued Accounting Pronouncements (Cont'd)

Statement No. 101, *Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement will become effective for the Authority in the fiscal year ending October 31, 2025. Management is currently evaluating the impact this Statement will have on the basic financial statements of the Authority.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions
Management of the Authority is unaware of any material violations of finance related legal and contractual provisions.

General Bond Resolution
The Authority is subject to the provisions and restrictions of the General Bond Resolution adopted August 8, 1978, as amended and supplemented (collectively the "Bond Resolution"). A summary of the activities of each account created by the Bond Resolution is covered below.

Revenue Account - All money collected by the Authority for service charges or from any other source for operating, maintaining or repairing the system is deposited in this account. The Trustee, on the first day of each month, shall make payments into the other accounts to satisfy bond resolution or operating requirements.

Operating Account – Per Section 507 of the Bond Resolution, the balance on deposit must be equal to at 25 % of the annual appropriation for operating expenses in effect for three months subsequent to year-end. At October 31, 2021, the balance in the operating account meets the requirements of the Bond Resolution.

Bond Service Account - The balance on deposit must be sufficient to enable the Trustee to withdraw amounts equal to interest due on bonds, principal amount maturing on bonds and sinking fund installments when such payments are required. At October 31, 2021, the balance in the bond service account meets the Bond Service Requirement in the Bond Resolution.

Bond Reserve Account - The amount of funds on deposit must be maintained at a level equal to the Average Annual Bond Service to insure funds are available for payment of debt service. At October 31, 2021, the balance in the bond reserve account meets the Bond Reserve Requirement in the Bond Resolution.

Renewal and Replacement Account - These funds are maintained for reasonable and necessary expenses with respect to the system for major repairs, renewals, replacements or maintenance items of a type not recurring annually. At October 31, 2021, the balance in the renewal and replacement account meets the System Reserve Requirement of $2,250,000.00 in the Bond Resolution.

General Account - All excess funds of the Authority are recorded in the General Account. If the Authority is not in default in the payment of bond principal or interest and all fund requirements are satisfied, the Authority may use the excess funds for any lawful purpose.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)

General Bond Resolution (Cont'd)

Construction Account - The Construction Fund is held by the Trustee and is used to pay the cost of the projects and is pledged, pending application to such costs, for the security of the payment of principal and interest on the Authority's Revenue Bonds.

Required Rates and Charges

Section 612 of the Bond Resolution stipulates that the Authority shall make, impose, charge, and collect annual charges in accordance with the service contract and the customer agreements to provide funds for the payment of the operating fund requirement, payment of all required interest and principal installments, to maintain the bond reserve requirement, to maintain the renewal and replacement requirement, and provide for deficits resulting from Authority operations.

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

	2021
Revenues (accrual basis):	
Sewer Sevice Charges	$ 23,170,881.56
Connection Fees	992,161.30
Miscellaneous Income	407,271.05
	24,570,313.91
Less:	
Operating Expenses (Schedule 1)	16,474,353.87
Bond Service Requirement	5,020,456.36
	21,494,810.23
Excess of Revenues	$ 3,075,503.68

Note 3: DETAIL NOTES - ASSETS

Cash and Cash Equivalents

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. Although the Authority does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first $250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. If the Authority had any such funds, they would be shown as Uninsured and Uncollateralized in the schedule below.

As of October 31, 2021, the Authority's bank balances were exposed to custodial credit risk as follows:

	October 31, 2021
Insured by F.D.I.C. and GUDPA	$ 2,448,535.34
Uninsured and Uncollateralized	23,118,310.01
	$ 25,566,845.35

Investments

New Jersey authorities are limited as to the types of investments and types of financial institutions they may utilize for investing. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey authorities. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or other obligations of the local unit or units within which the Authority is located, bonds or other obligations approved by the Division of Investment in the Department of Treasury for investment by authorities, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. The Authority has no investment policy that would further limit its investment choices.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority has no investment policy to limit its exposure to custodial credit risk. All of the Authority's $26,840,961.32 as of October 31, 2021 investments in treasury obligations, money market funds and state and municipal bonds are held in the name of the Authority.

Note 3: DETAIL NOTES - ASSETS

Investments (Cont'd)

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority's investment policies place no limit on the amount the Authority may invest in any one issuer. Of the Authority's investments, 73.66% are held in US Treasury notes and 26.34% and are held in certificate of deposits.

As of October 31, 2021 the Authority had the following investments:

Investment	Maturity	Fair Value Heirarchy Level*	Credit Rating	Fair Value
Flagstar Bank FSB CD	11/15/21	Level 1	N/R	$ 247,190.46
BMW Bank North America CD	11/22/21	Level 1	N/R	247,124.58
Goldman Sachs Bank CD	11/22/21	Level 1	N/R	247,147.40
Morgan Stanley Bank CD	11/22/21	Level 1	N/R	247,212.58
First Fed S&L CD	12/13/21	Level 1	N/R	245,044.63
1st Financial Bank USA CD	12/13/21	Level 1	N/R	245,066.04
South Atlantic Bank CD	12/17/21	Level 1	N/R	245,061.55
Sb One Bank CD	12/23/21	Level 1	N/R	245,224.86
US Treasury Bills	12/31/21	Level 1	N/R	1,864,757.55
Trans Alliance Bank CD	01/18/22	Level 1	N/R	245,054.30
Sallie Mae Bank CD	04/15/22	Level 1	N/R	246,522.79
Luana Savings Bank CD	06/06/22	Level 1	N/R	245,472.98
Lakeland Bank CD	06/10/22	Level 1	N/R	245,467.04
1st Sec Bank WA CD	06/10/22	Level 1	N/R	245,097.09
Midfirst Bank CD	06/10/22	Level 1	N/R	245,220.93
Security St Bank CD	06/13/22	Level 1	N/R	245,181.19
NY Community Bank CD	06/13/22	Level 1	N/R	245,468.58
Merrick Bank Corp CD	06/15/22	Level 1	N/R	245,177.17
Prospect Bank CD	06/17/22	Level 1	N/R	245,257.01
US Treasury Notes	06/30/22	Level 1	AAA	490,299.48
US Treasury Notes	06/30/22	Level 1	AAA	735,449.22
First Ind Bank MN CD	07/01/22	Level 1	N/R	245,206.87
Security Fed Bank CD	07/11/22	Level 1	N/R	245,201.03
Preferred Bank CD	07/18/22	Level 1	N/R	245,196.53
US Treasury Notes	07/31/22	Level 1	AAA	1,025,487.79
US Treasury Notes	07/31/22	Level 1	AAA	175,083.28
US Treasury Notes	07/31/22	Level 1	AAA	510,242.70
US Treasury Notes	07/31/22	Level 1	AAA	520,247.46
US Treasury Notes	08/31/22	Level 1	AAA	1,200,304.90
US Treasury Notes	08/31/22	Level 1	AAA	190,048.27
US Treasury Notes	08/31/22	Level 1	AAA	510,129.58
US Treasury Notes	08/31/22	Level 1	AAA	250,063.52
Bk New England CD	09/29/22	Level 1	N/R	244,874.61
US Treasury Notes	09/30/22	Level 1	AAA	1,634,999.82

(Continued)

Note 3: DETAIL NOTES – ASSETS (CONT'D)

Investments (Cont'd)

Investment	Maturity	Fair Value Heirarchy Level*	Credit Rating	Fair Value
US Treasury Notes	10/31/22	Level 1	AAA	$ 495,182.38
US Treasury Notes	11/30/22	Level 1	AAA	1,275,198.84
Webbank CD	12/28/22	Level 1	N/R	199,761.04
Marlin Bus Bank CD	12/30/22	Level 1	N/R	244,639.28
US Treasury Notes	12/31/22	Level 1	AAA	854,462.37
US Treasury Notes	12/31/22	Level 1	AAA	769,515.82
US Treasury Notes	12/31/22	Level 1	AAA	499,685.59
Bank Hapoalim BM CD	02/16/23	Level 1	N/R	244,683.07
Third Fed S&L CD	02/23/23	Level 1	N/R	244,651.52
Parkway Bank & TR CD	02/27/23	Level 1	N/R	244,637.26
US Treasury Notes	02/28/23	Level 1	N/R	1,796,695.35
US Treasury Notes	02/28/23	Level 1	N/R	743,632.24
US Treasury Notes	02/28/23	Level 1	N/R	1,696,878.95
US Treasury Notes	03/31/23	Level 1	AAA	987,505.09
US Treasury Notes	04/30/23	Level 1	AAA	498,629.22
Toyota Financial Savings CD	05/01/23	Level 1	N/R	244,509.12
First General Bank CD	05/08/23	Level 1	N/R	244,120.08
US Treasury Notes	06/30/23	Level 1	AAA	1,045,990.31
				$ 26,840,961.32

* Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation.

Level 3 inputs are unobservable inputs for the asset; they should be used only when the relevant Level 1 and Level 2 inputs are unavailable.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As stated in note 1, investments are purchased in accordance with N.J.S.A. 40A:5-15.1. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority has no investment policy that would further limit its exposure to credit risk.

