

**CAPE MAY COUNTY  
MUNICIPAL UTILITIES AUTHORITY  
REPORT ON AUDIT OF  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION  
YEARS ENDED DECEMBER 31, 2021 AND 2020**



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## **INTRODUCTORY SECTION**

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## Cape May County Municipal Utilities Authority

1523 Route 9 North, Cape May Court House, NJ 08210  
Telephone: (609) 465-9026 • Telefax: (609) 465-9025  
[www.cmcmua.com](http://www.cmcmua.com)

January 27, 2023

Chairman Betts and Authority Board Members:

Presented to you are the audited financial statements for the year ended December 31, 2021. There are separate financial statements for the Wastewater Management Program and Solid Waste Management Program, as has been done in prior years. The financial statements are presented separately for each program as supplemental information because the programs are separate and distinct for ratemaking, operating and public financing purposes.

Government Auditing Standards and State law require that the Cape May County Municipal Utilities Authority publish a complete set of financial statements presented in conformance with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with auditing standards generally accepted in the United States of America. The financial statements for the year ended December 31, 2021, are presented as required.

In addition, and for the purposes of evaluating budget performance, staff has completed a *Schedule of Operating Revenues and Costs Funded by Operating Revenues Compared to Budget*. This is more commonly referred to as the "Budget versus Actual" statements, and has been completed for both the Wastewater Management Program and Solid Waste Management Program.

The Management Discussion and Analysis ("MD&A") Report consists of management's representations concerning the finances of the Wastewater Management Program and Solid Waste Management Program. Management assumes full responsibility for the completeness and reliability of all the information presented in the MD&A.

Regarding the reliability of the statements presented, a reasonable internal control framework and procedures exist to protect the Cape May County Municipal Utilities Authority's assets from loss, theft or misuse. This internal control framework provides a basis that allows staff to compile sufficient and reliable information for the preparation of the Authority's financial statements in conformity with GAAP and for the audit by the Authority's independent auditor. Because the cost of internal controls should not outweigh their benefits, the internal controls cannot provide absolute assurance, but can provide reasonable assurance as to the credibility and accuracy of the financial statements.

## Cape May County Municipal Utilities Authority

The staff of the Authority prepared the basic financial statements and the supplemental financial statements and schedules discussed above. Ford, Scott and Associates, L.L.C., a firm of licensed certified public accountants, has audited and opined on the Authority's financial statements. The goal of an independent audit is to provide reasonable assurance as to the validity of the financial statements. This involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing any estimates and calculations utilized, assessing supplemental information provided or gathered by the auditors, and assessing the overall financial statement presentation. The auditors have opined that the basic financial statements which were prepared in accordance with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America present fairly, in all material respects, the financial position of the Cape May County Municipal Utilities Authority at December 31, 2021.

Respectfully,

CAPE MAY COUNTY  
MUNICIPAL UTILITIES AUTHORITY



Joseph V. Rizzuto  
Executive Director



**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**

**ROSTER OF OFFICIALS**

**DECEMBER 31, 2021**

| <b><u>Name</u></b>        | <b><u>Position</u></b>         | <b><u>Amount of<br/>Surety Bond</u></b> |
|---------------------------|--------------------------------|---|
| <b>Authority Members:</b> |                                |   |
| George W. Betts           | Chairman                       |   |
| Richard Rixey             | Vice-Chairman                  |   |
| William G. Burns, Jr.     | Treasurer                      | \$ 450,000 (1)                          |
| Patricia A. Callinan      | Corporate Secretary            |   |
| Carl H. Groom             | Member                         |   |
| Carol A. Heenan           | Member                         |   |
| Carol L. Saduk            | Member                         |   |
| <b>Other Officials:</b>   |                                |   |
| Joseph V. Rizzuto         | Executive Director             |   |
| Thomas J. LaRocco, P.E.   | Chief Engineer/Deputy Director |   |
| Joshua Palombo, MBA       | Wastewater<br>Program Manager  |   |
| John R. Conturo, P.E.     | Solid Waste Program<br>Manager |   |
| Robert P. Donato, CPA     | Chief Financial Officer        |   |

(1) Bond is with RLI Insurance Company.

All employees are covered by an "Employee Dishonesty Policy" to the limits of \$50,000 for the policy period and an "Excess Policy" for any excess over the \$50,000 with a limit of \$950,000. The "Employee Dishonesty Policy" is through the New Jersey Utilities Authority Joint Insurance Fund.

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## **FINANCIAL SECTION**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Chairman and Members  
of the Cape May County Municipal Utilities Authority  
(A component unit of the County of Cape May)  
County of Cape May, New Jersey

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

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities of the Cape May County Municipal Utilities Authority (a component unit of the County of Cape May) in the County of Cape May, State of New Jersey, as of and for the periods ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

#### ***Unmodified Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Cape May County Municipal Utilities Authority (a component unit of the County of Cape May), as of December 31, 2021 and 2020, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue

as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibility for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, and *Government Auditing Standards*, we:

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Ford, Scott & Associates, L.L.C.*  
FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

*Leon P Costello*  
Leon P. Costello  
Certified Public Accountant  
Registered Municipal Accountant  
No. 393

January 27, 2023

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**REQUIRED SUPPLEMENTARY INFORMATION**

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## MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (“MD&A”) of the Cape May County Municipal Utilities Authority (“Authority” / “CMCMUA”) provides an introduction to the major issues affecting the operations of the Authority’s wastewater management program and solid waste management program. The MD&A also provides an introduction and overview to the financial performance and statements of the Authority for the fiscal years ended December 31, 2021, 2020 and 2019. The information contained in the MD&A should be considered in conjunction with the Authority’s financial statements.

The Authority’s basic financial statements comprise two components: 1) consolidating proprietary fund financial statements, and 2) notes to those financial statements which are essential to a full understanding of the data contained in the financial statements. The supplementary information following the basic financial statements and notes thereto contains detailed and separate information pertaining to the Authority’s wastewater management and solid waste management programs.

Regarding supplementary information, of particular note, the Authority reports a *Schedule of Operating Revenues and Costs Funded by Operating Revenues Compared to Budget* for both the Wastewater Management Program (Schedule 4) and Solid Waste Management Program (Schedule 6). These schedules compare the “actual” revenue and expenses to “budget” revenue and expenses, including operating revenues and expenses, and non-operating revenues and expenses. Principal and Interest are reported in these schedules as expenses, and depreciation is not reported as an expense. This is a departure from the Authority’s basic financial statements, prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), where only the Interest Expense component of debt service is reported as an expense, and where depreciation is also reported as an expense.

The “Budget versus Actual” statement for each of the Authority’s programs is a very important tool for staff, as it measures the Authority’s actual financial and operational performance, and compares it to the Annual Budget as adopted by the Authority Board and approved by the State of New Jersey, Department of Community Affairs.

For the purpose of the MD&A, the ensuing discussion will review the financial statements of the CMCMUA, those prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) applicable to enterprise or proprietary funds of state and local governments. These are the Authority’s basic financial statements discussed above.

### **Pronouncement**

The Authority has adopted GASB No. 1 through 90 and related interpretations issued through December 31, 2021. GASB Statements and Interpretations require certain terminology, format and content, as well as inclusion of management’s discussion and analysis supplementary information.

The MD&A will provide comparative analyses of key elements of the total enterprise funds.

### **Wastewater Management Program**

The Cape May County Municipal Utilities Authority was created by the Cape May County Board of County Commissioners (formerly named the Board of Chosen Freeholders) in August of 1972, pursuant to the Municipal and County Utilities Authority Law (N.J.S.A. 40:14B-1 et seq.) for, among other things, the purpose of providing “...relief of waters in, bordering or entering the district from pollution or threatened pollution, and the consequent improvement of conditions affecting the public health...”. Pursuant to said designation, the CMCMUA has designed and placed into operation a comprehensive water pollution control system (the “System”) which utilizes a multi-regional approach to address wastewater management within the Authority’s jurisdictional area. The Authority established and adopted regional planning areas throughout the County. The regional planning areas delineated by the CMCMUA to receive wastewater treatment services are: Ocean City Service Region, Cape May Service Region, Seven Mile Beach/Middle Service Region, and Wildwood/Lower Service Region. All major components of the Authority’s four regional service areas were placed into operation between 1982 and 1988. Currently, the CMCMUA provides wastewater conveyance, treatment and disposal services for all, or a portion of, 13 of the 16 municipalities within Cape May County (the “Participants”).

Each service region, as constructed by the CMCMUA, provides a regional conveyance system/network into which the local sewage collection systems of the participating municipalities connect. Each CMCMUA regional system, in turn, conveys, treats and disposes of the wastewater generated by the Participants which are located within such service region. Wastewater sludge which is generated by each of the Authority's wastewater treatment facilities is treated at the CMCMUA's centralized sludge composting facility. Following treatment, effluent from the Authority's four regional wastewater treatment facilities, along with wastewater from the Lower Township Municipal Utilities Authority's wastewater treatment facility, is discharged into the Atlantic Ocean through three Authority-owned ocean outfalls. Each ocean outfall is approximately one mile in length.

The approximate initial cost of the CMCMUA's Wastewater Management System was \$384,000,000. Federal and State grant participation in the planning, design and construction of the system was \$183,391,738.

The buildings and main infrastructure of the Authority's wastewater treatment and conveyance facilities have been designed to handle, or are capable of being expanded to handle, the peak seasonal flow at full build out within the sewer service area (i.e., summer flow) which was projected to occur in the Year 2020. However, the process equipment and tanks were sized to handle a lower peak seasonal flow. At some point in the future, additional modular tanks and process equipment will be added to the existing facilities if the wastewater flows significantly increase. Based on current wastewater flows received by the System, the CMCMUA does not anticipate the need for any significant capital expenditures to further increase the capacity of the System within the foreseeable future.

Since much of the assets at the Regional Wastewater Treatment Facility's now exceed 25 years of age and are at or near the end of their useful life, a great deal of labor and expenditures are required to maintain and rehabilitate and or replace the equipment in order to achieve reliable treatment levels. Several major construction projects were completed in 2021. They include the replacement of a 20" Force Main on Bay Avenue in the Ocean City Service Region, the replacement of pumps at the 69<sup>th</sup> Street Pump Station in the Seven Mile Beach/Middle Service Region, and the replacement of mechanical bar screens at the Seven Mile Beach/Middle and Wildwood/Lower Regional Wastewater Treatment Facilities. Other projects made significant progress toward completion. They include the rehabilitation of electrical services and emergency backup generators at various pump stations throughout the Service Regions, the rehabilitation of the Odor Control Systems at the Ocean City, Seven Mile Beach/Middle, and Wildwood/Lower Regional Wastewater Treatment Facilities, the rehabilitation of the Supervisory Control and Data Acquisition ("SCADA") system across the Service Regions, the upgrade the Coral Avenue Pump Station in the Cape May Service Region to a submersible style pump station, the replacement of pumps at the 32nd Street Pump Station in the Ocean City Service Region, the replacement of pumps at the Spicer Avenue Pump Station in the Wildwood/Lower Service Region, the replacement of Rotating Biological Contactors (RBCs) at the Cape May Regional and Ocean City Regional Wastewater Treatment Facilities, the replacement of scum systems at the Wildwood/Lower and Seven Mile Beach/Middle Regional Wastewater Treatment Facilities, and the decommissioning of utilities that serviced the Sludge Composting Facility. The Authority also kicked off projects to rehabilitate various concrete structures at the Wildwood/Lower Regional Wastewater Treatment Facility, rehabilitate rectangular clarifiers at the Seven Mile Beach/Middle and the Wildwood/Lower Regional Wastewater Treatment Facilities, and replace pumps at the Rosemary Road Pump Station in the Cape May Service Region and the 10<sup>th</sup> Street Pump Station in the Wildwood/Lower Service Region. Many of these projects are performed with the use of in-house engineering and skilled labor representing a significant savings to the Authority.

In 2021, the Authority continued to operate its former Sludge Composting Facility as a "Sludge Transfer Facility". Dewatered sludge generated by the four (4) Regional Wastewater Treatment Facilities is transported from the "Sludge Transfer Facility" to the Atlantic County Utilities Authority ("ACUA") as the primary means for disposal. Due to the Authority's sludge production exceeding the ACUA's operational capacity during certain points in the year, the Authority holds a contract with a third party hauling and disposal contractor as its secondary option. In 2017, the Authority, along with its consultant, completed a Long-Term Comprehensive Biosolids Management Plan ("Plan"). The Plan outlines a short-term sludge disposal solution and four (4) viable long-term solutions. The Plan identified the Authority's current sludge management operation as the most viable short-term solution. While the Authority considers all four (4) long term solutions as feasible, the current management operation continues to be the most viable.

The need to maintain, rehabilitate and/or replace aging assets, the requirement to fund pension contributions at a higher level, and rising health insurance costs, chemical costs and permit fees will cause the Authority to continue with modest annual increases to its Participants. By way of Resolution in 2014, the Authority adopted a twenty (20) year capital improvement plan which provides for considerable advance project identification, planning, evaluation, scope definition, design, cost estimating and financial planning. This plan allows for continued investment in existing assets combined with strategic investments in new assets, which is essential to the Authority's mission. A large portion of the Authority's original bonds matured in 2015 giving the Authority the financial flexibility to keep participant increases at or below 3% annually for the foreseeable future while funding the necessary projects to assure a sustainable operation into the future.

### **Solid Waste Management Program**

The Cape May County Municipal Utilities Authority was designated by the Cape May County Board of County Commissioners (formerly named the Board of Chosen Freeholders) as the implementing agency for solid waste management in the County pursuant to the provisions of the New Jersey Solid Waste Management Act (N.J.S.A. 13:1E-1 et. seq.), as amended and supplemented (the "Act").

As an initial step in meeting its responsibilities under the Act, in September 1979, the Authority completed a County Solid Waste Management Plan (the "Plan"). The Plan was subsequently adopted by the Cape May County Board of County Commissioners and on February 5, 1981, the New Jersey Department of Environmental Protection ("NJDEP") issued a "Certificate of Approval for the Cape May County Solid Waste Management Plan". In order to enable the County to meet its long-term solid waste disposal requirements, consistent with the NJDEP certified Plan, the Authority constructed a new sanitary landfill to replace the existing unlined disposal facilities in the County. The CMCMUA also developed a county-wide source separation and recycling program (the "County Recycling Plan"), which was initially adopted by the County as a component of the Plan on December 8, 1987.

The Cape May County Solid Waste Management Plan has been amended and modified from time-to-time since its adoption, including an Amendment adopted by the County on February 13, 2007 which, among other things, reaffirmed a disposal strategy requiring that all solid waste generated within the County, which is not disposed of at an out-of-State facility, be disposed of at the Authority's Sanitary Landfill. This provision provides greater stability to the County's Solid Waste Management Program. This Plan Amendment was approved by the NJDEP on July 25, 2007.

The CMCMUA currently has disposal contracts with all sixteen municipalities located within Cape May County. These contracts require that all solid waste collected and/or otherwise under the control of each municipality be delivered to the Authority's Sanitary Landfill for disposal. These Shared Services Agreements were renewed for one year and will expire on December 31, 2022.

The County Recycling Plan, which has also been amended from time-to-time with the approval of the NJDEP, currently mandates the recycling of more than forty (40) different materials and recommends the recycling of eight (8) additional materials. A prohibition on the disposal of designated recyclables at the Authority's Sanitary Landfill, as well as an extensive educational program, substantially contributes to the overall recycling success achieved in the County. In 2013, the plan was amended to convert the recycling program from a dual stream process to a single stream process.

Major Components of the CMCMUA Solid Waste Management Program include the following:

1. The Sanitary Landfill has been in operation since 1984 and is located on a 457 acre site on the Woodbine Borough – Upper Township border is the only active landfill in Cape May County.
2. A solid waste Transfer Station, located in Middle Township, began operating in 1984 and provides solid waste haulers and municipalities in the southern portion of the County with an alternative to the delivery of solid waste and source separated recyclables directly to the Authority's Sanitary Landfill;

3. An Intermediate Processing Facility, located at the Sanitary Landfill, receives, sorts, processes and markets various categories of recyclables that are collected at curbside by the municipalities;
4. A Class “B” Recycling Facility which receives and processes source separated wood pallets, tree stumps and branches into recyclable components to be marketed;
5. A Class “C” Exempt Facility which receives and composts source separated leaves and grass. Following composting, the material is marketed as an organic soil amendment;
6. A Landfill Gas Recovery System which recovers the gas generated by the decomposition of solid waste in the Authority’s Sanitary Landfill. Initially constructed in 1996 as part of an emission control system, the Authority expanded the system in 1998 to collect and refine the landfill gas into a marketable product which fueled the boilers at the Woodbine Developmental Center (“WDC”), a state-run facility owned by the New Jersey Department of Human Services (“NJ DHS”) through 2009. After the NJ DHS replaced their boilers, the sale of gas to WDC resumed in October 2011; and,
7. The Authority completed the implementation of a second electrical generation project towards the end of 2013 that converts energy from excess landfill gas into electricity. An average of 2.0 megawatts of electricity were projected to be produced hourly and sold through PJM, a regional transmission organization that coordinates the movement of wholesale electricity in all or part of 13 states and the District of Columbia, for use on the PJM electric grid. Sales of electricity through generation, capacitance, and Renewable Energy Certificates (“RECs”) were projected to generate revenues in excess of \$400,000 per year.

Tipping Fees for the two (2) waste types, Municipal Solid Waste and Construction and Demolition Waste, which constitutes over ninety percent (90%) of the total tons received for disposal at the Sanitary Landfill over the last eight (8) years are shown below:

|                             |             | <b>Tipping Fee (\$/Ton)</b> |             |             |             |             |             |             |  |
|-----------------------------|-------------|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--|
| <u>Waste Type</u>           | <u>2014</u> | <u>2015</u>                 | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |  |
| Municipal Solid Waste       | \$68.50     | \$69.75                     | \$71.00     | \$72.42     | \$73.86     | \$75.34     | \$76.85     | \$78.39     |  |
| Construction and Demolition | \$71.00     | \$72.00                     | \$73.25     | \$76.00     | \$78.85     | \$81.81     | \$84.88     | \$88.06     |  |

There was a 2.0% increase to the user fee rate in 2021 for Municipal Solid Waste and a 3.75% user fee rate increase for Construction and Demolition Waste. Cape May County maintained one of the lowest tipping fees in New Jersey, which was well below average pricing throughout the State.

The Authority previously received formal approval of all necessary applications for a 74-acre lateral expansion of the Sanitary Landfill. These approvals for the Sanitary Landfill expansion will ensure that Cape May County residents and businesses have a safe, affordable, local disposal location for their solid waste for the next 100-plus years. In 2014, design was completed for the first cell of this expansion, Cell 2G.

In 2014, the Authority solicited bids and awarded a contract to C. Abbonizio Contractors, Inc. in the amount of \$4,513,455 for construction of Cell 2G Phase 1. Included in the Phase 1 contract was the relocation of existing leachate collection manholes and pump stations from the Cell 1A disposal area, installation of a new leachate management system including pump stations, meter chambers, and a Cell 2G forcemain with associated electrical service and controls. C. Abbonizio Contractors, Inc. commenced construction in May 2015 and completed the contract work in December 2015. Authority employees completed the following portion of the Phase 1 construction: constructed a new Cell 2G perimeter access road, installed seven (7) valve vaults and the forcemain between Cell 2G and the leachate storage tanks, installed a concrete box culvert to handle future storm water from the Cell 2G area. In 2016, Authority employees continued with construction activities in Cell

2G with the commissioning of the valve vaults and pump stations and the installation of five (5) sets of primary and secondary leachate collection laterals beneath the future perimeter berm of Cell 2G. In 2017, Authority employees placed and compacted structural fill to begin construction of the east perimeter berm of Cell 2G.

In 2017, the Authority procured the services of an engineering firm to assist the Authority in the development of a detailed Sequencing Fill Plan. The Sequencing Fill Plan depicts grades and elevations of future areas of refuse placement on the existing footprint of the constructed Sanitary Landfill. Additionally, the Sequencing Fill Plan provides locations of side slopes, access roads, plateau grades and elevations, maximizing the use of available air space of the constructed Sanitary Landfill up to elevation 180± feet. The Authority also purchased and installed a Global Positioning Satellite (“GPS”) System in one of the Authority’s solid waste compactors used on the working face of the Sanitary Landfill. The downloading of the Sequencing Fill Plan model into the GPS System allows the operator of the solid waste compactor to monitor the compaction effort in real time, as well as provides grade control so the placement of the refuse follows the contours and elevations developed in the Sequencing Fill Plan. By maximizing the use of the available air space on the existing footprint of the Sanitary Landfill to elevation 180± feet, construction of the final segment of Cell 2G Phase 1 area is anticipated not to be necessary for another 9+ years.

In 2018, the Authority solicited bids and awarded a contract to Atlantic Lining Co., Inc. in the amount of \$897,919.50 for the installation of an additional 13 vertical landfill gas extraction wells and the installation of additional gas header piping to expand the existing gas management system. Construction activities were conducted in 2019 and included the installation of the gas extraction wells and the installation of air actuated well pumps in each gas extraction well to remove leachate and gas condensate. The project also required the installation of a compressor station which supplied compressed air to each well for the purpose of providing power to the pumps. In addition, an HDPE Settling Tank was installed directly adjacent to the main Condensate Pump Station to assist with the removal of solids from the collected condensate.

In 2019, the Authority continued to install a single mode fiber communication line around the perimeter of the Sanitary Landfill facility. This fiber line will later become part of a Supervisory Control and Data Acquisition (“SCADA”) System which is planned to be installed in 2021/2022. The SCADA System will allow the interconnection of the Leachate Pump Stations, Leachate Storage Tanks, Truck Fueling Station, Sanitary Landfill, Administration Building, Scalehouse, and Electrical Generation Building and will provide the transfer, monitoring and record of system generated information.

In 2019, the Authority solicited bids and awarded a contract to C. Abbonizio Contractors, Inc. in the amount of \$2,209,000.00 for the installation of a 17 acre temporary geosynthetic cap. The temporary cap covered the east and south slopes of Cell 1F with a 40 mil HDPE textured geomembrane and a 20 mil scrim reinforced polyethylene film on the plateau area of Cell 1F at elevation 180± feet. The temporary cap was installed over the Phase I and Phase II Area as depicted in the Sequencing Fill Plan described above. The 40 mil geomembrane was overlain with a plastic mesh product (Wind Defender) which prevents the geomembrane from lifting during high winds. The 20 mil film layer was weighted with sandbags. The temporary cap was installed to prevent the escape of fugitive methane gas from the landfill, minimizing odors, and will also reduce the infiltration of storm water into the landfill, minimizing leachate production.

In 2021, the Authority solicited bids and awarded a contract to Atlantic Lining Co, Inc. in the amount of \$933,281.89 for the installation of temporary geosynthetic cap over an additional 4 acres. The temporary cap completed the covering of the south slope of Cell 1F with 3 acres of 40 mil HDPE textured geomembrane and 1 acre of 20 mil scrim reinforced polyethylene film on the plateau area of Cell 1F. The 40 mil geomembrane installed in 2019 and 2021 was overlain with a plastic mesh product (Wind Defender) which prevents the geomembrane from lifting during high winds. The 20 mil film layer was weighted with sandbags. The temporary cap is being installed to prevent the escape of fugitive methane gas from the landfill and continues to both minimizing odors and reduce leachate production.

In 2021, the Authority solicited bids and awarded a contract to Atlantic Lining Co., Inc. in the amount of \$475,968.11 for the installation of an additional 13 vertical landfill gas extraction wells and the installation of additional gas header piping to continue to expand the existing gas management system. Construction activities included the installation of the gas extraction wells and the installation of air actuated well pumps in each gas extraction well to remove leachate and gas condensate.