Note 3: DETAIL NOTES – ASSETS (CONT'D)

Service Fees

The following is a three-year comparison of service charge billings and collections for all types of accounts maintained by the Authority:

Fiscal Year	Beginning Balance	Billings	Total Collections	Percentage of Collections
2021	$ 3,112,295.51	$ 23,170,824.86	$ 23,473,484.26	89.31%
2020	2,582,794.94	21,773,580.10	21,244,079.53	87.22%
2019	2,782,523.03	24,562,101.50	24,849,872.29	90.88%

Capital Assets

During the fiscal year ended October 31, 2021, the following changes in Capital Assets occurred:

	Restated Balance Nov. 1, 2020	Additions	Deletions	Balance Oct. 31, 2021
Capital Assets not being Depreciated:				
Land	$ 6,074,500.00			$ 6,074,500.00
Construction in Progress	778,550.73	$ 2,947,641.31		3,726,192.04
Total Capital Assets not being Depreciated:	6,853,050.73	2,947,641.31	-	9,800,692.04
Capital Assets being Depreciated:				
Site Improvements	4,381,906.00			4,381,906.00
Buildings	23,638,729.45	127,350.00		23,766,079.45
Machinery & Equipment	37,062,210.69	473,610.47		37,535,821.16
Infrastructure	100,465,378.00			100,465,378.00
Total Capital Assets being Depreciated	165,548,224.14	600,960.47	-	166,149,184.61
Total Capital Assets	172,401,274.87	3,548,601.78	-	175,949,876.65
Less Accumulated Depreciation	105,159,297.05	3,704,122.56	-	108,863,419.61
Total Capital Assets, Net	$ 67,241,977.82	$ (155,520.78)	$ -	$ 67,086,457.04

Note 4: DETAIL NOTES – DEFERRED OUTFLOWS OF RESOURCES

Deferred Loss of Defeasance of Debt

On April 6, 2017, the Authority refunded $5,705,000.00 of the Sewer Revenue Refunding Bonds, Series 2003 and $7,725,000.00 of the Sewer Revenue Refunding Bonds, Series 2005B. The Authority issued $12,475,000.00 in Revenue Bonds, received $1,201,406.25 in premiums, and contributed (net) $145,024.50 in Authority funds to complete the transaction; of which $13,655,832.89 was deposited in an irrevocable trust for the purpose of paying the debt service payment of the refunded debt on May 9, 2017. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $210,431.44. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations as a component of interest expense over the life of the refunding bonds using the effective straight-line method. The advance refunding was undertaken to reduce total debt payments by $1,503,974.45 and to obtain a present value economic gain of $1,230,122.02.

Note 5: DETAIL NOTES – LIABILITIES

Long-term Liabilities

During the fiscal year ended October 31, 2021, the following changes occurred in long-term obligations:

	Restated Balance Nov. 1, 2020	Additions	Reductions	Balance Oct. 31, 2021	Due Within One Year
Bonds and Loans Payable:					
Bonds Payable	$ 7,120,000.00		$ (1,950,000.00)	$ 5,170,000.00	$ 1,035,000.00
NJIB Loans	49,361,055.10		(3,081,456.89)	46,279,598.21	2,052,157.47
NJIB Project Note Payable	11,500,000.00	-		11,500,000.00	
Total Bonds and Loans Payable	67,981,055.10	-	(5,031,456.89)	62,949,598.21	3,087,157.47
Other Liabilities:					
Net Pension Liability	8,284,966.00	$ 4,124,094.00	(6,181,444.00)	6,227,616.00	
Net OPEB Obligation	15,501,028.00	11,944,551.00	(11,926,888.00)	15,518,691.00	
Other Liabilities - Related to Pension	185,260.00	205,216.00	(185,260.00)	205,216.00	
Compensated Absences	127,790.38	1,024.00		128,814.38	-
Total Other Liabilities	24,099,044.38	16,274,885.00	(18,293,592.00)	22,080,337.38	-

Revenue Bonds Payable

The Revenue Bonds Series 2017 are direct obligations of the Authority. The Bonds are secured by a pledge on the revenues derived by the Authority from the operation of its sewerage treatment facilities. The Bonds are further secured by the limited-service agreement between the Authority and the County of Gloucester (See Note 7).

The 2017 Revenue Refunding Bonds were issued to provide funds to advance refund the Series 2003 Revenue Refunding Bonds and Series 2005 Revenue Refunding Bonds. The Bonds were issued originally for $12,475,000.00 and carried interest rates ranging from 3.0% to 5.0%. The final maturity 2017 Bonds is January 1, 2030.

The following schedule reflects the Debt Requirements until fiscal year 2030.

Fiscal Year Ending October 31,	Principal	Interest	Total
2022	$ 1,035,000.00	$ 207,775.00	$ 1,242,775.00
2023	1,080,000.00	154,900.00	1,234,900.00
2024	1,135,000.00	99,525.00	1,234,525.00
2025	575,000.00	59,650.00	634,650.00
2026	250,000.00	43,150.00	293,150.00
2027 to 2030	1,095,000.00	72,325.00	1,167,325.00
	5,170,000.00	$ 637,325.00	$ 5,807,325.00
Less: Current Maturities	1,035,000.00		
Long-term Portion	$ 4,135,000.00		

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Loans Payable

On October 15, 2001, the Authority closed on loans from the New Jersey Wastewater Treatment Trust totaling $4,444,383.00 to fund an Odor Control Project. The Trust loan in the amount of $2,185,000.00 carries interest rates ranging from 4.75% to 5.50% with a final maturity in fiscal year 2021. The Fund loan in the amount of $2,259,383.00 was interest free and retired in fiscal year 2020. Since allowable costs were less than anticipated, the Fund loan obligation was reduced by $218,248.00.

On November 6, 2008, the Authority closed on loans from the New Jersey Infrastructure Bank totaling $3,555,582.00 to fund various structural and electrical improvements, upgrades, and rehabilitation of the existing sanitary sewer system. The Trust loan in the amount of $1,670,000.00 carries interest rates ranging from 3.40% to 5.00% with a final maturity in fiscal year 2028. The Fund loan in the amount of $1,585,582.00 is interest free with a final maturity in fiscal year 2026. Since allowable costs were less than anticipated, the Fund loan obligation was reduced by $227,752.00.

On March 10, 2010, the Authority closed on loans from the New Jersey Infrastructure Bank totaling $1,276,850.00 to fund various structural and electrical improvements, upgrades, and rehabilitation of the existing sanitary sewer system. The Trust loan in the amount of $320,000.00 carries interest rates ranging from 3.40% to 5.00% with a final maturity in fiscal year 2029. The Fund loan in the amount of $956,850.00 is interest free with a final maturity in fiscal year 2029.

On March 10, 2010, the Authority closed on loans from the New Jersey Infrastructure Bank, which were partially funded by the American Recovery Reinvestment Act, totaling $465,157.44 to fund various structural and electrical improvements, upgrades, and rehabilitation of the existing sanitary sewer system. The Trust loan in the amount of $121,157.44 carries interest rates ranging from .30% to 3.99% with a final maturity in fiscal year 2029. The Fund loan in the amount of $344,000.00 is interest free with a final maturity in fiscal year 2029. On the date of closing, the State forgave $230,000.00 of the Fund loan leaving $114,000.00 to be repaid over 19 years.

On December 2, 2010, the Authority closed on loans from the New Jersey Infrastructure Bank totaling $2,192,500.00 to fund the 2010 capital projects. The Trust loan in the amount of $1,075,000.00 carries interest rates ranging from 3.40% to 5.00% with a final maturity in fiscal year 2030. The Fund loan in the amount of $1,117,500.00 is interest free with a final maturity in fiscal year 2030.

On May 22, 2013, the Authority closed on loans from the New Jersey Infrastructure Bank totaling $3,837,813.00 to fund the 2013 capital projects. The Trust loan in the amount of $930,000.00 carries interest rates ranging from 3.40% to 5.00% with a final maturity in fiscal year 2032. The Fund loan in the amount of $2,907,813.00 is interest free with a final maturity in fiscal year 2031. Since allowable costs were less than anticipated, the Fund loan obligation was reduced by $158,728.00.

On May 28, 2015, the Authority closed on loans from the New Jersey Infrastructure Bank, which were partially funded by the American Recovery Reinvestment Act, totaling $4,296,981 to fund the Porches Branch Interceptor Project. The Trust loan in the amount of $1,015,000.00 carries interest rates ranging from 4.00% to 5.00% with a final maturity in fiscal year 2034. The Fund loan in the amount of $3,281,981.00 is interest free with a final maturity in fiscal year 2034. On the date of closing, the State forgave $831,425.00 of the Fund loan leaving $2,450,546.00 to be repaid over 19 years. In addition, allowable costs were less than anticipated, the Fund loan obligation was reduced by $1,342.00.

On May 22, 2018, the Authority closed on loans from the New Jersey Infrastructure Bank totaling $1,725,809.00 to fund the 2018 capital projects. The Trust loan in the amount of $440,000.00 carries interest rates ranging from 3.00% to 5.00% with a final maturity in fiscal year 2047. The Fund loan in the amount of $1,285,890.00 is interest free with a final maturity in fiscal year 2047. Since allowable costs were less than anticipated, the Fund loan obligation was reduced by $29,025.00.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Loans Payable (Continued)

On November 29, 2018, the Authority closed on loans from the New Jersey Infrastructure Bank totaling $41,240,478.00 to fund the 2019 capital projects. The Trust loan in the amount of $10,345,000.00 carries interest rates ranging from 4.00% to 5.00% with a final maturity in fiscal year 2048. The Fund loan in the amount of $30,895,478.00 is interest free with a final maturity in fiscal year 2048. Since allowable costs were less than anticipated, the Fund loan obligation was reduced by $884,279.00.

The following schedule reflects the Debt Service Requirements for the Authority's Loans until fiscal year 2048.