Authority employees continued to expand the landfill gas extraction system by installing slotted High Density Polyethylene (“HDPE”) “bioreactor” pipe lines horizontally in the refuse of Cell 1F. Trenching activities for each pipe line began on the south edge of Cell 1F and continued northward across Cell 1F. The perforated HDPE pipe was installed in a trench and partially backfilled with a stone bed prior to final backfill of the trench with refuse and cover soil. The perforated HDPE pipe lines were then connected to the landfill vacuum system to draw landfill gas from the waste mass of Cell 1F. These perforated HDPE pipe lines will later be connected to a leachate force main which will enable the facility to inject collected leachate back into the waste mass to increase the rate of decomposition of the refuse.

The Authority continued to operate and maintain three (3) Jenbacher JMS 320 Electrical Generating Engines at the Sanitary Landfill through 2021. The Authority, working with the Atlantic City Electric, was able to relocate the Point of Interconnection (“POI”) in 2018 which enables the Authority to utilize electricity generated from the Generating Engines to provide all electrical needs throughout the Sanitary Landfill. In 2021, the Authority utilized a total of 875 Megawatts of electricity which was generated from onsite electrical production. All excess electricity not needed by the Sanitary Landfill is sold to the PJM electric grid. In 2021, more than 4,700 Megawatts were sold to the PJM electric grid providing an income of more than \$265,775 including capacity payments and sales of Renewable Energy Certificates (“REC’s”).

The Authority's recycling center, the Intermediate Processing Facility (“IPF”), was initially operated as a dual stream facility (separate lines for paper and containers). In response to a survey completed by all of the County's municipalities, the Authority made the decision to modify the facility to a single stream recycling process. Construction and erection of the new processing equipment at the IPF was completed in late March 2013. In 2021, the IPF processed a total of 26,979 tons of recyclables.

## Financial Highlights

- User charges billed for wastewater treatment provided to the Authority's Participants were \$36,172,429 for 2021, consistent with the *CMCMUA User Charge System Rate Setting Report, 2021*. User charges for 2021 reflected a 2.00% increase over the 2020 adopted rate.
- Income from Solid Waste Tipping Fees was \$16,678,017 for 2021 as compared to \$15,215,226 for 2020. This increase in tipping fee revenue is the result of increases in Municipal Solid Waste and Construction and Demolition Waste being delivered to the Sanitary Landfill for disposal, as well as an increase in the tipping fee rates over 2020.
- Effective with the December 31, 2018, financial statements, the Authority implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. For these other postemployment benefits (“OPEB”), GASB 75 requires measurement, recognition, and financial reporting using an actuarial cost method to determine the annual required contribution of the employer, as well as presentation of funded status and funding progress information. As discussed in notes 19 and 20 of the *Notes to Basic Financial Statements*, the Authority offers postemployment healthcare to its qualifying retirees. The total net OPEB obligation at December 31, 2021, is \$54,675,573.
- On February 22, 2010, the Authority issued a \$230,280 Sewer Revenue Trust/Fund Loan, Series 2010-A, pursuant to the Authority's Junior Lien Bond Resolution, adopted on July 15, 2009. This 20-year financing, obtained through the 2010 New Jersey Environmental Infrastructure Trust Financing Program, provided funds for rehabilitation of a force main in the Wildwood/Lower Service Region. Of the total amount of the financing, \$171,000 is at zero percent (0%) interest, requiring repayment of principal only. The remaining \$59,280 financing amount bears annual interest rates of 0.61% to 4.18% over the life of the loan.
- On December 2, 2010, the Authority issued an \$856,000 Sewer Revenue Trust/Fund Loan, Series 2010-B, pursuant to the Authority's Junior Lien Bond Resolution, adopted on July 15, 2009. This 20-



year financing, obtained through the 2010 New Jersey Environmental Infrastructure Trust Financing (“NJEIT”) Program, provides funds for clarifier rebuilds, variable frequency drives, rotating biological contactor gear boxes, and various roof repairs, throughout and among the Authority’s regional wastewater treatment facilities. Of the total amount of the financing, \$218,000 was granted principal forgiveness by the NJEIT, thus requiring no repayment. Another \$218,000 was provided at zero percent (0%) interest. The final \$420,000 financing amount of the trust/fund loan bears annual interest of 5% over the life of the loan.

- On December 2, 2010, the Authority issued an \$8,506,537 Sewer Revenue Trust/Fund Loan, Series 2010-C, pursuant to the Authority’s Junior Lien Bond Resolution, adopted on July 15, 2009. This 20-year financing, obtained through the 2010 New Jersey Environmental Infrastructure Trust Financing (“NJEIT”) Program, provides funds for sludge trucks and screw assemblies for the Authority’s Sludge Composting Facility, and various mechanical drives, variable frequency drives, and bar screens/grinders at various pump stations throughout the wastewater treatment service regions. The financing also provides funds for the repair and replacement of 17,000 feet of existing 24” diameter force mains. Of the total amount of the financing, \$4,236,537 was provided at zero percent (0%) interest. The remaining \$4,270,000 financing amount of the trust/fund loan bears annual interest of 5% over the life of the loan.
- On October 13, 2011, the Authority issued \$13,015,000 Sewer Revenue Refunding Bonds, Series 2011 (the “2011 Refunding Bonds”), pursuant to the Sewer General and Supplemental Bond Resolutions, in order to refund and defease all of the Authority’s outstanding \$14,210,000 Sewer Revenue Refunding Bonds, Series 2002-C. The refunding allowed the Authority to benefit from lower interest rates, which for the 2011 Refunding Bonds range from yield rates of 2.08% to 3.08% over the life of the bonds. The refunding resulted in a net present value savings of \$2,032,463, or 14.30%. The 2011 Refunding Bonds reached final maturity on January 2, 2021, the same date the Series 2002-C bonds would have reach final maturity.
- On May 3, 2012, the Authority issued a \$1,722,516 Sewer Revenue Trust/Fund Loan, Series 2012-A and Series 2012-B, pursuant to the Authority’s Junior Lien Bond Resolution, adopted on July 15, 2009. This 20-year financing, obtained through the 2012 New Jersey Environmental Infrastructure Trust Financing (“NJEIT”) Program, provides funds for emergency generators, gate valves, submersible pumps, variable frequency drives, asphalt rehabilitation, a forklift and front-end loader, and roof replacements, for and throughout the wastewater treatment service regions. Of the total amount of the financing, \$195,148 is not required to be repaid (principal forgiveness by NJEIT) and \$972,368 was provided at zero percent (0%) interest. The remaining \$555,000 financing amount of the trust/fund loan bears an average annual interest rate of 4.18% over the life of the loan.
- On May 3, 2012, the Authority issued a \$5,206,467 Solid Waste Revenue Trust/Fund Loan, Series 2012-C, pursuant to the Authority’s General Bond Resolution, adopted on September 21, 2011. This 20-year financing, obtained through the 2012 New Jersey Environmental Infrastructure Trust Financing (“NJEIT”) Program, provides funds for this phase of a multi-phase project for the construction of a double composite lined Landfill Cell 2G, covering approximately 19 acres, with the construction of associated access roads, stormwater drainage and leachate management systems. This first phase includes the reconfiguration of drainage system from a two (2) sedimentation basin system to a one (1) sedimentation basin system, and the subsequent filling of the abandoned basin as the base for new Cell 2G. Of the total amount of the financing, \$3,966,467 was provided at zero percent (0%) interest. The remaining \$1,240,000 financing amount of the trust/fund loan bears an average annual interest rate of 4.18% over the life of the loan.
- On November 24, 2015, the Authority issued \$5,403,580 Solid Waste Revenue Trust/Fund Loan, Series 2015-A, pursuant to the Authority’s General Bond Resolution, adopted on September 21, 2011. This 20-year financing, obtained through the 2015 New Jersey Environmental Infrastructure Trust Financing (“NJEIT”) Program, provides funds for the next phase of a multi-phase project for the construction of a double composite lined Landfill Cell 2G, covering approximately 19 acres, with the construction of associated access roads, storm water drainage and leachate management systems. This phase includes the removal of the overburden from the initial phase of the project down to the new Cell 2G

base grades, which will facilitate the remaining work necessary for cell construction. Of the total amount of the financing, \$4,073,580 was provided at zero percent (0%) interest. The remaining \$1,330,000 financing amount of the trust/fund loan bears an average annual interest rate of 4.025% over the life of the loan.

- On May 26, 2016, the Authority issued a \$3,149,503 Sewer Revenue Trust/Fund Loan, Series 2016-A, pursuant to the Authority's Junior Lien Bond Resolution, adopted on July 15, 2009. This 20-year financing, obtained through the 2016 New Jersey Environmental Infrastructure Trust Financing ("NJEIT") Program, provides funds for modification to existing piping of various wastewater pumping stations throughout the Authority's four (4) wastewater service regions to allow the bypassing of wastewater flows around each station's wet well for maintenance, repair and emergency purposes. Of the total amount of the financing, \$2,389,503 was provided at zero percent (0%) interest. The remaining \$760,000 financing amount of the trust/fund loan bears an average annual interest rate of 3.15% over the life of the loan.

### **Required Financial Statements**

The Financial Statements are intended to report information about the Authority using accounting methods similar to those used by private sector companies, consistent with New Jersey statutes. Specifically, the financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles promulgated by GASB. Accordingly, the Authority recognizes revenues when earned, not received. Expenses are recognized when incurred, not when they are paid.

The *Statement of Net Position*, the first required statement, and the *Statement of Revenues, Expenses and Changes in Net Position*, the second required statement, report information about the Authority's financial condition. The Authority's Net Position, i.e., the difference between assets and liabilities, are a measure of financial health or financial position. Over time, increases or decreases in the Authority's Net Position are one indicator of whether its financial health is improving or deteriorating. Net Position increase both when revenues exceed expenses and when the Authority's assets increase without a corresponding increase to the Authority's liabilities. It is important to point out depreciation is shown as an expense which has a negative impact on Net Position. Depreciation decreases the Authority's Net Position even though it is a non-cash expense.

The third and final required financial statement, the *Statement of Cash Flows*, provides information about the Authority's cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and non-capital financing activities. It also provides information regarding sources of cash, uses of cash, and the changes in the cash balance during the reporting period.

## Financial Analysis

Table 1  
Combined Condensed Statement of Net Position  
December 31, 2021, 2020 and 2019

|   | December 31, 2021                   |                                      |                           |                              | December 31,<br>2020 | December 31,<br>2019 |
|---|-------------------------------------|--------------------------------------|---------------------------|------------------------------|----------------------|----------------------|
|   | Wastewater<br>Management<br>Program | Solid Waste<br>Management<br>Program | Net<br>OPEB<br>Adjustment | Net<br>Pension<br>Adjustment |                      |                      |
| Current Assets  | \$ 10,001,054                       | 9,429,255                            |                           |                              | 19,430,309           | 21,535,160           |
| Restricted Assets   | 43,027,312                          | 26,340,083                           |                           |                              | 69,367,395           | 59,535,880           |
| Capital Assets, net   | 102,715,327                         | 41,058,065                           |                           |                              | 143,773,392          | 139,762,347          |
| Deferred Outflow of Resources                                       | 23,410                              |                                      | 14,152,422                | 1,265,906                    | 15,441,738           | 18,332,436           |
| Total Assets and Deferred Outflow<br>of Resources                   | <u>155,767,103</u>                  | <u>76,827,403</u>                    | <u>14,152,422</u>         | <u>1,265,906</u>             | <u>248,012,834</u>   | <u>239,165,823</u>   |
| Current Unrestricted Liabilities                                    | 764,098                             | 2,837,763                            |                           |                              | 3,601,861            | 2,384,677            |
| Current Restricted Liabilities                                      | 2,528,414                           | 1,082,511                            |                           |                              | 3,610,925            | 7,359,923            |
| Long Term Obligations Outstanding                                   | 7,945,427                           | 6,405,737                            | 54,675,573                | 17,778,596                   | 86,805,333           | 93,662,795           |
| Deferred Inflow of Resources  |                                     |                                      | 17,870,408                | 11,929,126                   | 29,799,534           | 30,890,176           |
| Total Liabilities and Deferred<br>Inflow of Resources               | <u>11,237,939</u>                   | <u>10,326,011</u>                    | <u>72,545,981</u>         | <u>29,707,722</u>            | <u>123,817,653</u>   | <u>134,297,571</u>   |
| Net Position:   |                                     |                                      |                           |                              |                      |                      |
| Investment in Capital Assets  | 94,302,255                          | 34,098,727                           |                           |                              | 128,400,982          | 120,223,583          |
| Restricted  | 50,216,098                          | 11,547,079                           |                           |                              | 61,763,177           | 57,572,858           |
| Unreserved, Board Designated  | 10,811                              | 15,925,845                           |                           |                              | 15,936,656           | 11,360,420           |
| Unreserved, Unrestricted  |                                     | 4,929,741                            | (58,393,559)              | (28,441,816)                 | (81,905,634)         | (84,288,609)         |
| Total Net Position  | <u>144,529,164</u>                  | <u>66,501,392</u>                    | <u>(58,393,559)</u>       | <u>(28,441,816)</u>          | <u>124,195,181</u>   | <u>104,868,252</u>   |
| Total Liabilities, Deferred Inflow<br>of Resources and Net Position | <u>\$ 155,767,103</u>               | <u>76,827,403</u>                    | <u>14,152,422</u>         | <u>1,265,906</u>             | <u>248,012,834</u>   | <u>239,165,823</u>   |

### Analysis of Net Position (Table 1)

The Authority's assets exceeded its liabilities (*Net Position*) at the end of December 31, 2021, by approximately \$124.2 million. There is a deficit in Unreserved, Unrestricted Net Position of \$81.9 million which includes \$58.4 million for the net OPEB adjustment and \$28.4 million for the net Pension adjustment. The restricted Net Position amount of \$61.8 million includes approximately \$557,000 restricted for debt service, \$7.3 million restricted for future landfill closure expenses, \$44.0 million restricted for equipment replacements and other renewal and replacements, \$5.0 million in restricted operations and maintenance reserves, \$4.0 million restricted for capital projects and \$1.0 million restricted for building and sites. The unreserved, board designated Net Position amount of \$15.9 million consists primarily of rate stabilization and insurance board-designated Net Positions.

**Table 2**  
**Combined Condensed Statement of Revenues, Expenses, and Changes in Net Position**  
**December 31, 2021, 2020 and 2019**

|   | December 31, 2021                   |                                      |                           |                              | December 31,<br>2020 | December 31,<br>2019 |                   |
|---|-------------------------------------|--------------------------------------|---------------------------|------------------------------|----------------------|----------------------|-------------------|
|   | Wastewater<br>Management<br>Program | Solid Waste<br>Management<br>Program | Net<br>OPEB<br>Adjustment | Net<br>Pension<br>Adjustment |                      |                      | Total             |
| <b>Operating Revenues:</b>                  |                                     |                                      |                           |                              |                      |                      |                   |
| User Service Agreements                     | \$ 36,172,429                       | 16,678,017                           |                           |                              | 52,850,446           | 51,027,514           | 49,803,400        |
| Septage/Leachate Disposal                   | 859,355                             |                                      |                           |                              | 859,355              | 789,280              | 890,122           |
| Dry Sludge Processing                       | 248,027                             |                                      |                           |                              | 248,027              | 266,719              | 263,435           |
| Landfill Cover Fees                         |                                     | 862,497                              |                           |                              | 862,497              | 645,205              | 445,314           |
| Methane Gas Sales                           |                                     | 71,654                               |                           |                              | 71,654               | 98,121               | 103,761           |
| Wood Product Sales                          |                                     | 475,832                              |                           |                              | 475,832              | 360,773              | 506,975           |
| Sale of Scrap Metal                         |                                     | 59,384                               |                           |                              | 59,384               | 29,475               | 20,939            |
| Environmental Credits                       |                                     | 5,282                                |                           |                              | 5,282                | 45,683               | 167,066           |
| Electricity Generation                      |                                     | 200,202                              |                           |                              | 200,202              | 178,742              | 269,771           |
| Operating Grants                            | 19,525                              | 168,235                              |                           |                              | 187,760              | 212,000              | 376,253           |
| Other                                       | 2,391,685                           | 845,095                              |                           |                              | 3,236,780            | 2,916,431            | 716,113           |
| <b>Total Operating Revenues</b>             | <b>39,691,021</b>                   | <b>19,366,198</b>                    | <b>-</b>                  | <b>-</b>                     | <b>59,057,219</b>    | <b>56,569,943</b>    | <b>53,563,149</b> |
| <b>Operating Expenses:</b>                  |                                     |                                      |                           |                              |                      |                      |                   |
| Personnel                                   | 13,475,931                          | 5,208,217                            |                           | (4,299,147)                  | 14,385,001           | 17,366,142           | 14,514,396        |
| Other Postemployment Benefits               |                                     |                                      | 849,969                   |                              | 849,969              | 592,198              | (1,063,867)       |
| Administrative                              | 369,760                             | 1,815,005                            |                           |                              | 2,184,765            | 2,218,749            | 3,342,685         |
| Operations and Maintenance                  | 6,643,630                           | 5,291,059                            |                           |                              | 11,934,689           | 9,767,879            | 10,134,029        |
| Enforcement and Compliance                  |                                     |                                      |                           |                              | -                    | -                    | -                 |
| Depreciation                                | 5,608,058                           | 2,419,694                            |                           |                              | 8,027,752            | 7,557,172            | 7,140,016         |
| Construction Fund Expenses                  | 1,142,661                           | 1,654,474                            |                           |                              | 2,797,135            | 1,331,718            | 2,594,174         |
| <b>Total Operating Expenses</b>             | <b>27,240,040</b>                   | <b>16,388,449</b>                    | <b>849,969</b>            | <b>(4,299,147)</b>           | <b>40,179,311</b>    | <b>38,833,858</b>    | <b>36,661,433</b> |
| <b>Operating Income</b>                     | <b>12,450,981</b>                   | <b>2,977,749</b>                     | <b>(849,969)</b>          | <b>4,299,147</b>             | <b>18,877,908</b>    | <b>17,736,085</b>    | <b>16,901,716</b> |
| <b>Nonoperating Revenue (Expense):</b>      |                                     |                                      |                           |                              |                      |                      |                   |
| Interest Income                             | 193,758                             | 205,376                              |                           |                              | 399,134              | 780,216              | 1,506,887         |
| Interest Expense                            | (163,812)                           | (66,890)                             |                           |                              | (230,702)            | (448,717)            | (531,482)         |
| Cancellation of Arbitrage Liability         | 272,807                             | -                                    |                           |                              | 272,807              | -                    | -                 |
| Project fund credits - NJEIT                | 24,000                              |                                      |                           |                              | 24,000               | 23,000               | 301               |
| Amortization of Bond Premium                | 32,089                              | 11,708                               |                           |                              | 43,797               | 393,762              | 296,951           |
| Loss on Disposal of Fixed Assets            | (43,264)                            | (16,751)                             |                           |                              | (60,015)             | -                    | -                 |
| Cumulative Chg in Accounting Prin.          |                                     |                                      |                           |                              | -                    | -                    | -                 |
| <b>Total Nonoperating Revenue (Expense)</b> | <b>315,578</b>                      | <b>133,443</b>                       | <b>-</b>                  | <b>-</b>                     | <b>449,021</b>       | <b>748,261</b>       | <b>1,272,657</b>  |
| <b>Change in Net Position</b>               | <b>12,766,559</b>                   | <b>3,111,192</b>                     | <b>(849,969)</b>          | <b>4,299,147</b>             | <b>19,326,929</b>    | <b>18,484,346</b>    | <b>18,174,373</b> |
| <b>Net Position - Beginning of Year</b>     | <b>131,762,605</b>                  | <b>63,390,200</b>                    | <b>(57,543,590)</b>       | <b>(32,740,963)</b>          | <b>104,868,252</b>   | <b>86,383,906</b>    | <b>68,209,533</b> |
| <b>Total Net Position, End of Year</b>      | <b>\$ 144,529,164</b>               | <b>66,501,392</b>                    | <b>(58,393,559)</b>       | <b>(28,441,816)</b>          | <b>124,195,181</b>   | <b>104,868,252</b>   | <b>86,383,906</b> |

### Analysis of Changes in Net Position (Table 2)

The Authority's financial performance remained strong in 2021, with Net Position of \$124.2 million, increasing from \$104.9 million in 2020. Operating income was \$18.9 million, an increase of \$1,139,030 from 2020. This increase was primarily due to an increase in solid waste disposal revenue due to increase in tonnages being delivered for disposal.

Also, interest income was \$399,000, a decrease of \$381,000 from 2020; this was due to a large decrease in interest rates from 2020.

## **Operating and Nonoperating Revenue**

### *Wastewater Management Program*

The Authority's Wastewater Management Program employs a rate-setting plan whereby the sum of all charges to its Participants are to be sufficient to pay for operational expenses, repair and maintenance costs of the entire system, including extensions and alterations of the system, principal and interest on outstanding debt, and for any deficits created by nonpayment from any user. The Authority considers all these expenses and contingencies when setting an annual rate, while also considering offsetting revenues including interest income, septage disposal fees, and processing of outside sludge. This annual rate-setting process culminates in a public hearing where the following year's proposed rates are presented and discussed, and comments from the public are heard. Following this public hearing, and after consideration of any comments received, the Authority's governing body adopts the proposed rates for the following year.

Consistent with prior years, the Authority's Wastewater Management Program operated successfully under the rates set in the beginning of 2021.

### *Solid Waste Management Program*

Pursuant to the Cape May County Solid Waste Management Plan, all non-recycled solid waste generated within Cape May County is to be disposed of at the Authority's Sanitary Landfill or transported out-of-state for disposal at a properly permitted solid waste facility. This plan, as approved by the New Jersey Department of Environmental Protection, is consistent with recent Federal and State court decisions.

The Authority strives to maintain a series of tipping fees for various waste classification types consistent with market conditions in and around the southern New Jersey area, and beyond. The Authority's goal is to provide solid waste disposal opportunities to both its constituent municipalities and the private sector at large which are fair and reasonable in cost, yet provide the greatest protection to the environment as possible. Similar to its Wastewater Management Program, the Authority annually develops a series of tipping fees by waste type, being mindful of its annual debt service requirements, as well as its obligations within the framework of its Shared Service Agreements with Cape May County municipalities. The Authority holds a public hearing on the proposed tipping fees, after which the Authority Board formally adopts the final tipping fees for the coming year.

The Authority's Solid Waste Management Program experienced higher than anticipated tonnages in 2021 for all Solid Waste types received at the Sanitary Landfill. These Solid Waste Types included Type 10 - Municipal Waste, Type 13 - Dry Bulky Waste, Type 13C - Construction and Demolition Waste, and Type 23 - Vegetative Waste, Type 25 - Animal and Food Processing Waste, Type 27 - Dry Industrial Waste, and Type 27A - Asbestos Waste. Tonnages in excess of the budgeted amount totaled 39,996 tons.

Recycled material processed through the Intermediate Processing Facility ("IPF") in 2021 was 1,021 tons below the anticipated amount of 28,000 tons. Overall commodity prices for processed material significantly increase over previous years prices. The Average Commodity Revenue (ACR) in 2021 was \$84.01/ton which is an increase of \$77.09/ton over the 2020 ACR of \$6.92/ton. The Authority continued to reinvest in the IPF in 2021 by replacing the Fiber Baler Feed Incline Conveyor at the facility.

The total volume of Class B/C products sold in 2021 increased by 8,769 cubic yards when compared to the total volume sold in 2020. This increase in material sales is attributed to the full Solid Waste staff working full time as compared to the part time work schedule implemented through a portion of 2020 with the Authority's COVID-19 Work Plan as well as an overall reduction in the commodity sales price. The average commodity prices set by the Authority for the various Class B/C products decreased by an overall average of \$2.08 per cubic yard in 2021. The decreased pricing was done to maintain the customer base that was being lost to increased competition in the marketing of landscape products in the area. The increase in the total volume sold yielded an increase in total sales of \$73,306 in 2021 when compared to total sales in 2020 despite the decrease in the average commodity price.