Fiscal Year Ending October 31,	Principal	Interest	Total
2022	$ 2,052,157.47	$ 564,051.42	$ 2,616,208.89
2023	2,071,988.86	539,789.80	2,611,778.66
2024	2,091,834.52	513,988.90	2,605,823.42
2025	2,111,704.26	487,696.40	2,599,400.66
2026	2,076,668.06	461,488.22	2,538,156.28
2027-2031	9,951,061.37	1,910,565.06	11,861,626.43
2032-2036	7,880,019.45	1,427,012.54	9,307,031.99
2037-2041	7,599,433.05	1,023,718.76	8,623,151.81
2042-2046	8,054,433.05	556,875.00	8,611,308.05
2047-2048	2,390,298.12	70,675.00	2,460,973.12
	46,279,598.21	$ 7,555,861.10	$53,835,459.31
Less: Current Maturities	2,052,157.47		
Long-term Portion	$44,227,440.74		

Project Note Payable

On May 13, 2020, the Authority adopted Resolution 2020-087 authorizing the issuance and sale of its Subordinate Project Notes, Series 2020, in the principal amount of up to $11,500,000.00 funding the 2020 capital projects. On September 3, 2020, the Authority issued the $11,500,000.00 Project Note, Series 2020 to the New Jersey Infrastructure Bank (NJIB), at an interest rate to be set by the NJIB each State fiscal year. Accrued Interest will be paid when the note is permanently financed. The Project Note has varying maturity dates, depending on project completion dates, with the earliest being September 3, 2022.

On February 8, 2023, the Authority adopted Resolution 2023-059 amending and supplementing Resolution 2020-087, providing authorization to increase the not to exceed amount of the Project Notes authorized to be issued to $14,500,000.00 and providing authorization to amend, restate and replace the 2020 Project Note in its entirety. On March 2, 2023, the Authority issued the $13,848,103.00 Project Note, Series 2023A to the New Jersey Infrastructure Bank (NJIB), at an interest rate to be set by the NJIB each State fiscal year. Accrued Interest will be paid when the note is permanently financed. The Project Note maturity date is June 30, 2024, unless amended by the NJIB as stated in the Project note.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Compensated Absences

The Authority accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 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 the benefits.

Authority employees may accumulate unused sick days with no restrictions. Employees are compensated for accumulated sick leave upon retirement at one-half or resignation at one-quarter of their then current hourly rate of pay times the number of days accumulated, up to a maximum of $15,000.00. Vacation days not used during the year may be carried forward for one year. Upon separation from the Authority, the employee will be paid for all accrued vacation time at their then current hourly rate. The accrued liability for accumulated sick leave and vacation time at October 31, 2021 is estimated at $128,814.38.

Net Pension Liability

For details on the net pension liability, see the Pension Plans section of this note that follows. The Authority's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis.

Net OPEB Liability

For details on other postemployment benefits, see the Postemployment Benefits Other Than Pensions (OPEB) section of this note that follows. The Authority's contributions to the postemployment benefits plan are budgeted and paid as they are due.

Pension Plans

A substantial number of the Authority's employees participate in the Public Employees' Retirement System ("PERS") which is administered by the New Jersey Division of Pensions and Benefits. In addition, several Authority employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS plans' fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
https://www.state.nj.us/treasury/pensions/financial-reports.shtml

General Information about the Pension Plans

Plan Descriptions

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

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Pension Plans (Cont'd)

General Information about the Pension Plans (Cont'd)

Plan Descriptions (Cont'd)

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

Vesting and Benefit Provisions

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

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

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

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Pension Plans (Cont'd)

General Information about the Pension Plans (Cont'd)

Vesting and Benefit Provisions (Cont'd)

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 7.50% of base salary, effective July 1, 2018. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) is 10.0%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Authority's contractually required contribution rate for the fiscal year ended October 31, 2021 was 15.19% of the Authority's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2021, the Authority's contractually required contribution to the pension plan for the fiscal year ended October 31, 2021 was $615,647.00, and was payable by April 1, 2022.

Employee contributions to the Plan for the fiscal year ended October 31, 2021 were $305,435.34.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Authority contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended October 31, 2021, employee contributions totaled $927.51. The Authority recognized pension expense of $682.98 for the fiscal year ended October 31, 2021, which equaled the required contributions. There were no forfeitures during the fiscal year.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Pension Plans (Cont'd)

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees' Retirement System

Pension Liability - As of October 31, 2021, the Authority's proportionate share of the PERS net pension liability was $6,227,616.00. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2021 measurement date, the Authority's proportion was .0525692486%, which was an increase of .0017642555% from its proportion measured as of June 30, 2020.

Pension Expense - For the fiscal year ended October 31, 2021, the Authority recognized its proportionate share of the PERS pension (benefit) expense of $(774,608.00). This amount was based on the Plan's June 30, 2021 measurement date.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Pension Plans (Cont'd)

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Public Employees' Retirement System (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources – At October 31, 2021, the Authority had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	October 31, 2021 Measurement Date June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 98,218.00	$ 44,582.00
Changes of Assumptions	32,433.00	2,217,072.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	1,640,518.00
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	447,434.00	616,156.00
Authority Contributions Subsequent to the Measurement Date	205,216.00	-
	$ 783,301.00	$ 4,518,328.00

Deferred outflows of resources in the amount of $205,216.00 will be included as a reduction of the net pension liability during the fiscal year ending October 31, 2022. This amount is based on an estimated April 1, 2023 contractually required contribution, prorated from the pension plan's measurement date of June 30, 2021 to the Authority's fiscal year end of October 31, 2021.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Pension Plans (Cont'd)

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Public Employees' Retirement System (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The Authority will amortize the other deferred outflows of resources and deferred inflows of resources related to pensions over the following number of years:

	Deferred Outflows of Resources	Deferred Inflows of Resources		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience Year of Pension Plan Deferral:			Changes of Assumptions Year of Pension Plan Deferral:		
June 30, 2014	-	-	June 30, 2014	6.44	-
June 30, 2015	5.72	-	June 30, 2015	5.72	-
June 30, 2016	5.57	-	June 30, 2016	5.57	-
June 30, 2017	5.48	-	June 30, 2017	-	5.48
June 30, 2018	-	5.63	June 30, 2018	-	5.63
June 30, 2019	-	5.21	June 30, 2019	-	5.21
June 30, 2020	5.16	-	June 30, 2020	-	5.16
June 30, 2021	5.13	-	June 30, 2021	5.13	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments Year of Pension Plan Deferral:			Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions Year of Pension Plan Deferral:		
June 30, 2014	-	-	June 30, 2014	6.44	6.44
June 30, 2015	-	-	June 30, 2015	5.72	5.72
June 30, 2016	5.00	-	June 30, 2016	5.57	5.57
June 30, 2017	5.00	-	June 30, 2017	5.48	5.48
June 30, 2018	5.00	-	June 30, 2018	5.63	5.63
June 30, 2019	5.00	-	June 30, 2019	5.21	5.21
June 30, 2020	5.00	-	June 30, 2020	5.16	5.16
June 30, 2021	5.00	-	June 30, 2021	5.13	5.13

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

Fiscal Year Ending October 31,	
2022	$ (1,511,430.00)
2023	(1,131,725.00)
2024	(815,020.00)
2025	(492,028.00)
2026	9,960.00
	$ (3,940,243.00)

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Pension Plans (Cont'd)

Actuarial Assumptions

Public Employees' Retirement System

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	Measurement Date June 30, 2021
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00% - 6.00% Based on Years of Service
Thereafter	3.00% - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

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

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Pension Plans (Cont'd)

Actuarial Assumptions (Cont'd)

Public Employees' Retirement System (Cont'd)

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

	Measurement Date June 30, 2021	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	100.00%	

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

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Pension Plans (Cont'd)

Sensitivity of Authority's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Public Employees' Retirement System

The following presents the Authority's proportionate share of the net pension liability as of the June 30, 2021 measurement date, calculated using a discount rate of 7.00%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	October 31, 2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's Proportionate Share of the Net Pension Liability	$ 8,480,750.00	$ 6,227,616.00	$ 4,315,512.00

Pension Plan Fiduciary Net Position

Public Employees' Retirement System

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

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan

General Information about the State Health Benefit Local Government Retired Employees Plan

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

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

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

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

The Authority was billed monthly by the Plan and paid $363,775.96, for the fiscal year ended October 31, 2021. These amounts represent 8.98% of the Authority's covered payroll. During the fiscal year ended October 31, 2021, retirees were not required to contribute to the Plan.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)

OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

OPEB Liability - At October 31, 2021, the Authority's proportionate share of the net OPEB liability was $15,518,691.00.

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021.

The Authority's proportion of the net OPEB liability was based on the ratio of the Plan members of an individual employer to the total members of the Plan' during the measurement period July 1, 2020 through June 30, 2021. For the June 30, 2021 measurement date, the Authority's proportion was .086216%, which was a decrease of .000157% from its proportion measured as of the June 30, 2020 measurement date.

OPEB (Benefit) Expense - At October 31, 2021, the Authority's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2021 measurement date, is $141,743.00.

Deferred Outflows of Resources and Deferred Inflows of Resources - At October 31, 2021, the Authority had deferred outflows of resources and deferred inflows of resources from the following sources:

	October 31, 2021 Measurement Date June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 348,221.00	$ 3,246,739.00
Changes of Assumptions	2,232,410.00	2,743,111.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	7,420.00	-
Changes in Proportion	1,399,120.00	1,209,709.00
Contributions Subsequent to the Measurement Date	122,960.06	-
	$ 4,110,131.06	$ 7,199,559.00

Deferred outflows of resources in the amount of $122,960.06 was the result of the Authority contributions subsequent to the Plan's measurement date of June 30, 2021. This amount will be included as a reduction of the Authority's net OPEB liability during the year ending October 31, 2022.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)

OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The Authority will amortize the above other deferred outflows of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience		
June 30, 2018	-	8.14
June 30, 2019	-	8.05
June 30, 2020	7.87	-
June 30, 2021	-	7.82
Changes of Assumptions		
Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
June 30, 2019	-	8.05
June 30, 2020	7.87	-
June 30, 2021	7.82	-
Net Difference between Projected and Actual Investment Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:		
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
Changes in Proportion		
Year of OPEB Plan Deferral:		
June 30, 2017	8.04	8.04
June 30, 2018	8.14	8.14
June 30, 2019	8.05	8.05
June 30, 2020	7.87	7.87
June 30, 2021	7.82	7.82

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)

OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

Fiscal Year Ending	
October 31, 2022	$ (954,724.00)
October 31, 2023	(955,943.00)
October 31, 2024	(957,057.00)
October 31, 2025	(525,337.00)
October 31, 2026	(84,477.00)
Thereafter	265,150.00
	$ (3,212,388.00)

Actuarial Assumptions

The actuarial valuation at June 30, 2021 used the following actuarial assumptions, applied to all periods in the measurement:

	Measurement Date June 30, 2021
Inflation Rate	2.50%
Salary Increases *	
PERS:	
Initial Fiscal Year Applied:	
Rate through 2026	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%

* salary increases are based on years of service within the respective Plan

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

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)

Actuarial Assumptions (Cont'd)

Actuarial assumptions used in the valuation were based on the results of the PERS experience studies prepared for July 1, 2014 to June 30, 2019.

100% of active members in June 30, 2021 measurement date is considered to participate in the Plan upon retirement.

All of the Plan's investments are in the State of New Jersey Cash Management Fund (the "CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools.* The CMF invests in U.S. government and agency obligations, commercial paper, corporate obligations and certificates of deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) are the unit cost of value of $1.00. Participant shares are valued on a fair value basis. The CMF pay interest to participants on a monthly basis.

Discount Rate - The discount rate used to measure the OPEB liability at June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

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

For the June 30, 2020 measurement date, the trend rate for pre-Medicare medical benefits, is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.00% and decreases to a 4.5% long-term trend rate after seven years.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)

Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)

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

The net OPEB liability as of June 30, 2021, the Plan's measurement date, for the Authority calculated using a discount rate of 2.16%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used, is as follows:

	October 31, 2021		
	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Authority's Proportionate Share of the Net OPEB Liability	$ 18,262,523.00	$ 15,518,691.00	$ 13,344,145.00

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

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

	October 31, 2021		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Authority's Proportionate Share of the Net OPEB Liability	$ 12,947,815.00	$ 15,518,691.00	$ 18,873,366.00

OPEB Plan Fiduciary Net Position

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB (benefit) expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 6: NET POSITION

The following is a summary of the Authority's unrestricted net position for the fiscal year ended October 31, 2021.

	October 31, 2021
Unresticted Net Position (Deficit):	
Unrestricted	$ 9,327,768.09
Reconcilation of Unrestricted Net Position (Deficit):	
Effects of GASB 68 and 71 Pension Related Items	$ (9,962,643.00)
Effects of GASB 75 OPEB Related Items	(18,608,118.94)
Designated for Construction Expansion Fund	13,096,372.89
Undesignated before GASB 68 and 71 Pension Items and GASB 75 OPEB Related Items	24,802,157.14
	$ 9,327,768.09

Note 7: INTERGOVERNMENTAL AGREEMENTS

County of Gloucester Service Agreement

A Deficiency Advance Contract ("Contract") was entered into on July 1, 1971, as amended on May 19, 1972 and February 8, 1995 and ratified and confirmed by the Board on November 5, 2008, between the Authority and the County. Under the Contract, the County agrees to pay any shortfall the Authority may encounter in making payments for either Operating Expenses and/or Debt Service ("Annual Charges").

The purpose of this agreement is to grant temporary relief to the Authority should it experience difficulty in meeting its obligations. The agreement calls for the County to be reimbursed for any Annual Charges paid by the County when the Authority's operations permit. Ultimately, all Operating Expenses and Debt Service of the Authority are borne by revenues of the system.

Note 8: COMMITMENTS

The Authority had several outstanding or planned construction projects as of October, 31, 2021. These projects are evidenced by contractual commitments with contractors and include:

Project	Awarded	Commitment Remaining
HVAC Replacement	$ 728,461.00	$ 579,844.00

Note 9: DEFERRED COMPENSATION

The Authority offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

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

Note 10: INSURANCE COMMISSION

The Authority is a member of the Gloucester County Insurance Commission. The Commission provides its members with the following coverage:

Workers' Compensation and Employer's Liability
General Liability
Auto Liability, Auto Physical Damage
Property
Employee Dishonesty

Contributions to the Commission, including a reserve for contingencies, are based on actuarial assumptions determined by the Commission's actuary. The Commission may order additional assessments to supplement the Commission's claim, loss retention or administrative accounts to assure the payment of the Commission's obligations.

The Commission purchases excess insurance for coverage in excess of the Commission's self-insured retention limits.

The Commission publishes its own financial report which can be obtained from:

Gloucester County Insurance Commission
9 Campus Drive, Suite 216
Parsippany, NJ 07054

Note 11: CONTINGENCIES

Litigation - The Authority is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Authority, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 12: RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

The following represents the cumulative effects of the restatement of various financial statement balances on the various categories of net position of the Authority as of November 1, 2020:

	Net Position			
	Net Investment In Capital Assets	Restricted	Unrestricted (Deficit)	Total
As Previously Reported, November 1, 2020	$ 6,613,985.28	$36,962,531.06	$ (10,272,798.04)	$33,303,718.30
Restatements:				
County and Grant Receivables Adjustment		(96,338.24)	(188,974.24)	(285,312.48)
Construction in Progress Adjustment	778,550.73			778,550.73
Debt Service Amortization Adjustment	(18,760.93)			(18,760.93)
Accounts Payable Adjustment			238,361.40	238,361.40
Pension Liability related Adjustments			(128,963.00)	(128,963.00)
OPEB Liability related Adjustments			117,190.95	117,190.95
NJIB Project related Adjustments	35,139.00			35,139.00
Reclassification of Construction Expansion and Construction Project Funds		(18,559,935.33)	18,559,935.33	
Operating Reserve Requirement Adjustment		5,965,283.75	(5,965,283.75)	
System Reserve Requirement Adjustment		240.87	(240.87)	
Bond Service Reserve Requirement Adjustment		(8,047,056.59)	8,047,056.59	
Adjustment to Include NJIB Receivables	4,631,125.00		(4,631,125.00)	
Total	5,426,053.80	(20,737,805.54)	16,047,957.41	736,205.67
As Restated, November 1, 2020	$12,040,039.08	$16,224,725.52	$ 5,775,159.37	$34,039,923.97

Note 13: SUBSEQUENT EVENTS

On March 24, 2022, the Authority adopted Resolution No. 2022-054 authorizing the execution and delivery of a shared services agreement with the Gloucester County Improvement Authority (“GCIA”) in connection with the undertaking of the County Regional Wastewater Project.

The shared services agreement, dated April 19, 2022, entitled Regional Wastewater Project – Mantua Main states the GCUA shall provide and make available preliminary funding for all costs and expenses necessary or required to complete the Mantua Main Project not otherwise paid for by the Woolwich Share (referred to herein as the "Remaining Share"), with such funding to be provided by the GCUA from (a) the utilization of available funds of the GCUA from its general or reserve funds not otherwise restricted to be utilized by any resolutions, indentures or other trust documents applicable to the GCUA or its funds , or (b) borrowed funds of the GCUA, it being understood and agreed by the Parties that the GCIA shall reimburse the GCUA for such verified costs and expenses in accordance with terms and conditions as further described in the agreement.

On July 13, 2022, the Authority adopted Resolution No. 2022-086 approving fiscal year 2022 budget amendments. The resolution amended the fiscal year 2022 capital budget, appropriating $10,000,000.00 from the Construction Expansion Fund to fund the Regional Wastewater Project – Mantua Main.

On September 13, 2023, the Authority adopted Resolution 2023-115 amending the shared services agreement authorized by Resolution No. 2022-054. The Resolution authorizes the Authority to provide up to an additional $4,000,000.00 in funding to the GCIA for the construction of a pump station and force main (“GCIA Project”). Reimbursement terms from the GCIA to the GCUA for the previous and additional funding remain unchanged.

Note 13: SUBSEQUENT EVENTS (CONT'D))

On September 13, 2023, the Authority adopted Resolution No. 2023-117 approving fiscal year 2023 budget amendments. The resolution amended the fiscal year 2023 capital budget, appropriating $4,000,000.00 from the Construction Expansion Fund to fund the Regional Wastewater Project – GCIA Project.

On February 8, 2023, the Authority adopted Resolution No. 2023-059 amending and supplementing a note resolution duly and finally adopted by the Authority on May 13, 2020 (Resolution No. 2020-087). The resolutions authorize project funding through the New Jersey Infrastructure Bank. Resolution No. 2023-059 states (i) increase the not-to-exceed amount of the Notes authorized to be issued thereunder from $11,500,000 to $14,500,000; (ii) authorize the execution and delivery of an amended and restated subordinated project note ("Amended and Restated Note") to amend, restate and replace the 2020 Notes in their entirety; and (iii) authorize and approve certain actions in connection with the foregoing. The 2023 note replacing the 2020 note was issued on March 2, 2023, in the amount of $13,848,103.00 and matures on June 30,2024. The Authority intends to permanently finance the 2023 note through the New Jersey Infrastructure Bank loan financing program.