Net Position in the Solid Waste Management Program increased by \$3,111,192 from 2020.

## Authority-Wide Expenses

Operating expenses, exclusive of depreciation expense, the net OPEB adjustment and net pension adjustment, increased by approximately \$4.3 million compared to 2020.

- Noteworthy changes from 2020 includes: contract increases in salaries and wages and increases in chemical, electricity and fuel costs, and additional repair, maintenance and replacement expenditures.

Nonoperating revenues and expenses are highlighted as follows:

- Interest expense was \$231,000 in 2021, a \$218,000 reduction from 2020. As the outstanding bond issues continue to be paid down, amounts payable as principal will increase as the amounts payable as interest will decrease.
- Interest income was \$399,000 in 2021, a \$381,000 decrease from 2020. This is due to a decrease in investment rates from an average of 0.97% in 2020 to an average of 0.44% in 2021.

Table 3  
Combined Condensed Statement of Cash Flows  
December 31, 2021, 2020 and 2019

|   | Wastewater<br>Management<br>Program | Solid Waste<br>Management<br>Program | Net<br>OPEB<br>Adjustment | Net<br>Pension<br>Adjustment | Total        | December 31,<br>2020 | December 31,<br>2019 |
|---|-------------------------------------|--------------------------------------|---------------------------|------------------------------|--------------|----------------------|----------------------|
| Cash Flows Provided by (Used in):                       |                                     |                                      |                           |                              |              |                      |                      |
| Operating Activities                                    | \$ 17,826,067                       | 5,750,663                            | -                         | -                            | 23,576,730   | 24,627,123           | 24,195,659           |
| Noncapital Financing Activities                         | (535,758)                           | 535,758                              |                           |                              | -            | -                    | -                    |
| Capital and Related<br>Financing Activities             | (13,877,129)                        | (2,621,239)                          |                           |                              | (16,498,368) | (20,131,843)         | (25,912,841)         |
| Investing Activities                                    | 1,490,598                           | 551,354                              |                           |                              | 2,041,952    | 1,367,928            | 22,445,638           |
| Net Increase (Decrease) in Cash<br>and Cash Equivalents | 4,903,778                           | 4,216,536                            | -                         | -                            | 9,120,314    | 5,863,208            | 20,728,456           |
| Cash and Cash Equivalents,<br>Beginning of Year         | 45,800,128                          | 16,735,356                           | -                         | -                            | 62,535,484   | 56,672,276           | 35,943,820           |
| Cash and Cash Equivalents,<br>End of Year               | \$ 50,703,906                       | 20,951,892                           | -                         | -                            | 71,655,798   | 62,535,484           | 56,672,276           |

## Analysis of Cash Flows (Table 3)

The Authority made all of its debt service payments on time and in the required amounts. In both the Wastewater Management Program and Solid Waste Management Program, cash used in capital related financing activities exceeded the cash provided by operations because reserve funds were used to pay for certain Authority-wide renewals and replacements.

Of the \$71.7 million in cash and cash equivalents at December 31, 2021, \$16.0 million is available for operations and current obligations, including current debt service obligations. The remaining \$55.7 million has been reserved or restricted for debt service, insurance deductibles, future construction projects, operating and maintenance reserves, and plant and equipment renewals, replacements and improvements.

### **Contacting the Authority's Financial Management**

This financial report is designed to provide the CMCMUA's Board Members, customers, investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact either the Authority's Executive Director or Chief Financial Officer at the Cape May County Municipal Utilities Authority, 1523 U.S. Route 9 North, Cape May Court House, New Jersey 08210, telephone 609-465-9026.

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## **BASIC FINANCIAL STATEMENTS**

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**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY****(A component unit of the County of Cape May)****STATEMENT OF NET POSITION****BUSINESS TYPE ACTIVITIES****DECEMBER 31, 2021 AND 2020**

| <b>ASSETS</b>   | <b>2021</b>           | <b>2020</b>           |
|---|-----------------------|-----------------------|
| <b>CURRENT ASSETS:</b>                                |                       |                       |
| Cash and cash equivalents                             | \$ 15,992,848         | \$ 18,377,067         |
| Investments   | 911,507               | 1,103,828             |
| User charges receivable                               | 1,516,669             | 1,803,872             |
| Septage haulers fees receivable                       | 76,135                | 77,482                |
| Accounts receivable - other                           | 490,161               | 215,233               |
| Allowance for doubtful accounts                       | (42,322)              | (42,322)              |
| <b>TOTAL CURRENT ASSETS</b>                           | <b>18,944,998</b>     | <b>21,535,160</b>     |
| <b>NONCURRENT ASSETS:</b>                             |                       |                       |
| Restricted Assets:                                    |                       |                       |
| Cash and cash equivalents                             | 55,662,950            | 44,158,417            |
| Investments   | 13,704,445            | 15,154,942            |
| Accounts receivable - other                           | -                     | 172,074               |
| <b>TOTAL RESTRICTED ASSETS</b>                        | <b>69,367,395</b>     | <b>59,485,433</b>     |
| <b>CAPITAL ASSETS:</b>                                |                       |                       |
| Capital Assets not being depreciated                  | 48,677,978            | 42,803,793            |
| Capital assets being depreciated                      | 495,428,064           | 492,586,924           |
| Less accumulated depreciation                         | 400,332,650           | 395,628,370           |
| <b>NET PROPERTY, PLANT AND EQUIPMENT</b>              | <b>143,773,392</b>    | <b>139,762,347</b>    |
| <b>TOTAL ASSETS</b>                                   | <b>232,085,785</b>    | <b>220,782,940</b>    |
| <b>DEFERRED OUTFLOW OF RESOURCES:</b>                 |                       |                       |
| Deferred Outflows Related to Pensions                 | 1,265,906             | 3,203,466             |
| Deferred Outflows Related to OPEB                     | 14,152,422            | 15,103,649            |
| Deferred Amount on Refunding                          | 23,410                | 25,321                |
| <b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>            | <b>15,441,738</b>     | <b>18,332,436</b>     |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b> | <b>\$ 247,527,523</b> | <b>\$ 239,115,376</b> |

The Accompanying Notes to Financial Statements  
are an Integral Part of this Statement

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**(A component unit of the County of Cape May)**  
**STATEMENT OF NET POSITION**  
**BUSINESS TYPE ACTIVITIES**  
**DECEMBER 31, 2021 AND 2020**  
**(CONTINUED)**

| <b><u>LIABILITIES</u></b>  | <b><u>2021</u></b>        | <b><u>2020</u></b>        |
|--|---------------------------|---------------------------|
| <b>CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED ASSETS:</b>   |                           |                           |
| Accounts payable - operations  | \$ 2,362,494              | \$ 2,334,230              |
| Rebates due to Users   | 1,229,380                 | -                         |
| Unearned Revenue   | 9,987                     | -                         |
| <b>TOTAL CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS</b>   | <b><u>3,601,861</u></b>   | <b><u>2,334,230</u></b>   |
| <b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:</b>   |                           |                           |
| Accounts payable   | 1,688,482                 | 3,021,697                 |
| Accrued interest payable   | 90,431                    | 162,639                   |
| Current maturities of long-term debt<br>(Net of Unamortized Bond Premium of<br>\$45,807 in 2021 and \$43,794 in 2020,<br>respectively) | <u>1,346,701</u>          | <u>4,175,587</u>          |
| <b>TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>  | <b><u>3,125,614</u></b>   | <b><u>7,359,923</u></b>   |
| <b>LONG TERM OBLIGATIONS:</b>  |                           |                           |
| Accrued compensated absences   | 325,455                   | 325,319                   |
| Due to IRS - arbitrage rebate  | -                         | 272,807                   |
| Net OPEB Obligations   | 54,675,573                | 53,331,084                |
| Net Pension Liability  | 17,778,596                | 24,370,408                |
| Long term portion of bonds payable<br>(Net of Unamortized Bond Premium of<br>\$525,341 in 2021 and \$571,151<br>in 2020, respectively) | <u>14,025,709</u>         | <u>15,363,177</u>         |
| <b>TOTAL LIABILITIES</b>   | <b><u>93,532,808</u></b>  | <b><u>103,356,948</u></b> |
| <b>DEFERRED INFLOW OF RESOURCES:</b>   |                           |                           |
| Deferred Inflows related to pensions   | 11,929,126                | 11,574,021                |
| Deferred Inflows related to OPEB   | <u>17,870,408</u>         | <u>19,316,155</u>         |
| <b>TOTAL DEFERRED INFLOW OF RESOURCES</b>  | <b><u>29,799,534</u></b>  | <b><u>30,890,176</u></b>  |
| <b>TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES</b>  | <b><u>123,332,342</u></b> | <b><u>134,247,124</u></b> |

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**(A component unit of the County of Cape May)**  
**STATEMENT OF NET POSITION**  
**BUSINESS TYPE ACTIVITIES**  
**DECEMBER 31, 2021 AND 2020**  
**(CONTINUED)**

| <b>NET POSITION:</b>  | <u>2021</u>           | <u>2020</u>           |
|---|-----------------------|-----------------------|
| Net Investment in Capital Assets  | \$ 128,400,982        | \$ 120,223,583        |
| Restricted For:   |                       |                       |
| Bond service  | 243,067               | 3,089,502             |
| Bond reserve  | 314,258               | 314,258               |
| Renewal and replacement   | 42,823,493            | 35,413,602            |
| Capital projects  | 4,000,325             | 3,847,405             |
| Landfill closure #1   | 7,338,167             | 7,052,725             |
| Equipment reserve   | 1,202,740             | 1,843,878             |
| Building and site   | 181,472               | 334,420               |
| IPF capital reserve   | 629,673               | 647,086               |
| Operating and maintenance reserve   | 5,029,982             | 5,029,982             |
| Unreserved:   |                       |                       |
| Board Designated:   |                       |                       |
| Rate stabilization  | 880,188               | 879,824               |
| IPF rate stabilization  | 1,997,264             | 896,753               |
| Insurance   | 615,615               | 611,486               |
| Future construction   | 12,443,589            | 8,972,357             |
| Unrestricted  | <u>(81,905,634)</u>   | <u>(84,288,609)</u>   |
| <b>TOTAL NET POSITION</b>   | <u>124,195,181</u>    | <u>104,868,252</u>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOW OF<br/>RESOURCES AND NET POSITION</b> | <u>\$ 247,527,523</u> | <u>\$ 239,115,376</u> |

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**(A component unit of the County of Cape May)**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET POSITION**  
**BUSINESS TYPE ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

|  | <u>2021</u>       | <u>2020</u>       |
|--|-------------------|-------------------|
| <b>Operating revenues:</b>               |                   |                   |
| User service agreements                  | \$ 52,850,446     | \$ 51,027,514     |
| Septage haulers fees                     | 688,830           | 623,498           |
| Leachate disposal                        | 170,525           | 165,782           |
| Processing dry sludge                    | 248,027           | 266,719           |
| Tower rental                             | 118,285           | 114,840           |
| Management Fee                           | 2,040,000         | 2,000,000         |
| Operating grants                         | 187,760           | 212,000           |
| SLF cover fees                           | 862,497           | 645,205           |
| Methane gas sales                        | 71,654            | 98,121            |
| Wood product sales                       | 459,188           | 360,773           |
| Wood product delivery charge             | 16,644            | 11,002            |
| Sale of asbestos bags                    | 11,911            | 9,424             |
| Sale of scrap metal                      | 59,384            | 29,475            |
| Electric generation income               | 200,202           | 178,742           |
| Sale of renewable energy certificates    | 5,282             | 45,683            |
| Miscellaneous                            | 327,767           | 242,889           |
| IPF electric reimbursement               | 85,671            | 93,967            |
| IPF residue income                       | 256,135           | 240,116           |
| IPF commercial ton revenue               | 215,759           | -                 |
| IPF administrative support reimbursement | 73,512            | 67,343            |
| IPF glass cover material                 | 73,215            | 81,046            |
| Recyclables Hauling                      | 21,225            | 25,575            |
| Recycling income                         | 13,300            | 33,021            |
| <b>TOTAL OPERATING REVENUES</b>          | <u>59,057,219</u> | <u>56,572,735</u> |

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**(A component unit of the County of Cape May)**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET POSITION**  
**BUSINESS TYPE ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(CONTINUED)**

|  | <u>2021</u>           | <u>2020</u>           |
|--|-----------------------|-----------------------|
| <b>Operating expenses:</b>               |                       |                       |
| Salary and wages                         | \$ 12,325,924         | \$ 12,293,767         |
| Employee benefits                        | 2,059,077             | 5,072,375             |
| Other post-employment benefits (Note 19) | 849,969               | 592,198               |
| Administrative expenses                  | 2,184,765             | 2,218,749             |
| Operations and maintenance               | 11,934,689            | 9,767,878             |
| Depreciation                             | 8,027,752             | 7,557,172             |
| Construction fund expenses               | 2,797,135             | 1,331,718             |
|  | <u>40,179,311</u>     | <u>38,833,857</u>     |
| <b>Operating income</b>                  | <u>18,877,908</u>     | <u>17,738,878</u>     |
| <b>Nonoperating revenues (expenses):</b> |                       |                       |
| Project fund credits - NJEIT             | 24,000                | 23,000                |
| Cancellation of Arbitrage Liability      | 272,807               | -                     |
| Interest income                          | 399,134               | 777,424               |
| Interest expense                         | (230,702)             | (448,718)             |
| Amortization of bond premium             | 43,797                | 393,762               |
| Loss on the disposal of fixed assets     | (60,015)              | -                     |
|  | <u>449,021</u>        | <u>745,468</u>        |
| Change in Net Position                   | <u>19,326,929</u>     | <u>18,484,346</u>     |
| Net Position - beginning                 | <u>104,868,252</u>    | <u>86,383,906</u>     |
| Net Position - ending                    | <u>\$ 124,195,181</u> | <u>\$ 104,868,252</u> |

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**(A component unit of the County of Cape May)**  
**STATEMENT OF CASH FLOWS**  
**BUSINESS TYPE ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

|   | <b>2021</b>          | <b>2020</b>          |
|---|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                      |                      |
| Receipts from customers and users   | \$ 58,722,995        | \$ 55,711,261        |
| Other operating cash receipts   | 529,907              | 555,126              |
| Payments to employees   | (18,684,012)         | (18,423,276)         |
| Payments to suppliers and vendors   | (16,992,160)         | (13,213,195)         |
| Net cash provided by operating activities   | 23,576,730           | 24,629,916           |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>                                 |                      |                      |
| Prepayments received (returned)   | -                    | -                    |
| Net cash provided/(used) by noncapital financing activities                             | -                    | -                    |
| <b>CASH ACTIVITIES FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                   |                      |                      |
| Purchase of capital assets  | (12,098,812)         | (15,737,138)         |
| N.J. trust and fund loan  | -                    | -                    |
| Principal paid on capital debt  | (4,098,557)          | (3,954,462)          |
| Interest paid on capital debt   | (300,999)            | (440,244)            |
| Net cash (used) by capital and related financing activities                             | (16,498,368)         | (20,131,844)         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                      |                      |
| Investments matured (purchased)   | 1,642,818            | 587,712              |
| Interest income   | 399,134              | 777,424              |
| Net cash provided/(used) by investing activities  | 2,041,952            | 1,365,136            |
| Net increase/(decrease) in cash and cash equivalents                                    | 9,120,314            | 5,863,208            |
| <b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>   | <b>62,535,484</b>    | <b>56,672,276</b>    |
| <b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>   | <b>\$ 71,655,798</b> | <b>\$ 62,535,484</b> |
| <b>Reconciliation of operating income to net cash</b>                                   |                      |                      |
| Provided by operating activities:   |                      |                      |
| Operating income  | \$ 14,578,761        | \$ 16,679,553        |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                      |                      |
| Depreciation  | 8,027,752            | 7,557,172            |
|   | 22,606,513           | 24,236,725           |
| Changes in assets and liabilities:  |                      |                      |
| Receivables, net  | 185,696              | (306,348)            |
| Deferred Outflows of Resources  | 951,227              | (13,819,417)         |
| Deferred Inflows of Resources   | (1,445,747)          | (2,426,450)          |
| Accounts and other payables   | 1,279,041            | 16,945,406           |
|   | \$ 23,576,730        | \$ 24,629,916        |

The Accompanying Notes to Financial Statements  
are an Integral Part of this Statement



## **NOTES TO FINANCIAL STATEMENTS**

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**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**(A component unit of the County of Cape May)**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**1. GENERAL**

The Cape May County Municipal Utilities Authority, hereafter referred to as the "Authority," is a public body politic and corporate, constituting a political subdivision of the State of New Jersey organized and existing under the provisions of Municipal Utilities Authority Law, (New Jersey Revised Statutes 40:14B-1 et seq.), constituting Chapter 183 of the Pamphlet Laws of 1957, and was created by virtue of a resolution of the County of Cape May Board of County Commissioners (formally named the Board of Chosen Freeholders), hereafter referred to as the "County," adopted August 8, 1972. The Authority is a component unit of the County of Cape May, New Jersey, and was created to construct and operate a countywide wastewater treatment system in Cape May County. In December 1980, the County designated the Authority as the agency to implement the County's Solid Waste Management Plan, which involved constructing a secure sanitary landfill and transfer station. As a public body, under existing statute, the Authority is exempt from both federal and state income taxes.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the more significant accounting policies:

**A. Basis of Financial Statements**

The financial statements of the Authority have been prepared on a full accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to enterprise funds of state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**B. Reporting Entity**

The Authority's financial statements include the accounts of all operations of the Authority. The Authority, as a component unit of the County of Cape May, State of New Jersey, is financially accountable to the County. As set forth in Government Accounting Standards Board (GASB) 14, as amended by GASB 61, financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. The Authority, as a component unit, issues separate financial statements from the County of Cape May. However, if the County presented its financial statements in accordance with accounting principles generally accepted in the United States of America, these financial statements would be includable with the County's on a blended basis.

The Authority has adopted GASB No. 1 through 90 and related interpretations issued through December 31, 2021. GASB Statements and Interpretations require certain terminology, format and content, as well as inclusion of management's discussion and analysis supplementary information.

**C. Grants**

Grants received from various sources are recorded when the grant is approved. Grants not externally restricted and utilized to finance operations are identified as operating revenues. Grants externally restricted for non-operating purposes are recorded as contributed capital and are increases to the Unrestricted Net Position.

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**(A component unit of the County of Cape May)**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**  
**(CONTINUED)**

**D. Recent Accounting Pronouncements Not Yet Effective**

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private Partnerships and Availability Payment Arrangements". This statement is effective for fiscal periods beginning after June 15, 2022, will not have any effect on the Authority's financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements". This statement is effective for fiscal periods beginning after June 15, 2022 and will not have any effect on the Authority's financial reporting.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". This statement is effective for fiscal periods beginning after June 15, 2021 and will not have any effect on the Authority's financial reporting.

In October 2021, the Governmental Accounting Standards Board (GASB) issued Statement No. 98, "The Annual Comprehensive Financial Report". This statement is effective for fiscal years ending after December 15, 2021 and will not have any effect on the Authority's financial reporting.

In April 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 99, "Omnibus 2022". This statement is effective for fiscal years beginning after June 15, 2022 and will not have any effect on the Authority's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62". This statement is effective for fiscal years beginning after June 15, 2023 and will not have any effect on the Authority's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, "Compensated Absences". This statement is effective for fiscal years beginning after December 15, 2023 and will not have any effect on the Authority's financial reporting.

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**(A component unit of the County of Cape May)**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**  
**(CONTINUED)**

**E. CAPITAL ASSETS**

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

|  | <b><u>Beginning<br/>Balance</u></b> | <b><u>Additions</u></b> | <b><u>Deletions</u></b> | <b><u>Ending<br/>Balance</u></b> |
|--|-------------------------------------|-------------------------|-------------------------|----------------------------------|
| <b>Wastewater Management Program:</b>                                      |                                     |                         |                         |                                  |
| Capital assets, not being depreciated:                                     |                                     |                         |                         |                                  |
| Land   | \$ 5,677,701                        |                         |                         | 5,677,701                        |
| Construction in Progress   | 15,001,420                          | 9,711,138               | 346,175                 | 24,366,383                       |
| Total capital assets not being depreciated                                 | <u>20,679,121</u>                   | <u>9,711,138</u>        | <u>346,175</u>          | <u>30,044,084</u>                |
| Capital assets being depreciated:  |                                     |                         |                         |                                  |
| Land Improvements  | 7,016,324                           |                         |                         | 7,016,324                        |
| Buildings and building improvements  | 143,559,436                         |                         |                         | 143,559,436                      |
| Machinery and Equipment  | 118,523,873                         | 712,788                 | 2,823,679               | 116,412,982                      |
| Other capitalized costs  | 128,787,369                         |                         |                         | 128,787,369                      |
| Total capital assets being depreciated at<br>historical cost               | <u>397,887,002</u>                  | <u>712,788</u>          | <u>2,823,679</u>        | <u>395,776,111</u>               |
| Less:  |                                     |                         |                         |                                  |
| Accumulated depreciation   | 320,277,225                         | 5,608,058               | 2,780,415               | 323,104,868                      |
| Total capital assets being depreciated,<br>net of accumulated depreciation | <u>77,609,777</u>                   | <u>(4,895,270)</u>      | <u>43,264</u>           | <u>72,671,243</u>                |
| Capital Assets, net  | <u>\$ 98,288,898</u>                | <u>4,815,868</u>        | <u>389,439</u>          | <u>102,715,327</u>               |

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**(A component unit of the County of Cape May)**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**  
**(CONTINUED)**

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|------------------|------------------|---------------------------|
| <b>Solid Waste Management Program:</b>                                     |                              |                  |                  |                           |
| Capital assets, not being depreciated:                                     |                              |                  |                  |                           |
| Land   | \$ 1,856,900                 |                  |                  | 1,856,900                 |
| Construction in Progress   | 20,267,772                   | 204,481          | 3,695,260        | 16,776,993                |
| Total capital assets not being depreciated                                 | <u>22,124,672</u>            | <u>204,481</u>   | <u>3,695,260</u> | <u>18,633,893</u>         |
| Capital assets being depreciated:  |                              |                  |                  |                           |
| Land Improvements  | 33,255,835                   |                  |                  | 33,255,835                |
| Buildings and building improvements  | 13,075,919                   |                  |                  | 13,075,919                |
| Machinery and Equipment  | 26,312,451                   | 5,511,840        | 559,808          | 31,264,483                |
| Other capitalized costs  | 22,055,717                   |                  |                  | 22,055,717                |
| Total capital assets being depreciated at<br>historical cost               | <u>94,699,922</u>            | <u>5,511,840</u> | <u>559,808</u>   | <u>99,651,954</u>         |
| Less:  |                              |                  |                  |                           |
| Accumulated depreciation   | 75,351,145                   | 2,419,694        | 543,057          | 77,227,782                |
| Total capital assets being depreciated,<br>net of accumulated depreciation | <u>19,348,777</u>            | <u>3,092,146</u> | <u>16,751</u>    | <u>22,424,172</u>         |
| Capital Assets, net  | <u>\$ 41,473,449</u>         | <u>3,296,627</u> | <u>3,712,011</u> | <u>41,058,065</u>         |

All costs incurred by the Authority prior to any of the four regional sewer systems being placed in operation are capitalized and not considered as operating expenses.

Depreciation of the physical plant and equipment in operation is recorded on a straight-line basis. Depreciation on contributed capital has been recorded as a reduction of contributed capital. Depreciation is computed using estimated lives of between 6 and 45 years.