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

REQUIRED SUPPLEMENTARY INFORMATION

GLOUCESTER COUNTY UTILITIES AUTHORITY
Required Supplementary Information
Schedule of the Authority's Proportionate Share
of the Net OPEB Liability - State Plan
Last Five Plan Years

	Measurement Date Ended June 30,		
	2021	**2020**	**2019**
Authority's Proportion of the Net OPEB Liability	0.086216%	0.086373%	0.081373%
Authority's Proportionate Share of the Net OPEB Liability	$ 15,518,691.00	$ 15,501,028.00	$ 11,022,844.00
Authority's Covered Payroll (Plan Measurement Period)	$ 3,977,449.00	$ 3,792,339.00	$ 3,794,905.00
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	390.17%	408.75%	290.46%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.28%	0.91%	1.98%

	Measurement Date Ended June 30,	
	2018	**2017**
Authority's Proportion of the Net OPEB Liability	0.085938%	0.081017%
Authority's Proportionate Share of the Net OPEB Liability	$ 13,463,578.00	$ 16,540,260.00
Authority's Covered Payroll (Plan Measurement Period)	$ 3,830,005.00	$ 3,730,366.00
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	351.53%	443.40%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%	1.03%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

GLOUCESTER COUNTY UTILITIES AUTHORITY
Required Supplementary Information
Schedule of the Authority's OPEB Contributions - State Plan
Last Five Fiscal Years

	Fiscal Year Ended October 31,		
	2021	**2020**	**2019**
Authority's Required Contributions	$ 363,775.96	$ 350,755.58	$ 347,019.35
Authority's Contributions in Relation to the Required Contribution	(363,775.96)	(350,755.58)	(347,019.35)
Authority's Contribution Deficiency (Excess)	$ -	$ -	$ -
Authority's Covered Payroll (Fiscal Year)	$ 4,051,964.00	$ 3,820,484.00	$ 3,761,714.00
Authority's Contributions as a Percentage of Covered Payroll	8.98%	9.18%	9.23%

	Fiscal Year Ended October 31,	
	2018	**2017**
Authority's Required Contributions	$ 450,234.48	$ 478,210.00
Authority's Contributions in Relation to the Required Contribution	(450,234.48)	(478,210.00)
Authority's Contribution Deficiency (Excess)	$ -	$ -
Authority's Covered Payroll (Fiscal Year)	$ 3,851,549.00	$ 3,741,360.00
Authority's Contributions as a Percentage of Covered Payroll	11.69%	12.78%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

GLOUCESTER COUNTY UTILITIES AUTHORITY
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
Last Nine Plan Years

	Measurement Date Ending June 30,		
	2021	**2020**	**2019**
Authority's Proportion of the Net Pension Liability	0.0525692486%	0.0508049931%	0.0550009263%
Authority's Proportionate Share of the Net Pension Liability	$ 6,227,616.00	$ 8,284,966.00	$ 9,910,333.00
Authority's Covered Payroll (Plan Measurement Period)	$ 3,801,324.00	$ 3,621,076.00	$ 3,819,900.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	163.83%	228.80%	259.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.33%	58.32%	56.27%

	Measurement Date Ending June 30,		
	2018	**2017**	**2016**
Authority's Proportion of the Net Pension Liability	0.0540792683%	0.0546556257%	0.0520842457%
Authority's Proportionate Share of the Net Pension Liability	$ 10,647,938.00	$ 12,722,956.00	$ 15,425,860.00
Authority's Covered Payroll (Plan Measurement Period)	$ 3,770,676.00	$ 3,786,528.00	$ 3,583,040.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	282.39%	336.01%	430.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%

	Measurement Date Ending June 30,		
	2015	**2014**	**2013**
Authority's Proportion of the Net Pension Liability	0.0489051351%	0.0478302885%	0.0466425384%
Authority's Proportionate Share of the Net Pension Liability	$ 10,978,223.00	$ 8,955,138.00	$ 8,914,316.00
Authority's Covered Payroll (Plan Measurement Period)	$ 3,385,412.00	$ 3,349,488.00	$ 3,210,720.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	324.28%	267.36%	277.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

GLOUCESTER COUNTY UTILITIES AUTHORITY
Required Supplementary Information
Schedule of the Authority's Pension Contributions
Public Employees' Retirement System (PERS)
Last Nine Fiscal Years

	Fiscal Year Ended October 31,		
	2021	**2020**	**2019**
Authority's Contractually Required Contribution	$ 615,647.00	$ 555,781.00	$ 534,997.00
Authority's Contribution in Relation to the Contractually Required Contribution	(615,647.00)	(555,781.00)	(534,997.00)
Authority's Contribution Deficiency (Excess)	$ -	$ -	$ -
Authority's Covered Payroll (Fiscal Year)	$ 4,051,964.00	$ 3,820,484.00	$ 3,761,714.00
Authority's Contributions as a Percentage of Covered Payroll	15.19%	14.55%	14.22%

	Fiscal Year Ended October 31,		
	2018	**2017**	**2016**
Authority's Contractually Required Contribution	$ 537,914.00	$ 506,326.00	$ 462,709.00
Authority's Contribution in Relation to the Contractually Required Contribution	(537,914.00)	(506,326.00)	(462,709.00)
Authority's Contribution Deficiency (Excess)	$ -	$ -	$ -
Authority's Covered Payroll (Fiscal Year)	$ 3,851,549.00	$ 3,741,360.00	$ 3,721,662.00
Authority's Contributions as a Percentage of Covered Payroll	13.97%	13.53%	12.43%

	Fiscal Year Ended October 31,		
	2015	**2014**	**2013**
Authority's Contractually Required Contribution	$ 420,453.00	$ 394,306.00	$ 351,442.00
Authority's Contribution in Relation to the Contractually Required Contribution	(420,453.00)	(394,306.00)	(351,442.00)
Authority's Contribution Deficiency (Excess)	$ -	$ -	$ -
Authority's Covered Payroll (Fiscal Year)	$ 3,550,862.00	$ 3,437,345.00	$ 3,363,675.00
Authority's Contributions as a Percentage of Covered Payroll	11.84%	11.47%	10.45%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

GLOUCESTER COUNTY UTILITIES AUTHORITY
Required Supplementary Information
Notes to Required Supplementary Information
For the Fiscal Year Ended October 31, 2021

Note 1: POSTEMPLOYMENT BENEFITS - PENSION

Public Employees' Retirement System (PERS)

Changes in Benefit Terms:

The June 30, 2021 measurement date included one change to the plan provisions. Chapter 140, P.L. 2021 reopened the Worker's Compensation Judges (WCJ) Part of PERS and transferred WCJs from the Defined Contribution Retirement Program (DCRP) and regular part of PERS into the WCJ Part of PERS.

Changes in Assumptions:

The discount rate used as of June 30 measurement date is as follows:

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

The long-term expected rate of return used as of June 30 measurement date is as follows:

Year	Rate	Year	Rate
2021	7.00%	2017	7.00%
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%

The mortality assumption was updated upon direction from the Division of Pensions and Benefits.

(Continued)

GLOUCESTER COUNTY UTILITIES AUTHORITY
Required Supplementary Information
Notes to Required Supplementary Information (Cont'd)
For the Fiscal Year Ended October 31, 2021

Note 2: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)

State Health Benefits Local Government Retired Employees Plan

Change in Benefit Terms:

The actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021, included changes due to employers adopting and /or changing Chapter 48 provisions.

Changes in Assumptions:

The discount rate used as of the June 30 measurement date is as follows:

Year	Rate	Year	Rate
2021	2.16%	2018	3.87%
2020	2.21%	2017	3.58%
2019	3.50%		

The expected investment rate of return is based on guidance provided by the State. These expected rates of return are the same as the discount rates listed above.

In addition to changes in the discount rate, other factors that affected the valuation of the net OPEB liability included changes in the trend and updated mortality improvement assumptions.

In October 2021, the Society of Actuaries (SOA) released an updated set of life expectancy mortality improvement assumptions, Scale MP-2021. The MP-2021 scale reflects more recent mortality data for the U.S. population.

SUPPLEMENTARY SCHEDULES

GLOUCESTER COUNTY UTILITIES AUTHORITY
Schedule of Anticipated Revenues, Operating Appropriations, Principal Payments and
Non-Operating Appropriations Compared to Budget--Non-GAAP (Budgetary) Basis
For the Fiscal Year Ended October 31, 2021

	Original Budget	Transfers/ Modifications	Final Budget	Actual	Favorable (Unfavorable)
Revenues:					
Operating Revenues:					
Sewer Service Charges	$ 21,349,800.00		$ 21,349,800.00	$ 23,170,881.56	$ 1,821,081.56
Connection Fees	1,000,000.00		1,000,000.00	992,161.30	(7,838.70)
Sale of Effluent	340,000.00		340,000.00	385,373.20	45,373.20
Miscellaneous Income	50,000.00		50000.00	21,897.85	(28,102.15)
Total Operating Revenues	22,739,800.00	-	22,739,800.00	24,570,313.91	1,830,513.91
Total Revenues	22,739,800.00	-	22,739,800.00	24,570,313.91	1,830,513.91
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Administration	701,960.00		701,960.00	476,826.59	225,133.41
Fringe Benefits:					
Public Employee's Retirement System	582,000.00		582,000.00	556,287.91	25,712.09
Social Security System	54,000.00		54,000.00	34,689.93	19,310.07
Unemployment Compensation	13,520.00		13,520.00	7,025.01	6,494.99
Employee Benefits	169,760.00		169,760.00	104,631.49	65,128.51
Total Fringe Benefits	819,280.00	-	819,280.00	702,634.34	116,645.66
Other Expenses:					
Advertising	6,500.00		6,500.00	753.67	5,746.33
Travel Expense	2,600.00		2,600.00		2,600.00
Postage Expense	6,500.00		6,500.00	5,034.63	1,465.37
Telephone Expense	44,500.00		44,500.00	43,904.81	595.19
Printing	6,000.00		6,000.00	4,606.16	1,393.84
Dues and Memberships	12,000.00		12,000.00	6,051.95	5,948.05
Equipment Maintenance	25,000.00		25,000.00		25,000.00
Equipment Rental	11,000.00		11,000.00	4,219.95	6,780.05
Training and Seminars	5,000.00		5,000.00	519.00	4,481.00
Permits and Registrations	264,000.00		264,000.00	123,761.02	140,238.98
Professional Services	357,000.00		357,000.00	93,619.88	263,380.12
Accounting and Auditing	107,000.00		107,000.00	93,946.00	13,054.00
Legal Services	245,000.00		245,000.00	91,250.57	153,749.43
Engineering	978,500.00		978,500.00	882,076.88	96,423.12
Trustee Fees	325,000.00		325,000.00	77,825.98	247,174.02
Computer Services	81,125.00		81,125.00	50,505.29	30,619.71
Insurance	890,150.00		890,150.00	796,541.50	93,608.50
Other Expenses	62,700.00		62,700.00	41,698.37	21,001.63
Books and Publications	500.00		500.00	188.00	312.00
Office Supplies	17,000.00		17,000.00	10,055.12	6,944.88
Miscellaneous Supplies	1,000.00		1,000.00		1,000.00
Office Equipment	26,000.00		26,000.00		26,000.00
County Infrastructure Improvements	650,000.00	$ 25,000.00	675,000.00	675,000.00	
Total Other Expenses	4,124,075.00	25,000.00	4,149,075.00	3,001,558.78	1,147,516.22
Total Administration	5,645,315.00	25,000.00	5,670,315.00	4,181,019.71	1,489,295.29
Cost of Providing Services:					
Salaries and Wages:					
Plant Salaries	5,759,594.00	41,000.00	5,800,594.00	5,034,522.69	766,071.31
Fringe Benefits:					
Uniform Rental	25,000.00		25,000.00	20,627.48	4,372.52
Social Security System	441,000.00		441,000.00	315,083.64	125,916.36
Unemployment Compensation	36,400.00		36,400.00	25,804.19	10,595.81
Employee Benefits	2,252,155.00		2,252,155.00	1,115,590.30	1,136,564.70
Total Fringe Benefits	2,754,555.00	-	2,754,555.00	1,477,105.61	1,277,449.39

(Continued)

GLOUCESTER COUNTY UTILITIES AUTHORITY
Schedule of Anticipated Revenues, Operating Appropriations, Principal Payments and
Non-Operating Appropriations Compared to Budget--Non-GAAP (Budgetary) Basis
For the Fiscal Year Ended October 31, 2021

	Original Budget	Transfers/ Modifications	Final Budget	Actual	Favorable (Unfavorable)
Operating Appropriations (Cont'd):					
Cost of Providing Services (Cont'd):					
Other Expenses:					
Travel Expense	$ 3,200.00		$ 3,200.00	$ 25.00	$ 3,175.00
Natural Gas	500,000.00		500,000.00	209,461.00	290,539.00
Electricity	1,900,000.00		1,900,000.00	1,581,448.66	318,551.34
Water and Sewer	19,950.00		19,950.00	13,770.41	6,179.59
Hunter Street Expense	30,000.00		30,000.00		30,000.00
Energy Project Costs	200,000.00		200,000.00	146,912.72	53,087.28
Dues and Memberships	3,200.00		3,200.00	2,354.00	846.00
Motor Vehicle Maintenance	47,800.00		47,800.00	24,282.83	23,517.17
Equipment Maintenance	524,500.00		524,500.00	461,581.01	62,918.99
Interceptor Rehabilitation	340,000.00		340,000.00	336,235.50	3,764.50
Equipment Rental	132,500.00		132,500.00	128,186.77	4,313.23
Training and Seminars	18,880.00		18,880.00	1,308.15	17,571.85
Incinerator Title V/Mact Rules	230,000.00		230,000.00		230,000.00
Doctor	8,000.00		8,000.00	4,878.17	3,121.83
Sludge Disposal	2,160,000.00	$ (66,000.00)	2,094,000.00	816,888.90	1,277,111.10
Books and Publications	4,000.00		4,000.00	908.93	3,091.07
Building and Construction Supplies	38,800.00		38,800.00	22,636.52	16,163.48
Fuel and Lubricants	105,500.00		105,500.00	70,164.81	35,335.19
Motor Vehicle Parts	48,800.00		48,800.00	38,122.04	10,677.96
Laboratory Services and Supplies	157,500.00		157,500.00	87,521.73	69,978.27
Janitorial Supplies	8,000.00		8,000.00	3,653.42	4,346.58
Electrical and Communication Supplies	217,875.00		217,875.00	174,434.03	43,440.97
Hardware and Minor Tools	31,900.00		31,900.00	29,272.01	2,627.99
Equipment and Machinery Parts	301,980.00		301,980.00	223,396.72	78,583.28
Plumbing, Heating, and HVAC Supplies	198,000.00		198,000.00	132,556.64	65,443.36
Safety Supplies	143,600.00		143,600.00	81,679.38	61,920.62
Chemicals and Gases	164,000.00		164,000.00	116,783.41	47,216.59
Sodium Hydroxide	33,000.00		33,000.00	1,405.00	31,595.00
Polymer	650,800.00		650,800.00	321,661.14	329,138.86
Chlorine	257,636.00		257,636.00	273,352.74	(15,716.74)
Odor / H2S Control	75,000.00		75,000.00	75,211.70	(211.70)
Buildings and Grounds Maintenance Supplies	324,000.00		324,000.00	241,332.18	82,667.82
Interceptor Supplies	14,400.00		14,400.00		14,400.00
Miscellaneous Supplies	300.00		300.00	20,688.40	(20,388.40)
Vehicles / Rentals	406,000.00		406,000.00	46,985.47	359,014.53
Laboratory Equipment	16,350.00		16,350.00	12,073.92	4,276.08
Electrical and Communication Equipment	125,000.00		125,000.00	13,275.90	111,724.10
General Equipment	238,600.00		238,600.00	47,952.32	190,647.68
Pitman Reuse Plant	22,600.00		22,600.00	19,304.33	3,295.67
Total Other Expenses	9,701,671.00	(66,000.00)	9,635,671.00	5,781,705.86	3,853,965.14
Total Cost of Providing Services	18,215,820.00	(25,000.00)	18,190,820.00	12,293,334.16	5,897,485.84
Principal Payments on Debt Service in Lieu of Depreciation	4,147,182.00	-	4,147,182.00	4,147,177.89	4.11
Non-Operating Appropriations:					
Interest on Debt Service	873,280.00		873,280.00	873,278.47	1.53
CEF Contribution to Debt Service	(5,000,000.00)		(5,000,000.00)		(5,000,000.00)
Transfers to CEF Fund	1,000,000.00		1,000,000.00		1,000,000.00
County Appropriation	1,400,416.00		1,400,416.00	1,400,416.00	
Total Non-Operating Appropriations	(1,726,304.00)	-	(1,726,304.00)	2,273,694.47	(3,999,998.47)
Total Budget Appropriations	26,282,013.00	-	26,282,013.00	22,895,226.23	3,386,786.77
Unrestricted Net Position to Balance Budget	3,542,213.00	-	3,542,213.00	-	3,542,213.00
Total Appropriations and Unrestricted Net Position	22,739,800.00	-	22,739,800.00	22,895,226.23	(155,426.23)
Excess Budgetary Revenues Over Budgetary Appropriations	$ -	$ -	$ -	$ 1,675,087.68	$ 1,675,087.68

(Continued)

GLOUCESTER COUNTY UTILITIES AUTHORITY
Schedule of Anticipated Revenues, Operating Appropriations, Principal Payments and
Non-Operating Appropriations Compared to Budget--Non-GAAP (Budgetary) Basis
For the Fiscal Year Ended October 31, 2021

Reconciliation to Operating income		
Excess Budgetary Revenues Over Budgetary Appropriations:		$ 1,675,087.68
Add:		
Principal Payments	$ 4,147,177.89	
Interest on Debt Service	873,278.47	
Expenditures Capitalized	473,610.47	
Encumbrances Payable	632,940.45	
GASB 68 Pension Adjustment	1,330,388.00	
GASB 75 OPEB Adjustment	176,883.11	
County Appropriation	1,400,416.00	
		9,034,694.39
		10,709,782.07
Less:		
Depreciation		3,704,122.56
Operating Income - Exhibit B		$ 7,005,659.51

GLOUCESTER COUNTY UTILITIES AUTHORITY
Schedule of Revenue Bonds Payable
For the Fiscal Year Ended October 31, 2021

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding October 31, 2021 Date	Amount	Interest Rate	Balance Nov. 1, 2020	Paid	Balance Oct. 31, 2021
Sewer Revenue Refunding Bonds Series 2017	4/6/17	$ 12,475,000.00	2022	$ 1,035,000.00	5.00%			
			2023	1,080,000.00	5.00%			
			2024	1,135,000.00	5.00%			
			2025	575,000.00	4.00%			
			2026	250,000.00	4.00%			
			2027	260,000.00	4.00%			
			2028	270,000.00	4.00%			
			2029	280,000.00	3.00%			
			2030	285,000.00	3.00%	$ 7,120,000.00	$ 1,950,000.00	$ 5,170,000.00
						$ 7,120,000.00	$ 1,950,000.00	5,170,000.00