**F. Restricted Accounts**

1. Regional Wastewater Management Program

In accordance with the 1979 Sewer General Bond Resolution, as amended and supplemented, the Authority has established the following cash and investment accounts for the deposit of all revenue received by the Authority for the Regional Wastewater Management Program:

| <u>Account</u> | <u>Amount</u>   | <u>Use for<br/>Which Restricted</u>   |
|----------------|---|---|
| Construction   | Proceeds of debt issued and<br>Construction grants-in-aid         | Expenses legally<br>chargeable to<br>bond proceeds.                             |
| Revenue        | All revenues received for<br>the Wastewater Treatment<br>Program. | Operating expenses<br>and transfers to the various<br>Accounts described below. |

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| <b><u>Account</u></b>                     | <b><u>Amount</u></b>  | <b><u>Use for<br/>Which Restricted</u></b>  |
|---|---|---|
| Bond Service<br>(Current Debt<br>Service) | Amount needed to pay<br>matured principal and<br>interest due on or before<br>the following January 1st.                          | Principal and<br>interest on bonds.   |
| Sinking Fund                              | Amount needed to pay<br>sinking fund installments<br>due on or before the<br>established due dates for<br>installments.           | Purchase or redemption<br>of Bonds.<br>Installments commence<br>January 1, 1992.  |
| Bond Reserve<br>(Future Debt<br>Service)  | Amount needed to increase<br>the balance to equal the<br>greatest amount of debt<br>service due in any year.                      | To make up any<br>deficiency in the<br>Bond Service<br>Account, if any.   |
| Renewal and<br>Replacement                | Amount needed to increase<br>the balance to equal the<br>"System Reserve<br>Requirement"<br>as defined by the<br>Bond Resolution. | Transfers to meet<br>minimum levels<br>required in the Bond<br>Service, Sinking or<br>Bond Reserve accounts<br>or major repairs,<br>renewals and extensions<br>of the system. |
| General<br>Account                        | Deposits will be made as<br>funds are available after<br>all other requirements<br>are met.                                       | Any lawful purpose<br>of the Authority.   |

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Pursuant to the provisions of the 1984 Supplemental Resolution and the 1985 Supplemental Resolution, the Authority was required to maintain a special sub-account in the General Account, designated the "Rate Stabilization Account." Those provisions are no longer in effect. The funds now on deposit in the Rate Stabilization Account are free of any restrictions and may be used for any lawful purpose of the Authority.

| <b><u>Account</u></b>     | <b><u>Amount</u></b>  | <b><u>Use for Which Restricted</u></b>   |
|---------------------------|---|--|
| Escrow Accounts           | Refunding bond proceeds and interest earned on investments. | Payment of bonds when due for which refunding bonds were issued and interest on refunding bonds until crossover dates.   |
| Cost of Issuance Accounts | Refunding bond proceeds and interest earned on investments. | Costs and expenses incurred in connection with issuance and delivery and portion of bond insurance and such other fees with respect to refunding bonds issued prior to crossover date. |

The Authority has also established the following unreserved accounts designated by the Board for the Wastewater Management Program:

- Rate Stabilization Fund - The fund was established by the Authority to offset fluctuations in rates from users.

2. Solid Waste Management Program

The 1986 Solid Waste Bond Resolution, with all associated Supplemental bond Resolutions, expired with the final related debt service payments made in 2012. The Authority adopted a new General Bond Resolution on September 21, 2011, but no bonds have been issued under this new resolution. The Authority is maintaining certain accounts, although not required due to the absence of outstanding bonds, in order to maintain a clear segregation of funds for current operations and capital projects:

| <b><u>Account</u></b> | <b><u>Amount</u></b>  | <b><u>Use for Which Restricted</u></b>                                    |
|-----------------------|---|---|
| Construction          | Any moneys received, from any source, for the payment of construction costs or cost of the project. | Expenses legally chargeable to bond proceeds, if any.                     |
| Revenue               | All revenues received for the Solid Waste Program.  | Operating expenses and transfers to the various accounts described below. |



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|                         |  |  |
|-------------------------|--|--|
| Renewal and Replacement | Annual operating budget appropriation for the renewal And/or replacement.  | Transfers to meet appropriate for major repairs, renewals and replacements of the project.               |
| Landfill Closure        | Amount needed to increase balance to equal the "Landfill Closure Requirement" and any additional amount deemed necessary by the Authority. | Reasonable and necessary expenses with respect to the proper closure of the Authority's secure landfill. |
| General                 | Deposits will be made as funds are available after all other reserves are met  | Any lawful purpose of the Authority.   |

In addition to the above, the Authority has also established the following restricted accounts for the Solid Waste Management Program:

- Building and Site Maintenance Reserve - Funds reserved from operating revenues to be used for the purchase or acquisition of various Capital items and/or improvements.
- IPF Capital Reserve – The fund was established by the Authority as required by the IPF contract with FCR Camden Inc. in order that funds will be available to perform all needed repairs and improvements to the Intermediate Processing Facility when required without burdening the Solid Waste Management Program operating budget.

The Authority has also established the following unreserved accounts designated by the Board for the Solid Waste Management Program:

- Rate Stabilization Fund - The fund was established by the Authority to pay the Pinelands Commission the amount of \$2.04 per ton until the amount of \$2,250,000 had been paid to the Commission. This payment is per the prior agreement with the Pinelands Commission to allow the Cape May County Municipal Utilities Authority's Secure Sanitary Landfill to remain open. The remaining balance in the fund may be used for operating and other expenses.
- IPF Rate Stabilization Fund - The fund was established by the Authority with recycling income derived from Out-of-County recyclables. This fund is to be used as necessary to mitigate any loss by the Authority for the recycling of material at the Intermediate Processing Facility (IPF).
- Insurance and Liability Reserve - The Authority has set up this account as a self insurance reserve to pay any possible claims not covered by current insurance policies.
- Future Construction - The Authority has set up this account as a reserve for future capital projects.

**G. Annual Budget**

The Authority submits an annual budget to the State of New Jersey for the Wastewater Management Program and for the Solid Waste Management Program. Once adopted, the Authority may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

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The budgets are prepared on the accrual basis. Unspent appropriations for annually budgeted funds lapse at year-end.

**H. Leave Policies**

Employees are encouraged to use vacation leave during the year in which it is earned. However, employees may defer up to one (1) year's accrual of vacation leave into the succeeding year. Upon termination of employment for any reason, employees will be paid for any accrued, unused vacation leave.

Unused sick leave for union employees may accumulate from year to year to a maximum of two hundred sixty (260) days total. However, unused sick leave will not be paid to those employees terminating their employment with the Authority except for those employees retiring from the Authority who have a minimum of fifteen (15) years of continuous service, and that upon such retirement are eligible under the New Jersey Public Employees' Retirement System, based on years of service and/or age to immediately receive monthly retirement benefits, will be paid 50% of their unused sick leave, at the employee's annual salary rate at the time of his/her retirement not to exceed \$15,000.

Unused sick leave for non-bargaining unit employees may accumulate for an indefinite period. However, unused sick leave will not be paid to those employees terminating their employment with the Authority except for those employees retiring from the Authority who have a minimum of fifteen (15) years of continuous service, and that upon such retirement are eligible under the New Jersey Public Employees' Retirement System, based on years of service and/or age to immediately receive monthly retirement benefits, will be paid 50% of their unused sick leave, at the employee's annual salary rate at the time of his/her retirement not to exceed \$15,000.

A portion of the monetary value of unused sick leave and vacation has been accrued by charges to operations. This liability may be affected by conditions which could preclude an employee from receiving full payment of the accrual. The accrual at December 31, 2021 is \$325,455 and the unrecorded balance of accrued sick leave and vacation at December 31, 2021 is \$1,571,150 assuming all employees are eligible at separation.

**I. Post-Employment Health Benefits**

Upon retirement from the Cape May County Municipal Utilities Authority, all eligible employees will be provided Authority-paid health benefits in accordance with the criteria for eligibility, the requirements included in the Authority policy, and with the provisions of the health benefit plan or plans as provided to eligible Authority employees.

**J. Cash, Cash Equivalents and Investments**

The Authority's investments practices are governed by New Jersey State Statute 40A:5-15. Statutes authorize the Authority to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that approved securities are pledged to secure those funds on deposit in an amount equal to the amount of those funds and a maturity date not greater than 397 days from the date of purchase. In addition, the Authority can invest in direct debt securities of the United States or obligations guaranteed by the United States, bonds and other obligations of the local municipality or bonds or obligations of school districts of which the Authority is a part or within which the Authority is located unless such investments are expressly prohibited by law.

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**K. Pensions**

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

**3. GENERAL BOND RESOLUTIONS**

**A. Regional Wastewater Collection and Treatment System**

On April 4, 1979, the Authority authorized the issuance of revenue bonds (the “Sewer System Revenue Bonds”) for the acquisition and construction of a wastewater collection and treatment system (the “Sewer System”) pursuant to a resolution entitled “Resolution Authorizing the Issuance of Revenue Bonds of the Cape May County Municipal Utilities Authority,” which resolution has been amended and/or supplemented from time to time (as amended and/or supplemented, the “Sewer Resolution”).

All of the Sewer System Revenue Bonds described below are direct and general obligations of the Authority payable from the revenues derived from the operation of the sewer system and are further secured by substantially similar agreements with certain municipalities located within Cape May County (the “County”), as well as the Authorityship of Lower Municipal Utilities Authority and New Jersey – American Water Company. The Sewer System Revenue Bonds are also secured by an agreement dated as of October 16, 1974, as amended and supplemented, by and between the County and the Authority pursuant to which the County is obligated to make up any deficiencies in the sewer system revenues.

**B. Regional Solid Waste System**

On June 18, 1986, the Authority authorized the issuance of revenue bonds (the “Solid Waste System Revenue Bonds”) for the acquisition and construction of a certain solid waste facilities (the “Solid Waste System”) pursuant to resolution entitled “Resolution Authorizing the Issuance of Solid Waste Revenue Bonds (Landfill Program) of the Cape May County Municipal Utilities Authority,” which resolution has been amended and/or supplemented from time to time (as amended and/or supplemented, the “Solid Waste Resolution”). On August 1, 2011, the Authority satisfied all its obligations to the bondholders under the General Bond Resolution and all Supplemental Bond Resolutions.

On September 21, 2011, the Authority adopted a resolution entitled “Resolution Authorizing the Issuance of Solid Waste System Revenue Bonds and Project Notes of the Cape May County Municipal Utilities Authority”, which provides for future short-term and long-term financing when necessary for capital improvements to the Authority’s Solid Waste System.

All of the Solid Waste System Bonds/Loans described below are direct and general obligations of the Authority payable from the revenues derived from the operation of the Solid Waste System and are further secured by an agreement dated as of July 8, 1990, as amended, by and between the County and the Authority pursuant to which the County is obligated to make up any deficiencies in the Solid Waste System revenues.

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**4. SEWER SYSTEM REVENUE BONDS/LOANS**

**A. New Jersey Environmental Infrastructure Financing Program**

1. NJ Environmental Infrastructure Trust – Trust Loan, Series 2010-A

On February 22, 2010, the Authority issued \$59,280 Sewer Revenue Trust Loan, Series 2010-A (the "2010 A Trust Loan") pursuant to the Sewer Resolution in order to fund various improvements to the Sewer System.

The 2010-A Trust Loan matures, subject to prepayment by the Authority, on the dates and in the principal amounts and bear interest at the interest rates per annum which are set forth below. Interest is payable on the first day of February and August.

| <u>Year</u><br><u>August 1</u> | <u>Amount</u> | <u>Rate</u> | <u>Year</u><br><u>August 1</u> | <u>Amount</u> | <u>Rate</u> |
|--------------------------------|---------------|-------------|--------------------------------|---------------|-------------|
| 2022                           | \$ 3,190      | 3.48%       | 2026                           | \$ 3,683      | 3.92%       |
| 2023                           | 3,301         | 3.62%       | 2027                           | 3,828         | 4.01%       |
| 2024                           | 3,421         | 3.72%       | 2028                           | 3,981         | 4.10%       |
| 2025                           | 3,548         | 3.82%       | 2029                           | 4,144         | 4.18%       |
|                                |               |             |                                | \$ 29,096     |             |
|                                |               |             |                                | \$ 29,096     |             |

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2. NJ Environmental Infrastructure Trust – Fund Loan, Series 2010-A

On February 22, 2010, the Authority issued \$171,000 Sewer Revenue Fund Loan, Series 2010-A (the "2010-A Fund Loan") pursuant to the Sewer Resolution in order to fund various improvements to the Sewer System.

The 2010-A Fund Loan matures, subject to prepayment by the Authority, on the dates and in the principal amounts which are set forth below. The 2010-A Fund Loan bears interest at the rate of zero percent (0%) per annum.

| <u>Year</u><br><u>February 1</u> | <u>Amount</u> | <u>Year</u><br><u>August 1</u> | <u>Amount</u>    |
|----------------------------------|---------------|--------------------------------|------------------|
| 2022                             | \$ 2,898      | 2022                           | \$ 5,797         |
| 2023                             | 2,898         | 2023                           | 5,797            |
| 2024                             | 2,898         | 2024                           | 5,797            |
| 2025                             | 2,898         | 2025                           | 5,797            |
| 2026                             | 2,898         | 2026                           | 5,797            |
| 2027                             | 2,898         | 2027                           | 5,797            |
| 2028                             | 2,898         | 2028                           | 5,797            |
| 2029                             | 2,898         | 2029                           | <u>5,796</u>     |
|                                  |               |                                | <u>\$ 69,559</u> |

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3. NJ Environmental Infrastructure Trust – Trust Loan, Series 2010-B

On December 2, 2010, the Authority issued \$420,000 Sewer Revenue Trust Loan, Series 2010-B (the "2010-B Trust Loan") pursuant to the Sewer Resolution in order to fund various improvements to the Sewer System.

The 2010-B Trust Loan matures, subject to prepayment by the Authority, on the dates and in the principal amounts and bear interest at the interest rates per annum which are set forth below. Interest is payable on the first day of February and August.

| <u>Year</u><br><u>August 1</u> | <u>Amount</u> | <u>Rate</u> | <u>Year</u><br><u>August 1</u> | <u>Amount</u>     | <u>Rate</u> |
|--------------------------------|---------------|-------------|--------------------------------|-------------------|-------------|
| 2022                           | \$ 20,000     | 5.00%       | 2027                           | \$ 30,000         | 5.00%       |
| 2023                           | 25,000        | 5.00%       | 2028                           | 30,000            | 5.00%       |
| 2024                           | 25,000        | 5.00%       | 2029                           | 30,000            | 5.00%       |
| 2025                           | 25,000        | 5.00%       | 2030                           | 35,000            | 5.00%       |
| 2026                           | 25,000        | 5.00%       |                                |                   |             |
|                                |               |             |                                | <u>\$ 245,000</u> |             |

4. NJ Environmental Infrastructure Trust – Fund Loan, Series 2010-B

On December 2, 2010, the Authority issued \$218,000 Sewer Revenue Fund Loan, Series 2010-B (the "2010-B Fund Loan") pursuant to the Sewer Resolution in order to fund various improvements to the Sewer System.

The 2010-B Fund Loan matures, subject to prepayment by the Authority, on the dates and in the principal amounts which are set forth below. The 2010-B Fund Loan bears interest at the rate of zero percent (0%) per annum.

| <u>Year</u><br><u>February 1</u> | <u>Amount</u> | <u>Year</u><br><u>August 1</u> | <u>Amount</u>    |
|----------------------------------|---------------|--------------------------------|------------------|
| 2022                             | \$ 3,824      | 2022                           | \$ 7,649         |
| 2023                             | 3,824         | 2023                           | 7,649            |
| 2024                             | 3,824         | 2024                           | 7,649            |
| 2025                             | 403           |                                |                  |
|                                  |               |                                | <u>\$ 34,822</u> |

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5. NJ Environmental Infrastructure Trust – Trust Loan, Series 2010-C

On December 2, 2010, the Authority issued \$4,270,000 Sewer Revenue Trust Loan, Series 2010-C (the "2010-C Trust Loan") pursuant to the Sewer Resolution in order to fund various improvements to the Sewer System.

The 2010-C Trust Loan matures, subject to prepayment by the Authority, on the dates and in the principal amounts and bear interest at the interest rates per annum which are set forth below. Interest is payable on the first day of February and August.

| Year<br>August 1 | Amount     | Rate  | Year<br>August 1 | Amount              | Rate  |
|------------------|------------|-------|------------------|---------------------|-------|
| 2022             | \$ 235,000 | 5.00% | 2027             | \$ 300,000          | 5.00% |
| 2023             | 245,000    | 5.00% | 2028             | 315,000             | 5.00% |
| 2024             | 260,000    | 5.00% | 2029             | 330,000             | 5.00% |
| 2025             | 275,000    | 5.00% | 2030             | 350,000             | 5.00% |
| 2026             | 285,000    | 5.00% |                  |                     |       |
|                  |            |       |                  | <u>\$ 2,595,000</u> |       |

6. NJ Environmental Infrastructure Trust – Fund Loan, Series 2010-C

On December 2, 2010, the Authority issued \$4,236,537 Sewer Revenue Fund Loan, Series 2010-C (the "2010-C Fund Loan") pursuant to the Sewer Resolution in order to fund various improvements to the Sewer System.

The 2010-C Fund Loan matures, subject to prepayment by the Authority, on the dates and in the principal amounts which are set forth below. The 2010-C Fund Loan bears interest at the rate of zero percent (0%) per annum.

| Year<br>February 1 | Amount    | Year<br>August 1 | Amount              |
|--------------------|-----------|------------------|---------------------|
| 2022               | \$ 78,454 | 2022             | \$ 156,909          |
| 2023               | 78,454    | 2023             | 156,909             |
| 2024               | 78,454    | 2024             | 156,909             |
| 2025               | 78,454    | 2025             | 156,909             |
| 2026               | 78,454    | 2026             | 156,909             |
| 2027               | 78,454    | 2027             | 156,909             |
| 2028               | 78,454    | 2028             | 156,909             |
| 2029               | 78,454    | 2029             | 156,909             |
| 2030               | 78,455    | 2030             | 103,859             |
|                    |           |                  | <u>\$ 2,065,218</u> |

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7. NJ Environmental Infrastructure Trust – Trust Loan, Series 2012-A

On May 3, 2012, the Authority issued \$370,000 Sewer Revenue Trust Loan, Series 2012-A (the "2012 A Trust Loan") pursuant to the Sewer Resolution in order to fund various improvements to the Sewer System.

The 2012-A Trust Loan matures, subject to prepayment by the Authority, on the dates and in the principal amounts and bear interest at the interest rates per annum which are set forth below. Interest is payable on the first day of February and August.

| <u>Year</u><br><u>August 1</u> | <u>Amount</u> | <u>Rate</u> | <u>Year</u><br><u>August 1</u> | <u>Amount</u>            | <u>Rate</u> |
|--------------------------------|---------------|-------------|--------------------------------|--------------------------|-------------|
| 2022                           | \$ 20,000     | 5.00%       | 2027                           | \$ 25,000                | 3.00%       |
| 2023                           | 20,000        | 5.00%       | 2028                           | 25,000                   | 3.00%       |
| 2024                           | 20,000        | 5.00%       | 2029                           | 25,000                   | 3.13%       |
| 2025                           | 20,000        | 5.00%       | 2030                           | 25,000                   | 3.20%       |
| 2026                           | 25,000        | 5.00%       | 2031                           | <u>25,000</u>            | 3.25%       |
|                                |               |             |                                | \$ <u><u>230,000</u></u> |             |



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8. NJ Environmental Infrastructure Trust – Fund Loan, Series 2012-A

On May 3, 2012, the Authority issued \$390,293 Sewer Revenue Fund Loan, Series 2012-A (the "2012-A Fund Loan") pursuant to the Sewer Resolution in order to fund various improvements to the Sewer System.

The 2012-A Fund Loan matures, subject to prepayment by the Authority, on the dates and in the principal amounts which are set forth below. The 2012-A Fund Loan bears interest at the rate of zero percent (0%) per annum.

| <u>Year</u><br><u>February 1</u> | <u>Amount</u> | <u>Year</u><br><u>August 1</u> | <u>Amount</u>     |
|----------------------------------|---------------|--------------------------------|-------------------|
| 2022                             | \$ 6,970      | 2022                           | \$ 13,939         |
| 2023                             | 6,969         | 2023                           | 13,939            |
| 2024                             | 6,970         | 2024                           | 13,939            |
| 2025                             | 6,969         | 2025                           | 13,939            |
| 2026                             | 6,970         | 2026                           | 13,939            |
| 2027                             | 6,969         | 2027                           | 13,939            |
| 2028                             | 6,970         | 2028                           | 13,939            |
| 2029                             | 6,969         | 2029                           | 13,939            |
| 2030                             | 6,970         | 2030                           | <u>12,969</u>     |
|                                  |               |                                | <u>\$ 187,207</u> |

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9. NJ Environmental Infrastructure Trust – Trust Loan, Series 2012-B

On May 3, 2012, the Authority issued \$185,000 Sewer Revenue Trust Loan, Series 2012-B (the "2012-B Trust Loan") pursuant to the Sewer Resolution in order to fund various improvements to the Sewer System.

The 2012-B Trust Loan matures, subject to prepayment by the Authority, on the dates and in the principal amounts and bear interest at the interest rates per annum which are set forth below. Interest is payable on the first day of February and August.

| <u>Year</u><br><u>August 1</u> | <u>Amount</u> | <u>Rate</u> | <u>Year</u><br><u>August 1</u> | <u>Amount</u> | <u>Rate</u> |
|--------------------------------|---------------|-------------|--------------------------------|---------------|-------------|
| 2022                           | \$ 10,000     | 5.00%       | 2027                           | \$ 10,000     | 3.00%       |
| 2023                           | 10,000        | 5.00%       | 2028                           | 15,000        | 3.00%       |
| 2024                           | 10,000        | 5.00%       | 2029                           | 15,000        | 3.13%       |
| 2025                           | 10,000        | 5.00%       | 2030                           | 15,000        | 3.20%       |
| 2026                           | 10,000        | 5.00%       | 2031                           | 15,000        | 3.25%       |
|                                |               |             |                                | \$ 120,000    |             |

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10. NJ Environmental Infrastructure Trust – Fund Loan, Series 2012-B

On May 3, 2012, the Authority issued \$582,075 Sewer Revenue Fund Loan, Series 2012-B (the "2012-B Fund Loan") pursuant to the Sewer Resolution in order to fund various improvements to the Sewer System.

The 2012-B Fund Loan matures, subject to prepayment by the Authority, on the dates and in the principal amounts which are set forth below. The 2012-B Fund Loan bears interest at the rate of zero percent (0%) per annum.

| <u>Year</u><br><u>February 1</u> | <u>Amount</u> | <u>Year</u><br><u>August 1</u> | <u>Amount</u> |
|----------------------------------|---------------|--------------------------------|---------------|
| 2022                             | \$ 10,211     | 2022                           | \$ 20,424     |
| 2023                             | 10,212        | 2023                           | 20,424        |
| 2024                             | 10,211        | 2024                           | 20,424        |
| 2025                             | 10,212        | 2025                           | 20,424        |
| 2026                             | 10,211        | 2026                           | 20,424        |
| 2027                             | 10,212        | 2027                           | 20,424        |
| 2028                             | 10,211        | 2028                           | 20,424        |
| 2029                             | 10,212        | 2029                           | 20,424        |
| 2030                             | 10,211        | 2030                           | 20,424        |
| 2031                             | 10,212        | 2031                           | 20,424        |
|                                  |               |                                | \$ 306,355    |
|                                  |               |                                | \$ 306,355    |

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11. NJ Environmental Infrastructure Trust – Trust Loan, Series 2016-A

On May 26, 2016, the Authority issued \$760,000 Sewer Revenue Trust Loan, Series 2016-A (the "2016-A Trust Loan") pursuant to the Sewer Resolution in order to fund various improvements to the Sewer System.