GLOUCESTER COUNTY UTILITIES AUTHORITY
Schedule of Bonds and Loans Payable
For the Fiscal Year Ended October 31, 2021

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding October 31, 2021 Date	Amount	Interest Rate	Balance Nov. 1, 2020	Decreases	Balance Oct. 31, 2021
Waste Water Trust Loan	10/15/01	$ 2,185,000.00				$ 175,000.00	$ 175,000.00	
2008 New Jersey Infrastructure Bank - Trust Loan	11/6/08	1,670,000.00	2022	$ 100,000.00	5.00%			
			2023	105,000.00	5.00%			
			2024	110,000.00	5.00%			
			2025	115,000.00	5.00%			
			2026	120,000.00	5.00%			
			2027	125,000.00	5.00%			
			2028	135,000.00	5.00%	905,000.00	95,000.00	$ 810,000.00
2008 New Jersey Infrastructure Bank - Fund Loan	11/6/08	1,585,582.00	2022	82,772.04				
			2023	82,391.80				
			2024	82,011.57				
			2025	81,638.79				
			2026	16,344.41	NIL	428,146.86	82,988.25	345,158.61
2010 New Jersey Infrastructure Bank - Trust Loan	3/10/10	320,000.00	2022	20,000.00	4.00%			
			2023	20,000.00	4.00%			
			2024	20,000.00	4.00%			
			2025	20,000.00	4.00%			
			2026	20,000.00	3.50%			
			2027	20,000.00	4.00%			
			2028	25,000.00	4.00%			
			2029	25,000.00	4.00%	185,000.00	15,000.00	170,000.00

(Continued)

GLOUCESTER COUNTY UTILITIES AUTHORITY
Schedule of Bonds and Loans Payable
For the Fiscal Year Ended October 31, 2021

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding October 31, 2021 Date	Amount	Interest Rate	Balance Nov. 1, 2020	Decreases	Balance Oct. 31, 2021
2010 New Jersey Infrastructure Bank - Fund Loan	3/10/10	$ 956,850.00	2022	$ 50,360.52				
			2023	50,360.52				
			2024	50,360.52				
			2025	50,360.52				
			2026	50,360.52				
			2027	50,360.52				
			2028	50,360.52				
			2029	50,360.64	NIL	$ 453,244.80	$ 50,360.52	$ 402,884.28
2010 New Jersey Infrastructure Bank - ARRA - Trust Loan	3/10/10	121,157.44	2022	6,491.53	3.26%			
			2023	6,703.16	3.37%			
			2024	6,929.05	3.50%			
			2025	7,171.57	3.60%			
			2026	7,429.75	3.66%			
			2027	7,701.68	3.80%			
			2028	7,994.34	3.89%			
			2029	8,305.32	3.99%	65,022.14	6,295.74	58,726.40
2010 New Jersey Infrastructure Bank - ARRA - Fund Loan	3/10/10	344,000.00	2022	6,000.00				
			2023	6,000.00				
			2024	6,000.00				
			2025	6,000.00				
			2026	6,000.00				
			2027	6,000.00				
			2028	6,000.00				
			2029	6,000.00	NIL	54,000.00	6,000.00	48,000.00

(Continued)

GLOUCESTER COUNTY UTILITIES AUTHORITY
Schedule of Bonds and Loans Payable
For the Fiscal Year Ended October 31, 2021

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding October 31, 2021 Date	Amount	Interest Rate	Balance Nov. 1, 2020	Decreases	Balance Oct. 31, 2021
2010 New Jersey Infrastructure Bank - Trust Loan	12/2/10	$ 1,075,000.00	2022	$ 60,000.00	5.00%			
			2023	60,000.00	5.00%			
			2024	65,000.00	5.00%			
			2025	65,000.00	5.00%			
			2026	70,000.00	5.00%			
			2027	75,000.00	5.00%			
			2028	75,000.00	5.00%			
			2029	80,000.00	5.00%			
			2030	85,000.00	5.00%	$ 690,000.00	$ 55,000.00	$ 635,000.00
2010 New Jersey Infrastructure Bank - Fund Loan	12/2/10	1,117,500.00	2022	58,815.78				
			2023	58,815.78				
			2024	58,815.78				
			2025	58,815.78				
			2026	58,815.78				
			2027	58,815.78				
			2028	58,815.78				
			2029	58,815.78				
			2030	58,815.96	NIL	588,157.98	58,815.78	529,342.20
2013 New Jersey Infrastructure Bank - Trust Loan	5/22/13	930,000.00	2022	50,000.00	4.00%			
			2023	50,000.00	5.00%			
			2024	50,000.00	5.00%			
			2025	55,000.00	3.00%			
			2026	55,000.00	3.00%			
			2027	55,000.00	3.00%			
			2028	55,000.00	3.00%			
			2029	60,000.00	3.00%			
			2030	60,000.00	3.00%			
			2031	60,000.00	3.00%			
			2032	65,000.00	3.00%	660,000.00	45,000.00	615,000.00

(Continued)

GLOUCESTER COUNTY UTILITIES AUTHORITY
Schedule of Bonds and Loans Payable
For the Fiscal Year Ended October 31, 2021

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding October 31, 2021 Date	Amount	Interest Rate	Balance Nov. 1, 2020	Decreases	Balance Oct. 31, 2021
2013 New Jersey Infrastructure Bank - Fund Loan	5/22/13	$ 2,907,813.00	2022	$ 147,854.89				
			2023	147,854.89				
			2024	147,854.89				
			2025	147,854.89				
			2026	147,854.89				
			2027	147,854.89				
			2028	147,854.89				
			2029	147,854.89				
			2030	147,854.89				
			2031	136,981.94	NIL	$ 1,615,530.84	$ 147,854.89	$ 1,467,675.95
2015 New Jersey Infrastructure Bank - Trust Loan	5/28/15	1,015,000.00	2022	45,000.00	5.00%			
			2023	50,000.00	5.00%			
			2024	50,000.00	5.00%			
			2025	50,000.00	5.00%			
			2026	55,000.00	5.00%			
			2027	60,000.00	4.00%			
			2028	60,000.00	4.00%			
			2029	65,000.00	4.00%			
			2030	65,000.00	4.00%			
			2031	65,000.00	4.00%			
			2032	70,000.00	4.00%			
			2033	75,000.00	4.00%			
			2034	75,000.00	4.00%	830,000.00	45,000.00	785,000.00

(Continued)

GLOUCESTER COUNTY UTILITIES AUTHORITY
Schedule of Bonds and Loans Payable
For the Fiscal Year Ended October 31, 2021

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding October 31, 2021 Date	Amount	Interest Rate	Balance Nov. 1, 2020	Decreases	Balance Oct. 31, 2021
2015 New Jersey Infrastructure Bank - Fund Loan	5/28/15	$ 3,281,981.00	2022	$ 128,976.10				
			2023	128,976.10				
			2024	128,976.10				
			2025	128,976.10				
			2026	128,976.10				
			2027	128,976.10				
			2028	128,976.10				
			2029	128,976.10				
			2030	128,976.10				
			2031	128,976.10				
			2032	128,976.10				
			2033	128,976.10				
			2034	127,634.20	NIL	$ 1,804,323.50	$ 128,976.10	$ 1,675,347.40

(Continued)

GLOUCESTER COUNTY UTILITIES AUTHORITY
Schedule of Bonds and Loans Payable
For the Fiscal Year Ended October 31, 2021

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding October 31, 2021 Date	Amount	Interest Rate	Balance Nov. 1, 2020	Decreases	Balance Oct. 31, 2021
2018 New Jersey Infrastructure Bank - Trust Loan	5/22/18	$ 440,000.00	2022	$ 10,000.00	5.00%			
			2023	10,000.00	5.00%			
			2024	10,000.00	5.00%			
			2025	10,000.00	5.00%			
			2026	10,000.00	5.00%			
			2027	10,000.00	5.00%			
			2028	15,000.00	3.00%			
			2029	15,000.00	3.00%			
			2030	15,000.00	3.00%			
			2031	15,000.00	3.00%			
			2032	15,000.00	3.125%			
			2033	15,000.00	3.125%			
			2034	15,000.00	3.25%			
			2035	15,000.00	3.25%			
			2036	15,000.00	3.375%			
			2037	15,000.00	3.375%			
			2038	15,000.00	3.375%			
			2039	20,000.00	3.375%			
			2040	20,000.00	3.50%			
			2041	20,000.00	3.50%			
			2042	20,000.00	3.50%			
			2043	20,000.00	3.50%			
			2044	20,000.00	3.50%			
			2045	20,000.00	3.50%			
			2046	20,000.00	3.50%			
			2047	25,000.00	3.50%	$ 420,000.00	$ 10,000.00	$ 410,000.00

(Continued)

GLOUCESTER COUNTY UTILITIES AUTHORITY
Schedule of Bonds and Loans Payable
For the Fiscal Year Ended October 31, 2021