The 2016-A Trust Loan matures, subject to prepayment by the Authority, on the dates and in the principal amounts and bear interest at the interest rates per annum which are set forth below. Interest is payable on the first day of February and August.

| <u>Year</u><br><u>August 1</u> | <u>Amount</u> | <u>Rate</u> | <u>Year</u><br><u>August 1</u> | <u>Amount</u>     | <u>Rate</u> |
|--------------------------------|---------------|-------------|--------------------------------|-------------------|-------------|
| 2022                           | \$ 35,000     | 5.00%       | 2029                           | \$ 45,000         | 2.00%       |
| 2023                           | 35,000        | 5.00%       | 2030                           | 45,000            | 2.00%       |
| 2024                           | 40,000        | 4.00%       | 2031                           | 40,000            | 2.125%      |
| 2025                           | 40,000        | 4.00%       | 2032                           | 50,000            | 3.00%       |
| 2026                           | 40,000        | 4.00%       | 2033                           | 50,000            | 3.00%       |
| 2027                           | 45,000        | 4.00%       | 2034                           | 50,000            | 3.00%       |
| 2028                           | 45,000        | 2.00%       | 2035                           | <u>50,000</u>     | 3.00%       |
|                                |               |             |                                | <u>\$ 610,000</u> |             |

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12. NJ Environmental Infrastructure Trust – Fund Loan, Series 2016-A

On May 26, 2016, the Authority issued \$2,389,503 Sewer Revenue Fund Loan, Series 2016-A (the "2016-A Fund Loan") pursuant to the Sewer Resolution in order to fund various improvements to the Sewer System.

The 2016-A Fund Loan matures, subject to prepayment by the Authority, on the dates and in the principal amounts which are set forth below. The 2016-A Fund Loan bears interest at the rate of zero percent (0%) per annum.

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u>       |
|-------------|---------------|-------------|---------------------|
| February 1  |               | August 1    |                     |
| 2022        | \$ 40,500     | 2022        | \$ 81,000           |
| 2023        | 40,500        | 2023        | 81,000              |
| 2024        | 40,500        | 2024        | 81,000              |
| 2025        | 40,500        | 2025        | 81,000              |
| 2026        | 40,500        | 2026        | 81,000              |
| 2027        | 40,500        | 2027        | 81,000              |
| 2028        | 40,500        | 2028        | 81,000              |
| 2029        | 40,500        | 2029        | 81,000              |
| 2030        | 40,500        | 2030        | 81,000              |
| 2031        | 40,500        | 2031        | 81,000              |
| 2032        | 40,500        | 2032        | 81,000              |
| 2033        | 40,500        | 2033        | 81,000              |
| 2034        | 40,500        | 2034        | <u>29,716</u>       |
|             |               |             | <u>\$ 1,528,216</u> |

**B. Sewer Revenue Refunding Bonds, Series 2011**

On October 13, 2011, the Authority issued \$13,015,000 Sewer Revenue Refunding Bonds, Series 2011 (the "2011 Refunding Bonds") pursuant to the Sewer Resolution with a net interest cost of 2.978220% to advance refund \$14,210,000 of outstanding Sewer Revenue Refunding Bonds, Series 2002-C with an average interest rate of 5.25%. The net proceeds of \$14,623,555 include a premium on the bonds of \$1,608,555 and net of payments of \$52,847 in underwriting fees and \$130,850 of issuance costs were used to purchase U.S. Government Securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments. The refunded bonds are non-callable and will mature starting in 2017 until final maturity in 2021.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old bonds of \$370,557. The difference reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the fiscal year 2021 using the Bonds Outstanding Method. The Authority completed the advance refunding to reduce its total debt service payments over the next 10 years by \$2,499,223 and obtain an economic gain (difference between the present values of the old and new debt service payments) of \$2,032,463.

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Summary of Sewer System Revenue Bonds/Loans (as of December 31, 2021, the current principal, and long term principal, interest and total debt service, excluding those Sewer System Revenue Bonds that have been paid or defeased), is as follows:

| <u>Issue</u>                    | <u>Current<br/>Portion</u> | <u>Long-Term<br/>Portion</u> | <u>Interest</u>   | <u>Total</u>        |
|---------------------------------|----------------------------|------------------------------|-------------------|---------------------|
| NJ Environmental Infrastructure |                            |                              |                   |                     |
| Financing Program:              |                            |                              |                   |                     |
| 2010 Series A - Trust Loan      | 3,190                      | 25,906                       | 4,555             | 33,651              |
| 2010 Series A - Fund Loan       | 8,695                      | 60,864                       | -                 | 69,559              |
| 2010 Series B - Trust Loan      | 20,000                     | 225,000                      | 65,750            | 310,750             |
| 2010 Series B - Fund Loan       | 11,474                     | 23,349                       | -                 | 34,823              |
| 2010 Series C - Trust Loan      | 235,000                    | 2,360,000                    | 691,250           | 3,286,250           |
| 2010 Series C - Fund Loan       | 235,363                    | 1,829,854                    | -                 | 2,065,217           |
| 2012 Series A - Trust Loan      | 20,000                     | 210,000                      | 47,575            | 277,575             |
| 2012 Series A - Fund Loan       | 29,144                     | 158,063                      | -                 | 187,207             |
| 2012 Series B - Trust Loan      | 10,000                     | 110,000                      | 25,395            | 145,395             |
| 2012 Series B - Fund Loan       | 30,635                     | 275,720                      | -                 | 306,355             |
| 2016 Series A - Trust Loan      | 35,000                     | 575,000                      | 140,350           | 750,350             |
| 2016 Series A - Fund Loan       | 121,500                    | 1,406,716                    | -                 | 1,528,216           |
| Unamortized Costs:              |                            |                              |                   |                     |
| Bond Premiums                   | 33,099                     | 359,500                      | -                 | 392,599             |
|                                 | <u>\$ 793,100</u>          | <u>\$ 7,619,972</u>          | <u>\$ 974,875</u> | <u>\$ 9,387,947</u> |

**5. SOLID WASTE SYSTEM REVENUE BONDS/LOANS**

**A. New Jersey Environmental Infrastructure Financing Program**

1. NJ Environmental Infrastructure Trust – Trust Loan, Series 2012-C

On May 3, 2012, the Authority issued \$1,240,000 Solid Waste Revenue Trust Loan, Series 2012-C (the "2012-C Trust Loan") pursuant to the Solid Waste Resolution in order to fund various improvements to the Solid Waste System.

The 2012-C Trust Loan matures, subject to prepayment by the Authority, on the dates and in the principal amounts and bear interest at the interest rates per annum which are set forth below. Interest is payable on the first day of February and August.

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| <u>Year</u><br><u>August 1</u> | <u>Amount</u> | <u>Rate</u> | <u>Year</u><br><u>August 1</u> | <u>Amount</u> | <u>Rate</u> |
|--------------------------------|---------------|-------------|--------------------------------|---------------|-------------|
| 2022                           | \$ 65,000     | 5.00%       | 2027                           | \$ 80,000     | 3.00%       |
| 2023                           | 65,000        | 5.00%       | 2028                           | 85,000        | 3.00%       |
| 2024                           | 70,000        | 5.00%       | 2029                           | 85,000        | 3.13%       |
| 2025                           | 75,000        | 5.00%       | 2030                           | 90,000        | 3.20%       |
| 2026                           | 80,000        | 5.00%       | 2031                           | 85,000        | 3.25%       |
|                                |               |             |                                | \$ 780,000    |             |
|                                |               |             |                                | \$ 780,000    |             |

2. NJ Environmental Infrastructure Trust – Fund Loan, Series 2012-C

On May 3, 2012, the Authority issued \$3,966,467 Solid Waste Revenue Fund Loan, Series 2012-B (the "2012-C Fund Loan") pursuant to the Solid Waste Resolution in order to fund various improvements to the Solid Waste System.

The 2012-C Fund Loan matures, subject to prepayment by the Authority, on the dates and in the principal amounts which are set forth below. The 2012-C Fund Loan bears interest at the rate of zero percent (0%) per annum.

| <u>Year</u><br><u>February 1</u> | <u>Amount</u> | <u>Year</u><br><u>August 1</u> | <u>Amount</u> |
|----------------------------------|---------------|--------------------------------|---------------|
| 2022                             | \$ 69,587     | 2022                           | \$ 139,175    |
| 2023                             | 69,587        | 2023                           | 139,174       |
| 2024                             | 69,587        | 2024                           | 139,175       |
| 2025                             | 69,587        | 2025                           | 139,174       |
| 2026                             | 69,587        | 2026                           | 139,175       |
| 2027                             | 69,587        | 2027                           | 139,174       |
| 2028                             | 69,587        | 2028                           | 139,175       |
| 2029                             | 69,587        | 2029                           | 139,174       |
| 2030                             | 69,587        | 2030                           | 139,174       |
| 2031                             | 69,587        | 2031                           | 139,174       |
|                                  |               |                                | \$ 2,087,614  |
|                                  |               |                                | \$ 2,087,614  |

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3. NJ Environmental Infrastructure Trust – Trust Loan, Series 2015-A

On November 24, 2015, the Authority issued \$1,330,000 Solid Waste Revenue Trust Loan, Series 2015-A (the "2015-A Trust Loan") pursuant to the Solid Waste Resolution in order to fund various improvements to the Solid Waste System.

The 2015-A Trust Loan matures, subject to prepayment by the Authority, on the dates and in the principal amounts and bear interest at the interest rates per annum which are set forth below. Interest is payable on the first day of February and August.

| <u>Year</u><br><u>August 1</u> | <u>Amount</u> | <u>Rate</u> | <u>Year</u><br><u>August 1</u> | <u>Amount</u>       | <u>Rate</u> |
|--------------------------------|---------------|-------------|--------------------------------|---------------------|-------------|
| 2022                           | \$ 60,000     | 5.00%       | 2029                           | \$ 80,000           | 3.00%       |
| 2023                           | 60,000        | 5.00%       | 2030                           | 80,000              | 3.00%       |
| 2024                           | 65,000        | 5.00%       | 2031                           | 85,000              | 3.00%       |
| 2025                           | 70,000        | 5.00%       | 2032                           | 85,000              | 3.00%       |
| 2026                           | 70,000        | 3.00%       | 2033                           | 85,000              | 3.125%      |
| 2027                           | 75,000        | 3.00%       | 2034                           | 90,000              | 3.125%      |
| 2028                           | 75,000        | 3.00%       | 2035                           | <u>95,000</u>       | 3.25%       |
|                                |               |             |                                | <u>\$ 1,075,000</u> |             |



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4. NJ Environmental Infrastructure Trust – Fund Loan, Series 2015-A

On November 24, 2015, the Authority issued \$4,073,580 Solid Waste Revenue Fund Loan, Series 2015-A (the "2015-A Fund Loan") pursuant to the Solid Waste Resolution in order to fund various improvements to the Solid Waste System.

The 2015-A Fund Loan matures, subject to prepayment by the Authority, on the dates and in the principal amounts which are set forth below. The 2015-A Fund Loan bears interest at the rate of zero percent (0%) per annum.

| <u>Year</u><br><u>February 1</u> | <u>Amount</u> | <u>Year</u><br><u>August 1</u> | <u>Amount</u>       |
|----------------------------------|---------------|--------------------------------|---------------------|
| 2022                             | \$ 69,044     | 2022                           | \$ 138,087          |
| 2023                             | 69,044        | 2023                           | 138,087             |
| 2024                             | 69,044        | 2024                           | 138,087             |
| 2025                             | 69,044        | 2025                           | 138,087             |
| 2026                             | 69,044        | 2026                           | 138,087             |
| 2027                             | 69,044        | 2027                           | 138,087             |
| 2028                             | 69,044        | 2028                           | 138,087             |
| 2029                             | 69,044        | 2029                           | 138,087             |
| 2030                             | 69,044        | 2030                           | 138,087             |
| 2031                             | 69,044        | 2031                           | 138,087             |
| 2032                             | 69,044        | 2032                           | 138,087             |
| 2033                             | 69,044        | 2033                           | 138,087             |
| 2034                             | 69,045        | 2034                           | 138,088             |
| 2035                             | 69,045        | 2035                           | <u>76,424</u>       |
|                                  |               |                                | <u>\$ 2,838,174</u> |

Summary of Solid Waste System Revenue Bonds/Loans (as of December 31, 2021, the current principal and long term principal, interest and total debt service, excluding those Solid Waste System Revenue Bonds that have been paid or defeased, is as follows):

| <u>Issue</u>                                       | <u>Current</u><br><u>Portion</u> | <u>Long-Term</u><br><u>Portion</u> | <u>Interest</u>   | <u>Total</u>        |
|--|----------------------------------|------------------------------------|-------------------|---------------------|
| NJ Environmental Infrastructure Financing Program: |                                  |                                    |                   |                     |
| 2012 Series C - Trust Loan                         | \$ 65,000                        | \$ 715,000                         | \$ 162,295        | \$ 942,295          |
| 2012 Series C - Fund Loan                          | 208,761                          | 1,878,853                          | -                 | 2,087,614           |
| 2015 Series A - Trust Loan                         | 60,000                           | 1,015,000                          | 278,513           | 1,353,513           |
| 2015 Series A - Fund Loan                          | 207,131                          | 2,631,043                          | -                 | 2,838,174           |
| Unamortized Costs:                                 |                                  |                                    |                   |                     |
| Bond Premium                                       | 12,708                           | 165,841                            | -                 | 178,549             |
|  | <u>\$ 553,600</u>                | <u>\$ 6,405,737</u>                | <u>\$ 440,808</u> | <u>\$ 7,400,145</u> |

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**6. LONG TERM OBLIGATIONS**

Changes in long-term obligations for the year ended December 31, 2020 are as follows:

|                               | Balance<br>12/31/2020 | Issues or<br>Additions | Payments or<br>Expenditures | Balance<br>12/31/2021 | Amounts Due<br>Within<br>One Year |
|-------------------------------|-----------------------|------------------------|-----------------------------|-----------------------|-----------------------------------|
| Compensated Absences          | \$ 325,319            | \$ 136                 | \$                          | \$ 325,455            | \$ -                              |
| Due to IRS - Arbitrage Rebate | 272,807               |                        | 272,807                     | -                     | -                                 |
| Net OPEB Obligation Payable   | 53,331,084            | 1,344,489              |                             | 54,675,573            | -                                 |
| Net Pension Liability         | 24,370,408            |                        | 6,591,812                   | 17,778,596            | -                                 |
| Bonds Payable:                |                       |                        |                             |                       |                                   |
| Wastewater Program            | 11,612,137            |                        | 3,591,664                   | 8,020,473             | 760,001                           |
| Solid Waste Program           | 7,311,680             |                        | 530,893                     | 6,780,787             | 530,893                           |
| Unamortized Costs:            |                       |                        |                             |                       |                                   |
| Bond Premium                  | 614,945               |                        | 43,797                      | 571,148               | 45,807                            |
|                               | <u>\$ 97,838,380</u>  | <u>\$ 1,344,625</u>    | <u>\$ 11,030,973</u>        | <u>\$ 88,152,032</u>  | <u>\$ 1,336,701</u>               |

**7. PENSION AND RETIREMENT PLANS**

Substantially all of the Authority's employees participate in the Public Employees' Retirement System, which is administered by the New Jersey Division of Pensions and Benefits. The plan has a Board of Trustees that is primarily responsible for its administration. According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at – <http://www.state.nj.us/treasury/pensions/annrprts.shtml>.

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007, plan members enrolled in the PERS are required to contribute 7.50% of employees' annual compensation as defined. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to normal rate when such surplus assets no longer exist.

The Authority is billed annually for its normal contribution plus any accrued liability.

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The Authority's contributions, equal to the required contribution for each fiscal year, were as follows:

| <u>Fiscal<br/>Year</u> | <u>Normal<br/>Contribution</u> | <u>Life<br/>Insurance</u> | <u>Accrued<br/>Liability</u> | <u>Total<br/>Liability</u> | <u>Paid by<br/>Authority</u> |
|------------------------|--------------------------------|---------------------------|------------------------------|----------------------------|------------------------------|
| 2021                   | \$ 186,640                     | 79,020                    | 1,369,184                    | 1,634,844                  | 1,634,844                    |
| 2020                   | 142,120                        | 75,218                    | 1,259,764                    | 1,477,102                  | 1,477,102                    |
| 2019                   | 184,203                        | 64,721                    | 1,180,774                    | 1,429,698                  | 1,429,698                    |

**8. DEFINED CONTRIBUTION RETIREMENT PROGRAM**

**Plan Description**

The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

**Vesting and Benefits Provisions**

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately vested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully vested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer.

**Funding Policy**

Members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. The Authority has 3 Board Members enrolled in the DCRP during the year ended December 31, 2021.

**9. PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**

At December 31, 2021, the Authority reported a liability of \$17,778,596 for its proportionate share of the net pension liability. 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 that was rolled forward to 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. At June 30, 2021, the Authority's proportion was 0.15007468620%, which was a decrease of 0.77% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Authority recognized pension expense of (\$4,299,147). At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expended and actual experience  | \$ 280,391                        | 127,274                          |
| Changes of assumptions  | 92,591                            | 6,329,296                        |
| Net difference between projected and actual earnings<br>on pension plan investments                               | 892,924                           | 4,683,349                        |
| Changes in proportion and differences between Authority<br>contributions and proportionate share of contributions |                                   | 789,207                          |
| Total   | \$ 1,265,906                      | 11,929,126                       |

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

| Year ended<br>June 30, |                 |
|------------------------|-----------------|
| 2022                   | \$ (4,154,565)  |
| 2023                   | (2,966,349)     |
| 2024                   | (2,022,544)     |
| 2025                   | (1,520,352)     |
| 2026                   | 590             |
| Total                  | \$ (10,663,220) |

**Actuarial Assumptions**

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

|                            |   |
|----------------------------|---|
| Inflation rate             |   |
| Price                      | 2.75%                                     |
| Wage                       | 3.25%                                     |
| Salary increases:          |   |
| Through 2026               | 2.00% – 6.00% (based on years of service) |
| Thereafter                 | 3.00% - 7.00% (based on years of service) |
| Investment rate of return: | 7.00%                                     |

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

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of 2010 on a generational basis. Disability retirement rates used to value disable retirees were base 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 generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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

| 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%                                  |

*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 will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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*Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

|   | 1%<br>Decrease<br>(6.00%) | Current Discount<br>Rate<br>(7.00%) | 1%<br>Increase<br>(8.00%) |
|---|---------------------------|-------------------------------------|---------------------------|
| Authority's proportionate share of<br>the net pension liability | \$ 21,174,259             | \$ 17,778,596                       | \$ 14,900,988             |

*Pension plan fiduciary net position.*

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**10. REGIONAL WASTEWATER TREATMENT FACILITIES**

| <u>Region</u>                  | <u>Date Commenced<br/>Operations</u> |
|--------------------------------|--------------------------------------|
| Ocean City Region              | February 1982                        |
| Cape May Region                | February 1984                        |
| Seven Mile Beach/Middle Region | August 1987                          |
| Wildwood/Lower Region          | May 1988                             |

The Authority, in computing its annual charges, computes the amount which at all times will be sufficient to pay or provide for the expenses of the operation, repair and maintenance of the system, including insurance, renewals and replacements, the cost of extending the system not otherwise provided for, and principal of and interest on any and all bonds or other obligations of the Authority as the same become due, to provide for any deficits of the Authority resulting from failure to receive sums payable to the Authority from any other participant in the system, and to provide such revenues and maintain such reserves or sinking funds as may be required by the terms of any contract or other obligations of the Authority. The Service Contract may not be terminated as long as any bonds issued to finance the system have not been paid in full.

The balance of revenues is to be received from compost sales, septage and leachate disposal charges and interest received on investments.

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**11. DEFERRED COMPENSATION**

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all eligible regular employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The Authority established the Deferred Compensation Program through the U.S. Conference of Mayors (USCOM) on March 20, 1985. The USCOM has amended its Deferred Compensation Plan Document to incorporate the requirements of the Small Business Job Protection Act of 1996, and said amended Plan Document has been approved by and filed with the State of New Jersey Department of Community Affairs. By adopting the USCOM program, all regulatory, operational, administrative and fiduciary responsibilities were assumed by the Plan Administrator on behalf of the Authority. The USCOM partnered with what eventually became Nationwide Retirement Solutions ("Nationwide") to act as Administrator of the Program.

Effective January 1, 2013, USCOM is no longer partnering with Nationwide Retirement Solutions as the Program Administrator; instead, USCOM will be partnering with Great-West Retirement Services. The Authority will no longer be utilizing the 1985-adopted USCOM master prototype deferred compensation program. The Authority has opted to continue its long-standing relationship with Nationwide Retirement Solutions and has adopted the Nationwide Retirement Solutions Deferred Compensation Program.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights have been removed from the books and accounts of the Authority as they are no longer the property or rights of the Authority.

**12. LITIGATION AND CONTINGENCIES**

From time to time, the CMCMUA is a defendant or co-defendant in various lawsuits arising out of normal operations and construction activities of the CMCMUA. It is the opinion of management and the General Counsel to the CMCMUA that the resolution of these other pending lawsuits will not have a material adverse effect on the Authority's assets, liabilities or results of operations.

**13. INTERMEDIATE PROCESSING FACILITY (IPF)**

The Cape May County Municipal Utilities Authority constructed the Cape May County Intermediate Processing Facility ("IPF"), which commenced operations in April 1990, for the purpose of processing and marketing recyclable materials. As of October 1, 2017, Republic Services, Inc. is responsible for improvement, maintenance and operation of the IPF under a contract which terminates on December 31, 2021. The Authority pays monthly service fee payments and revenue sharing to Hudson Baylor Corporation as compensation for its expenses to operate and maintain the IPF.

**14. ALLOWANCE FOR DOUBTFUL ACCOUNTS**

The allowance amounts in Solid Waste Management Program (\$26,968) and Wastewater Management Program (\$15,354) are contra asset amounts presented as reductions to User Charges Receivable, Composting Fees Receivable and Septage Haulers Fees Receivable, respectively.

**15. CLOSURE AND POST-CLOSURE CARE COST**

State and federal laws and regulations require the Authority to place a final and impermeable cover on its sanitary landfill site once it stops accepting waste for disposal and to perform certain maintenance and monitoring functions at the site for thirty years after closure. To cover closure and post-closure care cost requirements that will be paid near or after the date that the landfill stops

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accepting waste, the Authority collects a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$7.3 million reported as restricted net position/landfill closure account #1 at December 31, 2021, is in excess of the amount required to date based on the assumption that the landfill would permanently close in the year 2095. Based upon volume projections available in the landfill made by the Authority's Consulting Engineer, only 23.71% of the total landfill capacity has been utilized. These cumulative amounts are based on what it would cost to perform all closure and post-closure care in 2021. Actual closure and post-closure costs may be higher due to inflation, changes in technology, or changes in regulations. The above percentage of total landfill capacity utilized has changed substantially from 2008 due to a 74 acre vertical expansion of the sanitary landfill which has received all regulatory approvals.

The Authority is required by state and federal regulations to make annual contributions to a closure fund to finance closure and post-closure care. The Authority expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these additional costs may need to be covered by charges to future landfill users.

**16. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. The Authority has a formal policy regarding custodial credit risk, and N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Of the Authority's bank balance of \$86,706,685 as of December 31, 2021, \$0 was uninsured and uncollateralized.



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**Investments**

At December 31, 2021, the Authority had the following investments:

| Investment<br>Type                              | Average<br>Credit/<br>Quality<br>Ratings (1) | Face<br>Amount       | Carrying<br>Amount | Investment Maturities (in Years) |                  |                  |
|---|--|----------------------|--------------------|----------------------------------|------------------|------------------|
|   |  |                      |                    | Less<br>Than 1                   | 1-5              | 6-10             |
| NJ Cash Mgmt.                                   | Not rated                                    | \$ 7,230,496         | 7,230,496          | 7,230,496                        |                  |                  |
| NJ ARM  | Not rated                                    | 47,291               | 47,291             | 47,291                           |                  |                  |
| FHLMC MTN                                       | AAA  | 272,000              | 271,506            | 35,919                           | 235,587          |                  |
| FHLMC   | AAA  | 211,000              | 210,742            |                                  | 210,742          |                  |
| FHLMCMMP  | Not Rated                                    | 222,655              | 224,161            |                                  | 224,161          |                  |
| FNMA  | AAA  | 652,000              | 647,848            | 199,478                          | 448,370          |                  |
| FNMA Deb  | AAA  | 144,000              | 143,642            | 49,836                           | 93,806           |                  |
| FNMA GTD REM                                    | N/A  | 8,554                | 9,034              |                                  |                  | 9,034            |
| FAMC  | AAA  | 35,000               | 34,956             |                                  | 34,956           |                  |
| Federal Farm<br>Credit Bank                     | AAA  | 30,000               | 30,040             |                                  | 30,040           |                  |
| Federal Home<br>Loan Banks                      | AAA  | 705,000              | 709,387            | 49,041                           | 446,340          | 214,006          |
| US Treasury<br>Bonds                            | AAA  | 111,000              | 120,277            | 87,436                           | 32,841           |                  |
| First American<br>Govt. Obligation<br>Fund CI Z | AAAm   | 29,584               | 29,584             | 29,584                           |                  |                  |
| US Treasury<br>Notes                            | AAA  | 4,803,000            | 4,797,570          | 369,984                          | 3,262,131        | 1,165,455        |
| Corporate<br>Issues                             | Not rated                                    | 108,991              | 109,419            |                                  | 83,044           | 26,375           |
|   |  | <u>\$ 14,610,571</u> | <u>14,615,953</u>  | <u>8,099,065</u>                 | <u>5,102,018</u> | <u>1,414,870</u> |

(1) Ratings are provided where applicable to indicate associated credit risk.

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**17. RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY**

Receivables and payables at December 31, 2021 are as follows:

| <u>Due to Fund</u>      | <u>Due from Fund</u>  | <u>Amount</u>            |
|-------------------------|-----------------------|--------------------------|
| Wastewater Construction | Solid Waste Operating | \$ <u>485,311</u>        |
|                         |                       | \$ <u><u>485,311</u></u> |

Interfunds were created to account for reimbursements due to Wastewater Management Program from Solid Waste Management Program that have not been paid at December 31, 2021.

**18. POST EMPLOYMENT HEALTHCARE PLAN**

*General Information about the Plan:*

The Authority offers Other Post-Retirement Benefits (OPEB) to its employees through the State Health Benefit Local Government Retired Employees Plan (the Plan) a cost-sharing multiple employer defined benefit other postemployment benefit plan. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at:

<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical, prescription drug and dental coverage 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 post retirement 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

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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.

*Allocation Methodology:*

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the Borough these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation, where applicable, and the nonspecial funding situation, the Collective Total OPEB liabilities for the year ended June 30, 2021 were \$3,872,142,278 and \$14,177,910,609, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's non special funding situation during the measurement period July 1, 2020 through June 30, 2021. Employer and non-employer allocation percentages have been rounded for presentation purposes.

*Net OPEB Liability:*

*Components of Net OPEB Liability*

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2020 is as follows:

|   | <b>June 30, 2021</b>        |                                |
|---|-----------------------------|--------------------------------|
|   | <b>Collective<br/>Total</b> | <b>Proportionate<br/>Share</b> |
| Total OPEB Liability  | \$ 18,050,052,887           | \$ 38,135,610                  |
| Plan Fiduciary Net Position   | 50,271,652                  | 106,212                        |
| Net OPEB Liability  | \$ 17,999,781,235           | \$ 38,029,398                  |
| Plan Fiduciary Net Position<br>as a Percentage of the<br>Total OPEB Liability | 0.28%                       | 0.28%                          |

At June 30, 2021 the Authority's proportionate share of the Collective Net OPEB Liability was \$38,027,398. The Authority's proportion of the Collective Net OPEB Liability was 0.211277% which was an increase from the prior year of 1.45%.

For the Year ended June 30, 2021 the Authority's Total OPEB Expense was (\$458,825).

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The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

|                    |                |
|--------------------|----------------|
| Inflation rate     | 2.50%          |
| Salary increases*: |                |
| Through 2026       | 2.00% to 6.00% |
| Thereafter         | 3.00% to 7.00% |

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

**Mortality:**

PERS: Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

Actuarial assumptions used in the July 1, 2020 valuation were based on the results of the PERS experience studies prepared for July 1, 2014 to June 30, 2018.

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

*Discount Rate*

The discount rate for 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.

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

The following presents the Net OPEB liability as of June 30, 2021, calculated using the discount rate as disclosed above as well as what the Net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

|                     | 1% Decrease<br>(1.16%) | Discount Rate<br>(2.16%) | 1% Increase<br>(3.16%) |
|---------------------|------------------------|--------------------------|------------------------|
| Collective          |                        |                          |                        |
| Net OPEB Liability  | \$ 21,182,289,882      | \$ 17,999,781,235        | \$ 15,477,574,697      |
| Proportionate Share |                        |                          |                        |
| Net OPEB Liability  | \$ 44,753,307          | \$ 38,029,398            | \$ 32,700,556          |

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

The following presents the net OPEB liability as of June 30, 2021, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

|                     | <u>1% Decrease</u> |    | <u>Healthcare Cost<br/>Trend Rate</u> |    | <u>1% Increase</u> |
|---------------------|--------------------|----|---------------------------------------|----|--------------------|
| Collective          |                    |    |                                       |    |                    |
| Net OPEB Liability  | \$ 15,017,879,689  | \$ | 17,999,781,235                        | \$ | 21,890,793,528     |
| Proportionate Share |                    |    |                                       |    |                    |
| Net OPEB Liability  | \$ 31,729,326      | \$ | 38,029,398                            | \$ | 46,250,212         |

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

At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

|   | <u>Collective Totals</u>                  |  | <u>Proportionate Share</u>                |  |
|---|---|--|---|--|
|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
| Differences between expected and actual experience  | \$ 403,893,589                            | \$ (3,765,820,027)                       | \$ 853,334                                | \$ (7,956,312)                           |
| Changes of assumptions  | 2,589,322,345                             | (3,181,672,721)                          | 5,470,643                                 | (6,722,143)                              |
| Net difference between projected and actual earnings<br>on OPEB plan investments                        | 8,606,416                                 |  | 18,183                                    |  |
| Changes in proportion and differences between<br>contributions and proportionate share of contributions |   |  | 4,095,277                                 | (3,191,953)                              |
| Total   | <u>\$ 3,001,822,350</u>                   | <u>\$ (6,947,492,748)</u>                | <u>\$ 10,437,437</u>                      | <u>\$ (17,870,408)</u>                   |

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

| Year ended<br>June 30, | Collective Totals         | Proportionate<br>Share |
|------------------------|---------------------------|------------------------|
| 2022                   | \$ (1,074,753,405)        | \$ (2,024,652)         |
| 2023                   | (1,076,167,210)           | (2,027,316)            |
| 2024                   | (1,077,459,075)           | (2,029,749)            |
| 2025                   | (769,416,743)             | (1,449,450)            |
| 2026                   | (129,344,414)             | (243,663)              |
| Thereafter             | 181,470,449               | 341,859                |
| Total                  | <u>\$ (3,945,670,398)</u> | <u>\$ (7,432,971)</u>  |

Detailed information about the plan's fiduciary net position is available in the separately issued OPEB financial report.

*Collective OPEB Expenses reported by the State of New Jersey*

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2020 are as follows:

|  |                       |
|--|-----------------------|
| Service cost   | \$ 846,075,674        |
| Interest on Total OPEB Liability   | 413,837,061           |
| Expected Investment Return   | (2,381,937)           |
| Administrative Expenses  | 11,334,383            |
| Changes of Benefit Terms   | 2,029,119             |
| Current Period Recognition (Amortization) of Deferred Inflows/<br>Outflows of Resources: |                       |
| Differences between Expected and Actual Experience                                       | (703,565,089)         |
| Changes in Assumptions   | (375,284,907)         |
| Differences between Projected and Actual Investment<br>Earnings on OPEB Plan Investments | 4,971,262             |
| Total Collective OPEB Expense  | <u>\$ 197,015,566</u> |

**19. POST EMPLOYMENT BENEFITS**

Effective February 1, 2013, the Authority joined New Jersey's State Health Benefits Plan ("SHBP"). The SHBP plan now provides postretirement, medical, dental and prescription drug coverage. Therefore, only the Medicare Part B reimbursements and the postretirement vision care continue to be provided by the Authority.

It is the policy of the Authority to provide health benefits to eligible employees who retire from the Authority and satisfy the Authority's minimum service requirements in a manner consistent with New Jersey Law and Authority policy.

The actuarial determined valuation of these benefits has been reviewed and will be reviewed bi-annually for the purpose of estimating the present value of future benefits for active and retired employees and their dependents as required by GASB 75.

The actuarial valuation report was based on 156 total participants including 68 retirees.

**Annual OPEB Cost and Net OPEB Liability**

The Authority's annual OPEB cost represents the accrued cost for post-employment benefits under GASB 75. The cumulative difference between the annual OPEB cost and the benefits paid during a year will result in a net OPEB obligation. The annual OPEB cost is equal to the annual required contribution (ARC) less adjustment if a net OPEB obligation exists. The ARC is equal to the normal cost and amortization of the Unfunded Actuarial Accrued Liability (UAAL) plus interest.

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**Actuarial Methods and Assumptions**

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrences of events far into the future, including future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

In the January 1, 2020 actuarial valuation, the “Entry-Age-Normal as a Percentage of Salary” method was used for all participants. The actuarial assumptions used to project future costs included a discount rate of 1.5% and annual health insurance cost trend rate of 4.75%. In addition, the unfunded actuarial accrued liability is being amortized period of 20 years.

**Other Post-employment Benefit Costs and Obligations**

In the January 1, 2021 actuarial valuation, the Actuarially Determined Contribution for the year’s ending December 31, 2021 were projected as follows:

|  |    | <u>12/31/2021</u> |
|--|----|-------------------|
| Service Cost   | \$ | 591,849           |
| 20 Year Amortization of NOL at 3.0%                            |    | 247,013           |
| Actuarily Determined Contribution                              |    | 838,862           |
| Actual Contribution  |    | 149,232           |
| Contribution deficiency  | \$ | (689,630)         |
| Covered Payroll  | \$ | 12,811,238        |
| Actuarily Determined Contribution<br>as a % of Covered Payroll |    | 6.55%             |

The following reflects the change in the Total OPEB Liability as of the January 1, 2020 valuation date for the year ended December 31, 2021.

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|  | <u>12/31/2021</u>    | <u>12/31/2020</u> | <u>12/31/2019</u> |
|--|----------------------|-------------------|-------------------|
| OPEB Liability, Beginning of Year                          | \$ 15,956,545        | 10,450,155        | 9,873,800         |
| Changes for the Year:                                      |                      |                   |                   |
| Service Cost   | 591,849              | 583,102           | 396,624           |
| Interest   | 247,013              | 236,805           | 306,060           |
| Assumption Changes & Difference                            |                      |                   |                   |
| Between Actual & Expected Experience                       | -                    | 221,130           | -                 |
| Change in Actuarial Cost Method                            | -                    | 4,612,078         | -                 |
| Benefit Payments   | (149,232)            | (146,725)         | (126,329)         |
| OPEB Liability, End of Year                                | \$ <u>16,646,175</u> | <u>15,956,545</u> | <u>10,450,155</u> |
| Covered payroll (for Covered Participants)                 | \$ 12,811,238        | 12,267,597        | 12,272,810        |
| Total OPEB liability as a percentage<br>of covered payroll | 129.93%              | 130.07%           | 85.15%            |

**Sensitivity of the total OPEB liability to changes in the discount rate.**

The December 31, 2021 valuation was prepared using a discount rate of 1.50%. If the discount rate were 1% higher than what was used in this valuation, the Total OPEB Liability would decrease to \$13,695,651 or by 17.72%. If the discount rate were 1% lower than was used in this valuation, the Total OPEB Liability would increase to \$20,423,023 or by 22.69%.

| <u>Discount Rate</u> |                      |                       |                      |
|----------------------|----------------------|-----------------------|----------------------|
|                      | <u>1% Decrease</u>   | <u>Baseline 1.50%</u> | <u>1% Increase</u>   |
| Total OPEB Liability | \$ <u>20,423,023</u> | \$ <u>16,646,175</u>  | \$ <u>13,695,651</u> |

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

The December 31, 2021 valuation was prepared using an initial trend rate of 4.75%. If the trend rate were 1% higher than what was used in this valuation, the Total OPEB Liability would increase to \$21,451,717 or by 28.87%. If the trend rate were 1% lower than was used in this valuation, the Total OPEB Liability would decrease to \$13,123,059 or by 21.16%.

| <u>Healthcare Cost Trend Rates</u> |                      |                       |                      |
|------------------------------------|----------------------|-----------------------|----------------------|
|                                    | <u>1% Decrease</u>   | <u>Baseline 4.75%</u> | <u>1% Increase</u>   |
| Total OPEB Liability               | \$ <u>13,123,059</u> | \$ <u>16,646,175</u>  | \$ <u>21,451,717</u> |



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**(CONTINUED)**

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

For the year ended December 31, 2021, the Authority's Actuarily determined OPEB expense was \$1,318,966. At December 31, 2020, the Authority would have reported deferred outflows of resources related to OPEB from the following sources:

|                                       | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---------------------------------------|--------------------------------------|-------------------------------------|
| Actuarial gains/losses                | \$                                   | \$ 165,848                          |
| Change in other input (discount rate) |                                      | 3,549,137                           |
| Total                                 | \$ -                                 | \$ 3,714,985                        |

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

For the Year Ending December 31,

|            |    |           |
|------------|----|-----------|
| 2022       | \$ | 619,164   |
| 2023       |    | 619,164   |
| 2024       |    | 619,164   |
| 2025       |    | 619,164   |
| 2026       |    | 619,164   |
| Thereafter |    | 619,165   |
|            | \$ | 3,714,985 |

**20. SUBSEQUENT EVENTS**

The Authority has evaluated subsequent events for potential recognition and/or disclosure through January 27, 2023, the date the financial statements were available to be issued, no issues were identified that require disclosure.

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**OTHER REQUIRED SUPPLEMENTARY INFORMATION**

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**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**Schedule of the Authority's Proportionate Share of the Net OPEB Liability**  
**State Health Benefits Program**  
**Last Six Fiscal Years**

|   | 2021             | 2020             | 2019             | 2018          | 2017          | 2016          |
|---|------------------|------------------|------------------|---------------|---------------|---------------|
| Authority's proportion of the net OPEB liability (asset)  | 0.211277%        | 0.208254%        | 0.192254%        | 0.202775%     | 0.195393%     | 0.215928%     |
| Authority's proportionate of the net OPEB liability (asset)   | \$ 38,029,398.00 | \$ 37,374,539.00 | \$ 26,042,864.00 | 31,767,985.00 | 39,891,022.00 | 46,894,087.00 |
| Authority's covered payroll   | 10,992,286.00    | 10,935,396.00    | 10,679,915.00    | 10,516,445.00 | 10,149,768.00 | 10,537,005.00 |
| Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll | 345.96%          | 341.78%          | 243.85%          | 302.08%       | 393.02%       | 445.04%       |
| Plan fiduciary net position as a percentage of the total OPEB liability   | 0.28%            | 1.98%            | 1.98%            | 1.97%         | not available | not available |

Source: GASB 75 report on State of New Jersey State Health Benefits Program; Authority records

Note: This schedule is required by GASB 75 to be show information for a 10 year period.

However, information is only currently available for six years.  
 Additional years will be presented as they become available.

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**Schedule of the Authority's Proportionate Share of the Net OPEB Liability**  
**Vision and Medicare Part B Reimbursements**  
**Last Six Fiscal Years**

|   | 2020             | 2020             | 2019             | 2018          | 2017          | 2016          |
|---|------------------|------------------|------------------|---------------|---------------|---------------|
| Authority's proportion of the net OPEB liability (asset)  | 100.000000%      | 100.000000%      | 100.000000%      | 100.000000%   | 100.000000%   | 100.000000%   |
| Authority's proportionate of the net OPEB liability (asset)   | \$ 16,646,175.00 | \$ 15,956,545.00 | \$ 10,450,155.00 | 9,873,800.00  | 8,860,740.00  | 8,709,925.00  |
| Authority's covered payroll   | 10,992,286.00    | 10,935,396.00    | 10,679,915.00    | 10,516,445.00 | 10,149,768.00 | 10,537,005.00 |
| Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll | 151.44%          | 145.92%          | 97.85%           | 93.89%        | 87.30%        | 82.66%        |
| Plan fiduciary net position as a percentage of the total OPEB liability   | 0.00%            | 0.00%            | 0.00%            | 0.00%         | not available | not available |

Source: GASB 75 report on Authority Program; Authority records

Note: This schedule is required by GASB 75 to be show information for a 10 year period. However, information is only currently available for six years. Additional years will be presented as they become available.

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY  
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEE RETIREMENT SYSTEM  
YEARS ENDED DECEMBER 31,**

|  | 2021          | 2020          | 2019          | 2018          | 2017          | 2016          | 2015          | 2014          | 2013          |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Authority's proportion of the net pension liability (asset)  | 0.1500745862% | 0.1494440014% | 0.1512388988% | 0.1430982220% | 0.1508249411% | 0.1527717042% | 0.1542083233% | 0.1483271947% | 0.1473077754% |
| Authority's proportionate of the net pension liability (asset)   | \$ 17,778,596 | \$ 24,370,408 | \$ 27,250,955 | \$ 28,175,327 | \$ 35,109,635 | \$ 45,246,597 | \$ 34,616,678 | \$ 27,770,908 | \$ 28,153,443 |
| Authority's covered payroll  | \$ 10,992,286 | \$ 10,935,396 | \$ 10,679,915 | \$ 10,516,445 | \$ 10,149,768 | \$ 10,537,005 | \$ 10,463,313 | \$ 10,314,672 | \$ 10,119,281 |
| Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 161.74%       | 222.86%       | 255.16%       | 267.92%       | 345.92%       | 429.41%       | 330.84%       | 269.24%       | 278.22%       |
| Plan fiduciary net position as a percentage of the total pension liability   | 70.33%        | 58.32%        | 56.30%        | 46.40%        | 48.10%        | 40.14%        | 47.93%        | 52.08%        | 48.72%        |

Source: GASB 68 report on Public Employees' Retirement System; Authority records

Note: This schedule is required by GASB 68 to be show information for a 10 year period. However, information is only currently available for nine years. Additional years will be presented as they become available.

CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY  
SCHEDULE OF AUTHORITY CONTRIBUTIONS  
PUBLIC EMPLOYEE RETIREMENT SYSTEM  
YEARS ENDED DECEMBER 31,

|  | 2021          | 2020          | 2019          | 2018          | 2017          | 2016          | 2015          | 2014          | 2013          |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually required contribution                                  | \$ 1,634,844  | \$ 1,634,842  | \$ 1,429,698  | \$ 1,415,675  | \$ 1,292,686  | \$ 1,258,402  | \$ 1,145,220  | \$ 1,091,373  | \$ 1,063,090  |
| Contributions in relation to the contractually required contribution | 1,634,844     | 1,634,842     | 1,429,698     | 1,415,675     | 1,292,686     | 1,258,402     | 1,145,220     | 1,091,373     | 1,063,090     |
| Contribution deficiency (excess)                                     | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          |
| Authority's covered-employee payroll                                 | \$ 10,992,286 | \$ 10,935,396 | \$ 10,679,915 | \$ 10,516,445 | \$ 10,149,768 | \$ 10,537,005 | \$ 10,463,313 | \$ 10,314,672 | \$ 10,119,281 |
| Contributions as a percentage of covered-employee payroll            | 14.87%        | 14.95%        | 13.39%        | 13.46%        | 12.74%        | 11.94%        | 10.95%        | 10.58%        | 10.51%        |

Source: GASB 68 report on Public Employees' Retirement System; Authority records

Note: This schedule is required by GASB 68 to be show information for a 10 year period. However, information is only currently available for nine years. Additional years will be presented as they become available.



## **OTHER SUPPLEMENTARY INFORMATION**

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# FORD - SCOTT

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

The Honorable Chairman and Members of the  
of the Cape May County Municipal Utilities Authority  
(A component unit of the County of Cape May)  
County of Cape May, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities, as listed in the accompanying table of contents, of the Cape May County Municipal Utilities Authority (a component unit of the County of Cape May), County of Cape May, State of New Jersey, as of and for the year ended December 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 January 27, 2023, which was unmodified.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ford, Scott & Associates, L.L.C.*  
FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

*Leon P. Costello*  
Leon P. Costello  
Certified Public Accountant  
Registered Municipal Accountant  
No. 393

January 27, 2023

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**(A component unit of the County of Cape May)**  
**GENERAL COMMENTS AND RECOMMENDATIONS**

**Findings and Recommendations**

None

**Status of Prior Year's Audit Recommendations**

There were no prior year recommendations.

Any problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

*Ford, Scott, & Associates, L.L.C.*  
FORD, SCOTT & ASSOCIATES, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

*Leon P. Costello*

Leon P. Costello  
Certified Public Accountant  
Registered Municipal Accountant  
No. 393

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**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 (A component unit of the County of Cape May)  
**COMBINING SCHEDULE OF NET POSITION**  
**BUSINESS TYPE ACTIVITIES**  
**DECEMBER 31, 2021 AND 2020**

|   | December 31, 2021             |                                |                     |                        | December 31, 2020  |                               |                                |                     |                        |                    |
|---|-------------------------------|--------------------------------|---------------------|------------------------|--------------------|-------------------------------|--------------------------------|---------------------|------------------------|--------------------|
|   | Wastewater Management Program | Solid Waste Management Program | Net OPEB Adjustment | Net Pension Adjustment | Total              | Wastewater Management Program | Solid Waste Management Program | Net OPEB Adjustment | Net Pension Adjustment | Total              |
| <b>ASSETS</b>   |                               |                                |                     |                        |                    |                               |                                |                     |                        |                    |
| <b>CURRENT ASSETS:</b>                                |                               |                                |                     |                        |                    |                               |                                |                     |                        |                    |
| Cash and cash equivalents                             | \$ 9,037,934                  | 6,954,914                      |                     |                        | 15,992,848         | 12,315,875                    | 6,061,192                      |                     |                        | 18,377,067         |
| Investments   | 372,219                       | 539,288                        |                     |                        | 911,507            | 574,243                       | 529,585                        |                     |                        | 1,103,828          |
| User charges receivable                               |                               | 1,516,669                      |                     |                        | 1,516,669          | 95,434                        | 1,708,438                      |                     |                        | 1,803,872          |
| Septage haulers fees receivable                       | 76,135                        |                                |                     |                        | 76,135             | 77,482                        |                                |                     |                        | 77,482             |
| Accounts receivable - other                           | 44,809                        | 445,352                        |                     |                        | 490,161            | 35,010                        | 180,223                        |                     |                        | 215,233            |
| Allowance for doubtful accounts                       | (15,354)                      | (26,968)                       |                     |                        | (42,322)           | (15,354)                      | (26,968)                       |                     |                        | (42,322)           |
| Due from Solid Waste Management Program               | 485,311                       |                                |                     |                        | 485,311            | -                             |                                |                     |                        | -                  |
| <b>TOTAL CURRENT ASSETS</b>                           | <b>10,001,054</b>             | <b>9,429,255</b>               | <b>-</b>            | <b>-</b>               | <b>19,430,309</b>  | <b>13,082,690</b>             | <b>8,452,470</b>               | <b>-</b>            | <b>-</b>               | <b>21,535,160</b>  |
| <b>NONCURRENT ASSETS:</b>                             |                               |                                |                     |                        |                    |                               |                                |                     |                        |                    |
| Restricted Assets:                                    |                               |                                |                     |                        |                    |                               |                                |                     |                        |                    |
| Cash and cash equivalents                             | 41,665,972                    | 13,996,978                     |                     |                        | 55,662,950         | 33,484,253                    | 10,674,164                     |                     |                        | 44,158,417         |
| Investments   | 1,361,340                     | 12,343,105                     |                     |                        | 13,704,445         | 2,456,156                     | 12,698,786                     |                     |                        | 15,154,942         |
| Accounts receivable - other                           |                               |                                |                     |                        | -                  | 172,074                       |                                |                     |                        | 172,074            |
| Due from Wastewater Management Program                |                               |                                |                     |                        | -                  |                               | 50,447                         |                     |                        | 50,447             |
| <b>TOTAL RESTRICTED ASSETS</b>                        | <b>43,027,312</b>             | <b>26,340,083</b>              | <b>-</b>            | <b>-</b>               | <b>69,367,395</b>  | <b>36,112,483</b>             | <b>23,423,397</b>              | <b>-</b>            | <b>-</b>               | <b>59,535,880</b>  |
| <b>CAPITAL ASSETS:</b>                                |                               |                                |                     |                        |                    |                               |                                |                     |                        |                    |
| Capital Assets not being depreciated                  | 30,044,084                    | 18,633,894                     |                     |                        | 48,677,978         | 20,679,121                    | 22,124,672                     |                     |                        | 42,803,793         |
| Capital assets being depreciated                      | 395,776,111                   | 99,651,953                     |                     |                        | 495,428,064        | 397,887,002                   | 94,699,922                     |                     |                        | 492,586,924        |
| Less accumulated depreciation                         | 323,104,868                   | 77,227,782                     |                     |                        | 400,332,650        | 320,277,225                   | 75,351,145                     |                     |                        | 395,628,370        |
| <b>NET PROPERTY, PLANT AND EQUIPMENT</b>              | <b>102,715,327</b>            | <b>41,058,065</b>              | <b>-</b>            | <b>-</b>               | <b>143,773,392</b> | <b>98,288,898</b>             | <b>41,473,449</b>              | <b>-</b>            | <b>-</b>               | <b>139,762,347</b> |
| <b>TOTAL ASSETS</b>                                   | <b>155,743,693</b>            | <b>76,827,403</b>              | <b>-</b>            | <b>-</b>               | <b>232,571,096</b> | <b>147,484,071</b>            | <b>73,349,316</b>              | <b>-</b>            | <b>-</b>               | <b>220,833,387</b> |
| <b>DEFERRED OUTFLOW OF RESOURCES:</b>                 |                               |                                |                     |                        |                    |                               |                                |                     |                        |                    |
| Deferred Outflows Related to Pensions                 |                               |                                |                     | 1,265,906              | 1,265,906          |                               |                                | 3,203,466           |                        | 3,203,466          |
| Deferred Outflows Related to OPEB                     |                               |                                | 14,152,422          |                        | 14,152,422         |                               |                                | 15,103,649          |                        | 15,103,649         |
| Deferred Amount on Refunding                          | 23,410                        |                                |                     |                        | 23,410             | 25,321                        |                                |                     |                        | 25,321             |
| <b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>            | <b>23,410</b>                 | <b>-</b>                       | <b>14,152,422</b>   | <b>1,265,906</b>       | <b>15,441,738</b>  | <b>25,321</b>                 | <b>-</b>                       | <b>15,103,649</b>   | <b>3,203,466</b>       | <b>18,332,436</b>  |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b> | <b>\$ 155,767,103</b>         | <b>76,827,403</b>              | <b>14,152,422</b>   | <b>1,265,906</b>       | <b>248,012,834</b> | <b>\$ 147,509,392</b>         | <b>73,349,316</b>              | <b>15,103,649</b>   | <b>3,203,466</b>       | <b>239,165,823</b> |

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 (A component unit of the County of Cape May)  
**COMBINING SCHEDULE OF NET POSITION**  
**BUSINESS TYPE ACTIVITIES**  
**DECEMBER 31, 2021 AND 2020**  
 (CONTINUED)

|   | December 31, 2021             |                                |                     |                        | December 31, 2020  |                               |                                |                     |                        |                    |
|---|-------------------------------|--------------------------------|---------------------|------------------------|--------------------|-------------------------------|--------------------------------|---------------------|------------------------|--------------------|
|   | Wastewater Management Program | Solid Waste Management Program | Net OPEB Adjustment | Net Pension Adjustment | Total              | Wastewater Management Program | Solid Waste Management Program | Net OPEB Adjustment | Net Pension Adjustment | Total              |
| <b>LIABILITIES</b>  |                               |                                |                     |                        |                    |                               |                                |                     |                        |                    |
| <b>CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED ASSETS:</b>  |                               |                                |                     |                        |                    |                               |                                |                     |                        |                    |
| Accounts payable - operations   | \$ 754,111                    | 1,608,383                      |                     |                        | 2,362,494          | \$ 906,207                    | 1,428,023                      |                     |                        | 2,334,230          |
| Unearned Revenue  | 9,987                         |                                |                     |                        | 9,987              |                               |                                |                     |                        | -                  |
| Rebates due to users  |                               | 1,229,380                      |                     |                        | 1,229,380          |                               |                                |                     |                        | -                  |
| Due to Solid Waste Management Program   |                               |                                |                     |                        | -                  | 50,447                        |                                |                     |                        | 50,447             |
| <b>TOTAL CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS</b>  | <b>764,098</b>                | <b>2,837,763</b>               | <b>-</b>            | <b>-</b>               | <b>3,601,861</b>   | <b>956,654</b>                | <b>1,428,023</b>               | <b>-</b>            | <b>-</b>               | <b>2,384,677</b>   |
| <b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:</b>  |                               |                                |                     |                        |                    |                               |                                |                     |                        |                    |
| Accounts payable  | 1,671,356                     | 17,126                         |                     |                        | 1,688,482          | 2,021,411                     | 1,000,286                      |                     |                        | 3,021,697          |
| Accrued interest payable  | 63,958                        | 26,473                         |                     |                        | 90,431             | 133,770                       | 28,869                         |                     |                        | 162,639            |
| Due Wastewater Management Program   |                               | 485,311                        |                     |                        | 485,311            |                               |                                |                     |                        | -                  |
| Current maturities of long-term debt (Net of Unamortized Bond Premium of \$45,807 in 2021 and \$43,794 in 2020, respectively) | 793,100                       | 553,601                        |                     |                        | 1,346,701          | 3,632,986                     | 542,601                        |                     |                        | 4,175,587          |
| <b>TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>   | <b>2,528,414</b>              | <b>1,082,511</b>               | <b>-</b>            | <b>-</b>               | <b>3,610,925</b>   | <b>5,788,167</b>              | <b>1,571,756</b>               | <b>-</b>            | <b>-</b>               | <b>7,359,923</b>   |
| <b>LONG TERM OBLIGATIONS:</b>   |                               |                                |                     |                        |                    |                               |                                |                     |                        |                    |
| Accrued compensated absences  | 325,455                       |                                |                     |                        | 325,455            | 325,319                       |                                |                     |                        | 325,319            |
| Due to IRS - arbitrage rebate   |                               |                                |                     |                        | -                  | 272,807                       |                                |                     |                        | 272,807            |
| Net OPEB Obligations  |                               |                                | 54,675,573          |                        | 54,675,573         |                               |                                | 53,331,084          |                        | 53,331,084         |
| Net Pension Liability   |                               |                                |                     | 17,778,596             | 17,778,596         |                               |                                |                     | 24,370,408             | 24,370,408         |
| Long term portion of bonds payable (Net of Unamortized Bond Premium of \$525,341 in 2021 and \$571,151 in 2020, respectively) | 7,619,972                     | 6,405,737                      |                     |                        | 14,025,709         | 8,403,840                     | 6,959,337                      |                     |                        | 15,363,177         |
| <b>TOTAL LIABILITIES</b>  | <b>11,237,939</b>             | <b>10,326,011</b>              | <b>54,675,573</b>   | <b>17,778,596</b>      | <b>94,018,119</b>  | <b>15,746,787</b>             | <b>9,959,116</b>               | <b>53,331,084</b>   | <b>24,370,408</b>      | <b>103,407,395</b> |
| <b>DEFERRED INFLOW OF RESOURCES:</b>  |                               |                                |                     |                        |                    |                               |                                |                     |                        |                    |
| Deferred Inflows related to OPEB  |                               |                                | 17,870,408          |                        | 17,870,408         |                               |                                | 19,316,155          |                        | 19,316,155         |
| Deferred Inflows related to pensions  |                               |                                |                     | 11,929,126             | 11,929,126         |                               |                                |                     | 11,574,021             | 11,574,021         |
| <b>TOTAL DEFERRED INFLOW OF RESOURCES</b>   | <b>-</b>                      | <b>-</b>                       | <b>17,870,408</b>   | <b>11,929,126</b>      | <b>29,799,534</b>  | <b>-</b>                      | <b>-</b>                       | <b>19,316,155</b>   | <b>11,574,021</b>      | <b>30,890,176</b>  |
| <b>TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES</b>   | <b>\$ 11,237,939</b>          | <b>10,326,011</b>              | <b>72,545,981</b>   | <b>29,707,722</b>      | <b>123,817,653</b> | <b>\$ 15,746,787</b>          | <b>9,959,116</b>               | <b>72,647,239</b>   | <b>35,944,429</b>      | <b>134,297,571</b> |



**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 (A component unit of the County of Cape May)  
**COMBINING SCHEDULE OF NET POSITION**  
**BUSINESS TYPE ACTIVITIES**  
**DECEMBER 31, 2021 AND 2020**  
 (CONTINUED)

|   | December 31, 2021             |                                |                     |                        |                    | December 31, 2020             |                                |                     |                        |                    |
|---|-------------------------------|--------------------------------|---------------------|------------------------|--------------------|-------------------------------|--------------------------------|---------------------|------------------------|--------------------|
|   | Wastewater Management Program | Solid Waste Management Program | Net OPEB Adjustment | Net Pension Adjustment | Total              | Wastewater Management Program | Solid Waste Management Program | Net OPEB Adjustment | Net Pension Adjustment | Total              |
| Net Investment in Capital Assets  | \$ 94,302,255                 | 34,098,727                     |                     |                        | 128,400,982        | \$ 86,252,072                 | 33,971,511                     |                     |                        | 120,223,583        |
| Restricted For:   |                               |                                |                     |                        |                    |                               |                                |                     |                        |                    |
| Bond service  | 243,067                       |                                |                     |                        | 243,067            | 3,089,502                     |                                |                     |                        | 3,089,502          |
| Bond reserve  | 314,258                       |                                |                     |                        | 314,258            | 314,258                       |                                |                     |                        | 314,258            |
| Renewal and replacement   | 42,823,493                    |                                |                     |                        | 42,823,493         | 35,413,602                    |                                |                     |                        | 35,413,602         |
| Capital projects  | 4,000,325                     |                                |                     |                        | 4,000,325          | 3,847,405                     |                                |                     |                        | 3,847,405          |
| Landfill closure #1   |                               | 7,338,167                      |                     |                        | 7,338,167          |                               | 7,052,725                      |                     |                        | 7,052,725          |
| Equipment reserve   |                               | 1,202,740                      |                     |                        | 1,202,740          |                               | 1,843,878                      |                     |                        | 1,843,878          |
| Building and site   |                               | 181,472                        |                     |                        | 181,472            |                               | 334,420                        |                     |                        | 334,420            |
| IPF capital reserve   |                               | 629,673                        |                     |                        | 629,673            |                               | 647,086                        |                     |                        | 647,086            |
| Operating and maintenance reserve                                       | 2,834,955                     | 2,195,027                      |                     |                        | 5,029,982          | 2,834,955                     | 2,195,027                      |                     |                        | 5,029,982          |
| Unreserved:   |                               |                                |                     |                        |                    |                               |                                |                     |                        |                    |
| Board Designated:   |                               |                                |                     |                        |                    |                               |                                |                     |                        |                    |
| Rate stabilization  | 10,811                        | 869,377                        |                     |                        | 880,188            | 10,811                        | 869,013                        |                     |                        | 879,824            |
| IPF rate stabilization  |                               | 1,997,264                      |                     |                        | 1,997,264          |                               | 896,753                        |                     |                        | 896,753            |
| Insurance   |                               | 615,615                        |                     |                        | 615,615            |                               | 611,486                        |                     |                        | 611,486            |
| Future construction   |                               | 12,443,589                     |                     |                        | 12,443,589         |                               | 8,972,357                      |                     |                        | 8,972,357          |
| Unrestricted  | -                             | 4,929,741                      | (58,393,559)        | (28,441,816)           | (81,905,634)       | -                             | 5,995,944                      | (57,543,590)        | (32,740,963)           | (84,288,609)       |
| <b>TOTAL NET POSITION</b>   | <b>144,529,164</b>            | <b>66,501,392</b>              | <b>(58,393,559)</b> | <b>(28,441,816)</b>    | <b>124,195,181</b> | <b>131,762,605</b>            | <b>63,390,200</b>              | <b>(57,543,590)</b> | <b>(32,740,963)</b>    | <b>104,868,252</b> |
| <b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION</b> | <b>\$ 155,767,103</b>         | <b>76,827,403</b>              | <b>14,152,422</b>   | <b>1,265,906</b>       | <b>248,012,834</b> | <b>\$ 147,509,392</b>         | <b>73,349,316</b>              | <b>15,103,649</b>   | <b>3,203,466</b>       | <b>239,165,823</b> |

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 (A component unit of the County of Cape May)  
**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET POSITION**  
**BUSINESS TYPE ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

|  | December 31, 2021             |                                |                     |                        | December 31, 2020 |                               |                                |                     |                        |                   |
|--|-------------------------------|--------------------------------|---------------------|------------------------|-------------------|-------------------------------|--------------------------------|---------------------|------------------------|-------------------|
|  | Wastewater Management Program | Solid Waste Management Program | Net OPEB Adjustment | Net Pension Adjustment | Total             | Wastewater Management Program | Solid Waste Management Program | Net OPEB Adjustment | Net Pension Adjustment | Total             |
| <b>Operating revenues:</b>               |                               |                                |                     |                        |                   |                               |                                |                     |                        |                   |
| User service agreements                  | \$ 36,172,429                 | 16,678,017                     |                     |                        | 52,850,446        | \$ 35,812,268                 | 15,215,226                     |                     |                        | 51,027,514        |
| Septage hauliers fees                    | 688,830                       |                                |                     |                        | 688,830           | 623,498                       |                                |                     |                        | 623,498           |
| Leachate disposal                        | 170,525                       |                                |                     |                        | 170,525           | 165,782                       |                                |                     |                        | 165,782           |
| Processing dry sludge                    | 248,027                       |                                |                     |                        | 248,027           | 266,719                       |                                |                     |                        | 266,719           |
| Tower rental                             | 118,285                       |                                |                     |                        | 118,285           | 114,840                       |                                |                     |                        | 114,840           |
| Management Fee                           | 2,040,000                     |                                |                     |                        | 2,040,000         | 2,000,000                     |                                |                     |                        | 2,000,000         |
| Operating grants                         | 19,525                        | 168,235                        |                     |                        | 187,760           |                               | 212,000                        |                     |                        | 212,000           |
| SLF cover fees                           |                               | 862,497                        |                     |                        | 862,497           |                               | 645,205                        |                     |                        | 645,205           |
| Methane gas sales                        |                               | 71,654                         |                     |                        | 71,654            |                               | 98,121                         |                     |                        | 98,121            |
| Wood product sales                       |                               | 459,188                        |                     |                        | 459,188           |                               | 360,773                        |                     |                        | 360,773           |
| Wood product delivery charge             |                               | 16,644                         |                     |                        | 16,644            |                               | 11,002                         |                     |                        | 11,002            |
| Sale of asbestos bags                    |                               | 11,911                         |                     |                        | 11,911            |                               | 9,424                          |                     |                        | 9,424             |
| Sale of scrap metal                      |                               | 59,384                         |                     |                        | 59,384            |                               | 29,475                         |                     |                        | 29,475            |
| Electric generation income               |                               | 200,202                        |                     |                        | 200,202           |                               | 178,742                        |                     |                        | 178,742           |
| Sale of renewable energy certificates    |                               | 5,282                          |                     |                        | 5,282             |                               | 45,683                         |                     |                        | 45,683            |
| Miscellaneous                            | 233,400                       | 94,367                         |                     |                        | 327,767           | 228,286                       | 14,603                         |                     |                        | 242,889           |
| IPF electric reimbursement               |                               | 85,671                         |                     |                        | 85,671            |                               | 93,967                         |                     |                        | 93,967            |
| IPF residue income                       |                               | 256,135                        |                     |                        | 256,135           |                               | 240,116                        |                     |                        | 240,116           |
| IPF commercial ton revenue               |                               | 215,759                        |                     |                        | 215,759           |                               |                                |                     |                        | -                 |
| IPF administrative support reimbursement |                               | 73,512                         |                     |                        | 73,512            |                               | 67,343                         |                     |                        | 67,343            |
| IPF glass cover material                 |                               | 73,215                         |                     |                        | 73,215            |                               | 81,046                         |                     |                        | 81,046            |
| Recyclables Hauling                      |                               | 21,225                         |                     |                        | 21,225            |                               | 25,575                         |                     |                        | 25,575            |
| Recycling income                         |                               | 13,300                         |                     |                        | 13,300            |                               | 33,021                         |                     |                        | 33,021            |
| <b>TOTAL OPERATING REVENUES</b>          | <b>39,691,021</b>             | <b>19,366,198</b>              | <b>-</b>            | <b>-</b>               | <b>59,057,219</b> | <b>39,211,413</b>             | <b>17,361,322</b>              | <b>-</b>            | <b>-</b>               | <b>56,572,735</b> |

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 (A component unit of the County of Cape May)  
**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET POSITION**  
**BUSINESS TYPE ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
 (CONTINUED)

|   | December 31, 2021             |                                |                     |                        |                   | December 31, 2020             |                                |                     |                        |                   |
|---|-------------------------------|--------------------------------|---------------------|------------------------|-------------------|-------------------------------|--------------------------------|---------------------|------------------------|-------------------|
|   | Wastewater Management Program | Solid Waste Management Program | Net OPEB Adjustment | Net Pension Adjustment | Total             | Wastewater Management Program | Solid Waste Management Program | Net OPEB Adjustment | Net Pension Adjustment | Total             |
| <b>Operating expenses:</b>                    |                               |                                |                     |                        |                   |                               |                                |                     |                        |                   |
| Salary and wages                              | \$ 8,736,910                  | 3,589,014                      |                     |                        | 12,325,924        | \$ 8,623,917                  | 3,669,850                      |                     |                        | 12,293,767        |
| Employee benefits                             | 4,739,021                     | 1,619,203                      |                     | (4,299,147)            | 2,059,077         | 4,552,284                     | 1,579,416                      |                     | (1,059,325)            | 5,072,375         |
| Other post-employment benefits (Note 19)      |                               |                                | 849,969             |                        | 849,969           |                               |                                | 592,198             |                        | 592,198           |
| Administrative expenses                       | 369,760                       | 1,815,005                      |                     |                        | 2,184,765         | 420,653                       | 1,798,096                      |                     |                        | 2,218,749         |
| Operations and maintenance                    | 6,643,630                     | 5,291,059                      |                     |                        | 11,934,689        | 5,748,230                     | 4,019,648                      |                     |                        | 9,767,878         |
| Depreciation                                  | 5,608,058                     | 2,419,694                      |                     |                        | 8,027,752         | 5,301,009                     | 2,256,163                      |                     |                        | 7,557,172         |
| Construction fund expenses                    | 1,142,661                     | 1,654,474                      |                     |                        | 2,797,135         | 472,387                       | 859,331                        |                     |                        | 1,331,718         |
| <b>TOTAL OPERATING EXPENSES</b>               | <b>27,240,040</b>             | <b>16,388,449</b>              | <b>849,969</b>      | <b>(4,299,147)</b>     | <b>40,179,311</b> | <b>25,118,480</b>             | <b>14,182,504</b>              | <b>592,198</b>      | <b>(1,059,325)</b>     | <b>38,833,857</b> |
| <b>Operating income</b>                       | <b>12,450,981</b>             | <b>2,977,749</b>               | <b>(849,969)</b>    | <b>4,299,147</b>       | <b>18,877,908</b> | <b>14,092,933</b>             | <b>3,178,818</b>               | <b>(592,198)</b>    | <b>1,059,325</b>       | <b>17,738,878</b> |
| <b>Nonoperating revenues (expenses):</b>      |                               |                                |                     |                        |                   |                               |                                |                     |                        |                   |
| Project fund credits - NJEIT                  | 24,000                        |                                |                     |                        | 24,000            | 23,000                        |                                |                     |                        | 23,000            |
| Cancellation of Arbitrage Liability           | 272,807                       |                                |                     |                        | 272,807           |                               |                                |                     |                        | -                 |
| Interest income                               | 193,758                       | 205,376                        |                     |                        | 399,134           | 439,079                       | 338,345                        |                     |                        | 777,424           |
| Interest expense                              | (163,812)                     | (66,890)                       |                     |                        | (230,702)         | (383,215)                     | (65,503)                       |                     |                        | (448,718)         |
| Amortization of bond premium                  | 32,089                        | 11,708                         |                     |                        | 43,797            | 382,054                       | 11,708                         |                     |                        | 393,762           |
| Loss on Disposal of Fixed Assets              | (43,264)                      | (16,751)                       |                     |                        | (60,015)          |                               |                                |                     |                        | -                 |
| <b>TOTAL NONOPERATING REVENUES (EXPENSES)</b> | <b>315,578</b>                | <b>133,443</b>                 | <b>-</b>            | <b>-</b>               | <b>449,021</b>    | <b>460,918</b>                | <b>284,550</b>                 | <b>-</b>            | <b>-</b>               | <b>745,468</b>    |
| Change in Net Position                        | 12,766,559                    | 3,111,192                      | (849,969)           | 4,299,147              | 19,326,929        | 14,553,851                    | 3,463,368                      | (592,198)           | 1,059,325              | 18,484,346        |
| Net Position - beginning                      | 131,762,605                   | 63,390,200                     | (57,543,590)        | (32,740,963)           | 104,868,252       | 117,208,754                   | 59,926,832                     | (56,951,392)        | (33,800,288)           | 86,383,906        |
| Net Position - ending                         | \$ 144,529,164                | 66,501,392                     | (58,393,559)        | (28,441,816)           | 124,195,181       | \$ 131,762,605                | 63,390,200                     | (57,543,590)        | (32,740,963)           | 104,868,252       |

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 (A component unit of the County of Cape May)  
**COMBINING SCHEDULE OF CASH FLOWS**  
**BUSINESS TYPE ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

|   | December 31, 2021             |                                |                     |                        | December 31, 2020 |                               |                                |                     |                        |              |
|---|-------------------------------|--------------------------------|---------------------|------------------------|-------------------|-------------------------------|--------------------------------|---------------------|------------------------|--------------|
|   | Wastewater Management Program | Solid Waste Management Program | Net OPEB Adjustment | Net Pension Adjustment | Total             | Wastewater Management Program | Solid Waste Management Program | Net OPEB Adjustment | Net Pension Adjustment | Total        |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                          |                               |                                |                     |                        |                   |                               |                                |                     |                        |              |
| Receipts from customers and users                                     | \$ 39,598,392                 | 19,124,603                     |                     |                        | 58,722,995        | \$ 38,760,326                 | 16,950,935                     |                     |                        | 55,711,261   |
| Other operating cash receipts   | 361,672                       | 168,235                        |                     |                        | 529,907           | 343,126                       | 212,000                        |                     |                        | 555,126      |
| Payments to employees   | (13,475,795)                  | (5,208,217)                    |                     |                        | (18,684,012)      | (13,174,010)                  | (5,249,266)                    |                     |                        | (18,423,276) |
| Payments to suppliers and vendors                                     | (8,658,202)                   | (8,333,956)                    |                     |                        | (16,992,160)      | (7,393,138)                   | (5,820,057)                    |                     |                        | (13,213,195) |
| Net cash provided by operating activities                             | 17,826,067                    | 5,750,663                      | -                   | -                      | 23,576,730        | 18,536,304                    | 6,093,612                      | -                   | -                      | 24,629,916   |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>               |                               |                                |                     |                        |                   |                               |                                |                     |                        |              |
| Net transfers from (to) other funds                                   | (535,758)                     | 535,758                        |                     |                        | -                 | 1,050,597                     | (1,050,597)                    |                     |                        | -            |
| Net cash provided/(used) by noncapital financing activities           | (535,758)                     | 535,758                        | -                   | -                      | -                 | 1,050,597                     | (1,050,597)                    | -                   | -                      | -            |
| <b>CASH ACTIVITIES FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b> |                               |                                |                     |                        |                   |                               |                                |                     |                        |              |
| Purchase of capital assets  | (10,077,751)                  | (2,021,061)                    |                     |                        | (12,098,812)      | (13,817,320)                  | (1,919,818)                    |                     |                        | (15,737,138) |
| Principal paid on capital debt  | (3,567,665)                   | (530,892)                      |                     |                        | (4,098,557)       | (3,423,569)                   | (530,893)                      |                     |                        | (3,954,462)  |
| Interest paid on capital debt   | (231,713)                     | (69,286)                       |                     |                        | (300,999)         | (370,150)                     | (70,094)                       |                     |                        | (440,244)    |
| Net cash (used) by capital and related financing activities           | (13,877,129)                  | (2,621,239)                    | -                   | -                      | (16,498,368)      | (17,611,039)                  | (2,520,805)                    | -                   | -                      | (20,131,844) |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                          |                               |                                |                     |                        |                   |                               |                                |                     |                        |              |
| Investments matured (purchased)                                       | 1,296,840                     | 345,978                        |                     |                        | 1,642,818         | (248,033)                     | 835,745                        |                     |                        | 587,712      |
| Interest income   | 193,758                       | 205,376                        |                     |                        | 399,134           | 439,079                       | 338,345                        |                     |                        | 777,424      |
| Net cash provided/(used) by investing activities                      | 1,490,598                     | 551,354                        | -                   | -                      | 2,041,952         | 191,046                       | 1,174,090                      | -                   | -                      | 1,365,136    |
| Net increase/(decrease) in cash and cash equivalents                  | 4,903,778                     | 4,216,536                      | -                   | -                      | 9,120,314         | 2,166,908                     | 3,696,300                      | -                   | -                      | 5,863,208    |
| <b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>                           | 45,800,128                    | 16,735,356                     |                     |                        | 62,535,484        | 43,633,220                    | 13,039,056                     |                     |                        | 56,672,276   |
| <b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>                         | \$ 50,703,906                 | 20,951,892                     | -                   | -                      | 71,655,798        | \$ 45,800,128                 | 16,735,356                     | -                   | -                      | 62,535,484   |

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
 (A component unit of the County of Cape May)  
**COMBINING SCHEDULE OF CASH FLOWS**  
**BUSINESS TYPE ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
 (CONTINUED)

|    | December 31, 2021             |                                |                     |                        | December 31, 2020 |                               |                                |                     |                        |              |
|----|-------------------------------|--------------------------------|---------------------|------------------------|-------------------|-------------------------------|--------------------------------|---------------------|------------------------|--------------|
|    | Wastewater Management Program | Solid Waste Management Program | Net OPEB Adjustment | Net Pension Adjustment | Total             | Wastewater Management Program | Solid Waste Management Program | Net OPEB Adjustment | Net Pension Adjustment | Total        |
| \$ | 12,450,981                    | 2,977,749                      | (849,969)           | 4,299,147              | 14,578,761        | \$ 14,092,933                 | 3,178,818                      | (592,198)           | 1,059,325              | 16,679,553   |
|    | 5,608,058                     | 2,419,694                      | -                   | -                      | 8,027,752         | 5,301,009                     | 2,256,163                      | -                   | -                      | 7,557,172    |
|    | 18,059,039                    | 5,397,443                      | (849,969)           | 4,299,147              | 22,606,513        | 19,393,942                    | 5,434,981                      | (592,198)           | 1,059,325              | 24,236,725   |
|    | 259,056                       | (73,360)                       |                     | 1,937,560              | 185,696           | (107,961)                     | (198,387)                      |                     | 1,652,622              | (306,348)    |
|    | (492,028)                     | 426,580                        | (1,445,747)         | (6,236,707)            | 1,279,041         | (749,677)                     | 857,018                        | (13,819,417)        | (2,711,947)            | (13,819,417) |
|    |                               |                                | 1,344,489           |                        |                   |                               |                                | (2,426,450)         |                        | (2,426,450)  |
|    |                               |                                |                     |                        |                   |                               |                                | 16,838,065          |                        | 16,945,406   |
| \$ | 17,826,067                    | 5,750,663                      | -                   | -                      | 23,576,730        | \$ 18,536,304                 | 6,093,612                      | -                   | -                      | 24,629,916   |

Reconciliation of operating income to net cash provided by operating activities:  
 Operating income  
 Adjustments to reconcile operating income to net cash provided by operating activities:  
 Depreciation

Changes in assets and liabilities:  
 Receivables, net  
 Deferred Outflows of Resources  
 Deferred Inflows of Resources  
 Accounts and other payables

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## **WASTEWATER MANAGEMENT PROGRAM**

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**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**(A component unit of the County of Cape May)**  
**WASTEWATER MANAGEMENT PROGRAM**  
**SCHEDULE OF OPERATING REVENUES AND COSTS FUNDED BY**  
**OPERATING REVENUES COMPARED TO BUDGET**  
**YEAR ENDED DECEMBER 31, 2021**

|                                      | <b>2021<br/>Budget<br/>(as revised)</b> | <b>2021<br/>Actual</b> |
|--------------------------------------|---|------------------------|
| <b>REVENUES:</b>                     |   |                        |
| User service agreements:             | \$ 36,172,429                           | 36,172,429             |
| Interest on investments and deposits | 225,000                                 | 192,770                |
| Septage/Leachate disposal fees       | 1,055,000                               | 859,355                |
| Processing Dry Sludge                | 335,000                                 | 248,027                |
| Tower rental                         | 105,000                                 | 118,285                |
| Management Fee                       | 2,040,000                               | 2,040,000              |
| Miscellaneous                        | 400,000                                 | 370,903                |
|                                      | \$ 40,332,429                           | 40,001,769             |
| <b>EXPENSES:</b>                     |   |                        |
| <b>Personnel services:</b>           |   |                        |
| Salaries and wages:                  |   |                        |
| Ocean City region                    | \$ 1,114,500                            | 1,056,253              |
| Cape May region                      | 788,000                                 | 804,159                |
| Seven Mile Beach/Middle region       | 2,361,500                               | 2,287,711              |
| Wildwood/Lower region                | 1,249,000                               | 1,180,421              |
| Composting facility                  | 317,000                                 | 308,070                |
| Administration                       | 3,249,000                               | 3,100,296              |
| <b>Employee benefits:</b>            |   |                        |
| Social Security tax                  | 665,840                                 | 610,994                |
| Workers' compensation insurance      | 216,000                                 | 175,088                |
| Other employee benefits              | 4,139,965                               | 3,952,939              |
| <b>Administrative expenses:</b>      |   |                        |
| Professional fees                    | 292,450                                 | 194,543                |
| Financial management                 | 56,744                                  | 28,298                 |
| Permits and fees                     | 235,050                                 | 146,919                |

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**(A component unit of the County of Cape May)**  
**WASTEWATER MANAGEMENT PROGRAM**  
**SCHEDULE OF OPERATING REVENUES AND COSTS FUNDED BY**  
**OPERATING REVENUES COMPARED TO BUDGET**  
**YEAR ENDED DECEMBER 31, 2021**  
**(CONTINUED)**

|  | <b>2021<br/>Budget<br/>(as revised)</b> | <b>2021<br/>Actual</b> |
|--|---|------------------------|
| <b>EXPENSES (CONTINUED):</b>                         |   |                        |
| <b>Operations and maintenance:</b>                   |   |                        |
| Utilities  | \$ 2,635,600                            | 2,303,794              |
| Chemicals  | 1,390,800                               | 1,117,350              |
| Miscellaneous  | 139,725                                 | 69,632                 |
| Supplies and postage                                 | 241,850                                 | 203,420                |
| Repair and replacement parts                         | 641,000                                 | 451,551                |
| Materials  | 3,750                                   | -                      |
| Rent/Lease   | 196,000                                 | 121,865                |
| Other insurance                                      | 436,773                                 | 426,609                |
| Tower Shared Services                                | 35,000                                  | -                      |
| Outside service                                      | 2,251,650                               | 1,516,162              |
| Capital Equipment                                    | 586,250                                 | 300,446                |
| Lubrications/Fuels                                   | 176,850                                 | 132,801                |
|  | <u>23,420,297</u>                       | <u>20,489,321</u>      |
| Interest expense                                     | <u>161,901</u>                          | <u>161,901</u>         |
| <b>Other costs funded by<br/>operating revenues:</b> |   |                        |
| Bond principal                                       | 721,231                                 | 721,229                |
| Construction Fund                                    |   | -                      |
| Renewal and replacement reserve                      | <u>16,029,000</u>                       | <u>18,629,318</u>      |
|  | <u>16,750,231</u>                       | <u>19,350,547</u>      |
| Total costs funded by operating revenues             | 40,332,429                              | 40,001,769             |
| Add: Excess (Deficit)                                | <u>-</u>                                | <u>-</u>               |
|  | <u>\$ 40,332,429</u>                    | <u>40,001,769</u>      |

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**(A component unit of the County of Cape May)**  
**WASTEWATER MANAGEMENT PROGRAM**  
**SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS**  
**DECEMBER 31, 2021**

| Description                                   | Face<br>Amount | Interest<br>Rate % | Due<br>Date | Cost<br>December 31,<br>2021 |
|---|----------------|--------------------|-------------|------------------------------|
| <b>Unrestricted Accounts</b>                  |                |                    |             |                              |
| <b>Revenue and Operating Accounts:</b>        |                |                    |             |                              |
| TD Bank - Daily Deposit Acct.                 | \$ 5,034       | 0.100              | N/A         | \$ 5,034                     |
| TD Bank - Checking Acct                       | 85,643         | 0.250              | N/A         | 85,643                       |
| TD Bank - Money Market                        | 5,576,173      | 0.100              | N/A         | 5,576,173                    |
| Sturdy Savings Bank - Money Market            | 9,713          | 0.010              | N/A         | 9,713                        |
| NJ Cash Management Fund                       | 368,536        | 0.040              | N/A         | 368,536                      |
| NJ ARM  | 3,683          | 0.015              | N/A         | 3,683                        |
| Parke Bank - Money Market                     | 3,360,346      | 0.600              | N/A         | 3,360,346                    |
| Petty Cash                                    |                |                    |             | 1,025                        |
|   |                |                    |             | <hr/> 9,410,153              |
| Total Unrestricted Accounts                   |                |                    |             | <hr/> <hr/> 9,410,153        |
| <b>Restricted Accounts</b>                    |                |                    |             |                              |
| <b>Construction Accounts:</b>                 |                |                    |             |                              |
| Sturdy Savings - Payroll Acct.                | 4,834          | 0.000              | N/A         | 4,834                        |
| TD Bank - Checking Acct.                      | 963,474        | 0.040              | N/A         | 963,474                      |
| TD Bank - Health Savings Account              | 18,806         | 0.100              | N/A         | 18,806                       |
| NJ Cash Management Fund                       | 718,822        | 0.040              | N/A         | 718,822                      |
| Petty Cash                                    |                |                    |             | 700                          |
|   |                |                    |             | <hr/> 1,706,636              |
| <b>Renewal and Replacement Accounts:</b>      |                |                    |             |                              |
| Sturdy Savings Bank - Money Market            | 8,915          | 0.010              | N/A         | 8,915                        |
| Parke Bank - Money Market                     | 27,553,195     | 0.600              | N/A         | 27,553,195                   |
| NJ ARM  | 43,608         | 0.015              | N/A         | 43,608                       |
| TD Bank - Money Market                        | 10,034,865     | 0.100              | N/A         | 10,034,865                   |
| NJ Cash Management Fund                       | 2,644          | 0.040              | N/A         | 2,644                        |
| Borough of Dunellen Spec. Emer. Note          | 118,000        | 0.750              | N/A         | 118,000                      |
| Borough of Oradell Bond Anticipation Note     | 1,340,000      | 0.345              | N/A         | 1,340,000                    |
| Township of Commercial Bond Anticipation Note | 924,250        | 0.345              | N/A         | 924,250                      |
| TD Bank - Checking                            | 689,673        | 0.100              | N/A         | 689,673                      |
|   |                |                    |             | <hr/> 40,715,150             |

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**(A component unit of the County of Cape May)**  
**WASTEWATER MANAGEMENT PROGRAM**  
**SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS**  
**DECEMBER 31, 2021**

| Description                                | Face Amount | Interest Rate % | Due Date | Cost December 31, 2021 |
|--|-------------|-----------------|----------|------------------------|
| <b>Restricted Accounts (Continued)</b>     |             |                 |          |                        |
| <b>Rate Stabilization Account:</b>         |             |                 |          |                        |
| NJ Cash Management Fund                    | 10,811      | 0.040           | N/A      | 10,811                 |
| <b>Sick and Vacation Pay Reserve Fund:</b> |             |                 |          |                        |
| NJ Cash Management Fund                    | 325,455     | 0.040           | N/A      | 325,455                |
| <b>2002 Forward Financing Fund:</b>        |             |                 |          |                        |
| NJ Cash Management Fund                    | 260,000     | 0.040           | N/A      | 260,000                |
| Sturdy Savings Bank - Money Market         | 9,260       | 0.010           | N/A      | 9,260                  |
|  |             |                 |          | 269,260                |
| Total Restricted Accounts                  |             |                 |          | 43,027,312             |
| Total - Wastewater Management Program      |             |                 |          | \$ 52,437,465          |

## **SOLID WASTE MANAGEMENT PROGRAM**

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**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**(A component unit of the County of Cape May)**  
**SOLID WASTE MANAGEMENT PROGRAM**  
**SCHEDULE OF OPERATING REVENUES AND COSTS FUNDED BY**  
**OPERATING REVENUES COMPARED TO BUDGET**  
**YEAR ENDED DECEMBER 31, 2021**

|  | <b>2021<br/>Budget<br/>(as revised)</b> | <b>2021<br/>Actual</b> |
|--|---|------------------------|
| <b>REVENUES:</b>                         |   |                        |
| User charges and fees                    | \$ 17,458,776                           | 16,678,017             |
| Interest on investments and deposits     | 110,000                                 | 100,953                |
| Compost Chip Sales                       | 530,000                                 | 459,188                |
| Paint Recycling                          | 28,000                                  | 27,939                 |
| Operating Grants                         | 143,320                                 | 168,235                |
| IPF Electric reimbursement               | 100,000                                 | 85,671                 |
| Wood Product Delivery charge             | 16,000                                  | 16,644                 |
| Sale of scrap metal                      | 25,000                                  | 59,384                 |
| Renewable Energy Credits                 | 66,000                                  | 5,282                  |
| Shrink Wrap/Oil/Batteries                | 1,000                                   | -                      |
| Recyclables Hauling                      | 25,500                                  | 21,225                 |
| Sale of Asbestos Bags                    | 12,000                                  | 11,911                 |
| IPF Glass Cover Material                 | 85,000                                  | 73,215                 |
| IPF Residue Income                       | 215,000                                 | 256,135                |
| IPF Commercial Tons Revenue              | 800                                     | 215,759                |
| IPF Administrative Support Reimbursement | 75,000                                  | 73,512                 |
| SLF Cover                                | 825,000                                 | 862,497                |
| Gas Methane Revenue                      | 180,000                                 | 71,654                 |
| CFC/Other Scrap Metal                    | 7,000                                   | -                      |
| PJM Electric Energy Sales                | 425,000                                 | 200,202                |
| Hazardous Waste                          | 300                                     | -                      |
| Miscellaneous                            | 107,000                                 | 79,728                 |
|  | <u>\$ 20,435,696</u>                    | <u>19,467,151</u>      |
| <b>EXPENSES:</b>                         |   |                        |
| <b>Personnel services:</b>               |   |                        |
| Salaries and wages:                      |   |                        |
| Sanitary landfill                        | \$ 1,847,799                            | 1,789,925              |
| Transfer station                         | 872,885                                 | 797,046                |
| Maintenance and repair                   | 481,835                                 | 432,471                |
| Recycling                                | 98,255                                  | 94,628                 |
| Management and administration            | 395,127                                 | 381,895                |
| Enforcement and Compliance               | 95,474                                  | 93,049                 |
| <b>Employee benefits:</b>                |   |                        |
| Social Security tax                      | 278,099                                 | 258,200                |
| Workers' compensation insurance          | 140,760                                 | 121,407                |
| Other employee benefits                  | 1,317,044                               | 1,239,596              |
| <b>Administrative expenses:</b>          |   |                        |
| Other expenses                           | 334,765                                 | 285,005                |
| Management Fee                           | 1,530,000                               | 1,530,000              |
| <b>Enforcement and compliance:</b>       |   |                        |
| Other expenses                           | 6,000                                   | 1,583                  |

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**(A component unit of the County of Cape May)**  
**SOLID WASTE MANAGEMENT PROGRAM**  
**SCHEDULE OF OPERATING REVENUES AND COSTS FUNDED BY**  
**OPERATING REVENUES COMPARED TO BUDGET**  
**YEAR ENDED DECEMBER 31, 2021**  
**(CONTINUED)**

|  | <u>2021<br/>Budget<br/>(as revised)</u> | <u>2021<br/>Actual</u> |
|--|---|------------------------|
| <b>EXPENSES (CONTINUED):</b>                     |   |                        |
| <b>Operations and maintenance:</b>               |   |                        |
| Sanitary landfill:                               |   |                        |
| Support services                                 | \$ 1,048,835                            | 954,471                |
| Other expenses                                   | 1,368,985                               | 1,015,347              |
| Transfer station:                                |   |                        |
| Support services                                 | 26,475                                  | 11,348                 |
| Other expenses                                   | 96,700                                  | 76,401                 |
| Maintenance and repair and equipment             | 1,185,625                               | 1,064,246              |
| Recycling  | 361,566                                 | 207,291                |
| Taxes and other charges:                         |   |                        |
| Landfill contingency tax                         | 103,275                                 | 100,000                |
| Recycling Tax                                    | 644,647                                 | 587,286                |
| Host community benefits                          | 1,372,212                               | 1,273,086              |
|  | <u>13,606,363</u>                       | <u>12,314,281</u>      |
| Interest expense                                 | <u>66,891</u>                           | <u>66,890</u>          |
| <b>Other costs funded by operating revenues:</b> |   |                        |
| Bond principal                                   | 530,893                                 | 530,893                |
| Renewal and Replacement Fund                     | 900,000                                 | 900,000                |
| Reserve for Future Construction                  | 5,085,000                               | 3,000,000              |
| Reserve for Building & Site Improvements         | 40,000                                  | 40,000                 |
| Closure and postclosure care                     | <u>206,549</u>                          | <u>201,510</u>         |
|  | <u>6,762,442</u>                        | <u>4,672,403</u>       |
| Total costs funded by operating revenues         | 20,435,696                              | 17,053,574             |
| Add: Excess (Deficit)                            | <u>                    </u>             | <u>2,413,577</u>       |
|  | <u>\$ 20,435,696</u>                    | <u>19,467,151</u>      |



**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**(A component unit of the County of Cape May)**  
**SOLID WASTE MANAGEMENT PROGRAM**  
**SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS**  
**DECEMBER 31, 2021**

| Description                                | Face<br>Amount | Interest<br>Rate % | Due<br>Date | Cost<br>December 31,<br>2021 |
|--|----------------|--------------------|-------------|------------------------------|
| <b><u>Unrestricted Accounts</u></b>        |                |                    |             |                              |
| <b>Revenue and Operating Accounts:</b>     |                |                    |             |                              |
| TD Bank - Daily Deposit Account            | \$ 99,479      | 0.100              | N/A         | \$ 99,479                    |
| TD Bank - Checking Account                 | 84,828         | 0.100              | N/A         | 84,828                       |
| TD Bank - Prepayment Escrow                | 128,402        | 0.000              | N/A         | 128,402                      |
| TD Bank - Money Market                     | 5,432,324      | 0.100              | N/A         | 5,432,324                    |
| Sturdy Savings Bank - Money Market         | 6,706          | 0.010              | N/A         | 6,706                        |
| Parke Bank - Money Market                  | 1,198,374      | 0.600              | N/A         | 1,198,374                    |
| NJ Cash Management Fund                    | 31,135         | 0.040              | N/A         | 31,135                       |
| Petty Cash                                 |                |                    |             | 4,800                        |
|  |                |                    |             | <u>6,986,048</u>             |
| <b>Host Community Benefit Reserve Fund</b> |                |                    |             |                              |
| NJ Cash Management Fund                    | 508,154        | 0.060              | N/A         | 508,154                      |
|  |                |                    |             | <u>508,154</u>               |
| Total Unrestricted Accounts                |                |                    |             | <u>7,494,202</u>             |
| <b><u>Restricted Accounts</u></b>          |                |                    |             |                              |
| <b>Construction Accounts:</b>              |                |                    |             |                              |
| TD Bank - Checking Account                 | 87,746         | 0.100              | N/A         | 87,746                       |
| TD Bank - Money Market                     | 2,816          | 0.100              | N/A         | 2,816                        |
| Parke Bank - Money Market                  | 660,000        | 0.600              | N/A         | 660,000                      |
| NJ Cash Management Fund                    | 284,653        | 0.040              | N/A         | 284,653                      |
| Sturdy Savings Bank - Money Market         | 9,263          | 0.010              | N/A         | 9,263                        |
|  |                |                    |             | <u>1,044,478</u>             |
| <b>Equipment Reserve Accounts:</b>         |                |                    |             |                              |
| Sturdy Savings Bank - Money Market         | 8,368          | 0.010              | N/A         | 8,368                        |
| NJ Cash Management Fund                    | 1,194,372      | 0.040              | N/A         | 1,194,372                    |
|  |                |                    |             | <u>1,202,740</u>             |

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**(A component unit of the County of Cape May)**  
**SOLID WASTE MANAGEMENT PROGRAM**  
**SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS**  
**DECEMBER 31, 2021**  
**(CONTINUED)**

| Description                                 | Face<br>Amount | Interest<br>Rate % | Due<br>Date | Cost<br>December 31,<br>2021 |
|---|----------------|--------------------|-------------|------------------------------|
| <b>Restricted Accounts (Continued)</b>      |                |                    |             |                              |
| <b>Landfill Closure Account:</b>            |                |                    |             |                              |
| First Amer Govt Oblig Fund Cl Z             | \$ 29,584      | 0.020              | N/A         | \$ 29,584                    |
| Federal Home Loan Mortgage Corp. (FMLMC)    | 70,000         | 1.690              | 4/20/2023   | 69,825                       |
| Federal Home Loan Mortgage Corp. (FMLMC)    | 72,000         | 1.690              | 5/5/2023    | 71,970                       |
| Federal Home Loan Mortgage Corp. (FMLMC)    | 69,000         | 1.690              | 2/21/2025   | 68,947                       |
| Federal Home Loan Mortgage Corp. (FMLMCMTN) | 36,000         | 1.690              | 7/25/2022   | 35,919                       |
| Federal Home Loan Mortgage Corp. (FMLMCMTN) | 14,000         | 1.690              | 10/16/2023  | 13,948                       |
| Federal Home Loan Mortgage Corp. (FMLMCMTN) | 75,000         | 1.690              | 6/26/2023   | 74,781                       |
| Federal Home Loan Mortgage Corp. (FMLMCMTN) | 74,000         | 1.690              | 8/24/2023   | 73,925                       |
| Federal Home Loan Mortgage Corp. (FMLMCMTN) | 73,000         | 1.690              | 11/6/2023   | 72,934                       |
| Federal Home Loan Mortgage Corp. (FHLCMMP