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding October 31, 2021 Date	Amount	Interest Rate	Balance Nov. 1, 2020	Decreases	Balance Oct. 31, 2021
2018 New Jersey Infrastructure Bank - Fund Loan	5/22/18	$ 1,285,809.00	2022	$ 44,466.01				
			2023	44,466.01				
			2024	44,466.01				
			2025	44,466.01				
			2026	44,466.01				
			2027	44,466.01				
			2028	44,466.01				
			2029	44,466.01				
			2030	44,466.01				
			2031	44,466.01				
			2032	44,466.01				
			2033	44,466.01				
			2034	44,466.01				
			2035	44,466.01				
			2036	44,466.01				
			2037	44,466.01				
			2038	44,466.01				
			2039	44,466.01				
			2040	44,466.01				
			2041	44,466.01				
			2042	44,466.01				
			2043	44,466.01				
			2044	44,466.01				
			2045	44,466.01				
			2046	44,466.01				
			2047	11,735.72	NIL	$ 1,167,851.98	$ 44,466.01	$ 1,123,385.97

(Continued)

GLOUCESTER COUNTY UTILITIES AUTHORITY
Schedule of Bonds and Loans Payable
For the Fiscal Year Ended October 31, 2021

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding October 31, 2021 Date	Amount	Interest Rate	Balance Nov. 1, 2020	Decreases	Balance Oct. 31, 2021
2018 New Jersey Infrastructure Bank - Trust Loan	11/29/18	$ 10,345,000.00	2022	$ 200,000.00	5.00%			
			2023	210,000.00	5.00%			
			2024	220,000.00	5.00%			
			2025	230,000.00	5.00%			
			2026	245,000.00	5.00%			
			2027	255,000.00	5.00%			
			2028	270,000.00	4.00%			
			2029	280,000.00	4.00%			
			2030	290,000.00	4.00%			
			2031	305,000.00	4.00%			
			2032	315,000.00	4.00%			
			2033	325,000.00	4.00%			
			2034	340,000.00	4.00%			
			2035	355,000.00	4.00%			
			2036	370,000.00	4.00%			
			2037	385,000.00	4.00%			
			2038	400,000.00	4.00%			
			2039	415,000.00	4.00%			
			2040	430,000.00	4.00%			
			2041	450,000.00	4.00%			
			2042	465,000.00	4.00%			
			2043	485,000.00	4.00%			
			2044	505,000.00	4.00%			
			2045	525,000.00	4.00%			
			2046	545,000.00	4.00%			
			2047	565,000.00	4.00%			
			2048	590,000.00	4.00%	$ 10,160,000.00	$ 190,000.00	$ 9,970,000.00

(Continued)

GLOUCESTER COUNTY UTILITIES AUTHORITY
Schedule of Bonds and Loans Payable
For the Fiscal Year Ended October 31, 2021

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding October 31, 2021 Date	Amount	Interest Rate	Balance Nov. 1, 2020	Decreases	Balance Oct. 31, 2021
2018 New Jersey Infrastructure Bank - Fund Loan	11/29/18	$ 30,895,478.00	2022	$ 1,041,420.60				
			2023	1,041,420.60				
			2024	1,041,420.60				
			2025	1,041,420.60				
			2026	1,041,420.60				
			2027	1,041,420.60				
			2028	1,041,420.60				
			2029	1,041,420.60				
			2030	1,041,420.60				
			2031	1,041,420.60				
			2032	1,041,420.60				
			2033	1,041,420.60				
			2034	1,041,420.60				
			2035	1,041,420.60				
			2036	1,041,420.60				
			2037	1,041,420.60				
			2038	1,041,420.60				
			2039	1,041,420.60				
			2040	1,041,420.60				
			2041	1,041,420.60				
			2042	1,041,420.60				
			2043	1,041,420.60				
			2044	1,041,420.60				
			2045	1,041,420.60				
			2046	1,041,420.60				
			2047	1,041,420.60				
			2048	157,141.80	NIL	$ 29,159,777.00	$ 1,925,699.60	$ 27,234,077.40
						$ 49,361,055.10	$ 3,081,456.89	$ 46,279,598.21

Disbursed	$ 2,197,177.89
Principal Forgiveness	884,279.00
	$ 3,081,456.89

GLOUCESTER COUNTY UTILITIES AUTHORITY

PART 2

SINGLE AUDIT SECTION

For the Fiscal Year Ended October 31, 2021

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

The Chairman and Members of
Gloucester County Utilities Authority
Gloucester County, New Jersey

Report on Compliance for the Major Federal Program

We have audited the Gloucester County Utilities Authority's, in the County of Gloucester, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the fiscal year ended October 31, 2021. The Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs.*

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Gloucester County Utilities Authority's, in the County of Gloucester, State of New Jersey, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the Major Federal Program

In our opinion, the Gloucester County Utilities Authority, in the County of Gloucester, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each the major federal program for the fiscal year ended October 31, 2021.

6 North Broad Street | Suite 201 | Woodbury, NJ 08096-4635 | P 856.853.0440 | F 856.845.4128 www.bowman.cpa

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Report on Internal Control Over Compliance

Management of the Gloucester County Utilities Authority, in the County of Gloucester, State of New Jersey, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
October 5, 2023

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GLOUCESTER COUNTY UTILITIES AUTHORITY
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended October 31, 2021

Federal Grantor/ Pass Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Additional Award Identification	Federal Award Identification Number (FAIN)	State GMIS Number	Pass-through Entity Id Number	Program or Award Amount	Matching Funds	Grant Period From	Grant Period To
U.S. Department of Environmental Protection Agency									
Pass Through N.J. Department of Environmental Protection									
Capitalization Grants for Clean Water State Revolving Funds (CWSRF) Cluster:									
Anaerobic Digestion System Integration	66.458	none	not known	not known	S340640-14	$ 30,895,478	n/a	6/2016	Open
Combined Heat and Power Cogeneration System	66.458	none	not known	not known	S340640-15	8,625,000	n/a	9/2020	Open
Total Capitalization Grants for Clean Water State Revolving Funds (CWSRF) Cluster									
Total U.S. Department of Environmental Protection Agency									
Total Federal Awards									

The accompanying Notes to the Schedule of Expenditures of Federal Awards and Notes to Financial Statements are an integral part of this schedule.

GLOUCESTER COUNTY UTILITIES AUTHORITY
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended October 31, 2021

Receivable Balance Oct. 31, 2020	Revenue Recognized	Cash Receipts	Passed-Through to Subrecipients	Adjustments	Total Federal Disbursements / Expenditures	Receivable Balance Oct. 31, 2021 Project Funds Balance	Receivable Balance Oct. 31, 2021 Unreimbursed Expenditures	(Memo Only) Cash Received 2021	(Memo Only) Accumulated Expenditures
		$ 4,192			$ 4,192			$ 4,192	$ 30,895,478
$ 520,814	$ 8,625,000	1,982,173			1,645,970	$ 6,979,030	$ 184,612	1,982,173	2,418,655
520,814	8,625,000	1,986,365	-	-	1,650,163	6,979,030	184,612	1,986,365	33,314,133
520,814	8,625,000	1,986,365	-	-	1,650,163	6,979,030	184,612	1,986,365	33,314,133
$ 520,814	$ 8,625,000	$ 1,986,365	$ -	$ -	$ 1,650,163	$ 6,979,030	$ 184,612	$ 1,986,365	$ 33,314,133

GLOUCESTER COUNTY UTILITIES AUTHORITY
Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended October 31, 2021

Note 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards ("the schedule") includes the federal award activity of the Gloucester County Utilities Authority (hereafter referred to as the "Authority") under programs of the federal government for the fiscal year ended October 31, 2021. The Authority is defined in note 1 to the Authority's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule. Because the schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position and changes in operations of the Authority.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule is presented using the accrual basis of accounting. This basis of accounting is described in note 1 to the Authority's basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3: INDIRECT COST RATE

The Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agrees with amounts reported in the Authority's basic financial statements.

Note 5: RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agrees with the amounts reported in the related federal financial reports.

Note 6: MAJOR PROGRAMS

Major programs are identified in the *Summary of Auditor's Results* section of the *Schedule of Findings and Questioned Costs*.

GLOUCESTER COUNTY UTILITIES AUTHORITY

PART 3

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Year Ended October 31, 2021

GLOUCESTER COUNTY UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended October 31, 2021

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	____ yes __X__ no
Significant deficiency(ies) identified?	____ yes __X__ none reported
Noncompliance material to financial statements noted?	____ yes __X__ no

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	____ yes __X__ no
Significant deficiency(ies) identified?	____ yes __X__ none reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)?	____ yes __X__ no

Identification of major programs:

Assistance Listing Number(s)	**Name of Federal Program or Cluster**
66.458	Capitalization Grants for Clean Water State Revolving Funds (CWSRF) Cluster

Dollar threshold used to determine Type A programs	$ 750,000
Auditee qualified as low-risk auditee?	____ yes __X__ no

GLOUCESTER COUNTY UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended October 31, 2021

Section 1- Summary of Auditor's Results (Cont'd)

State Financial Assistance **Not Applicable**

Internal control over major programs:

Material weakness(es) identified? _____ yes _____ no

Significant deficiency(ies) identified? _____ yes _____ none reported

Type of auditor's report issued on compliance for major programs _____

Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB? _____ yes _____ no

Identification of major programs:

GMIS Number(s)	Name of State Program

Dollar threshold used to determine Type A programs _____

Auditee qualified as low-risk auditee? _____ yes _____ no

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GLOUCESTER COUNTY UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended October 31, 2021

Section 2- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires.

None

GLOUCESTER COUNTY UTILITIES AUTHORITY
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended October 31, 2021

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs, and significant instances of abuse related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

None

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GLOUCESTER COUNTY UTILITIES AUTHORITY
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

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

None

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APPRECIATION

We express our appreciation for the assistance and courtesies rendered by the Authority officials during the course of the audit.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants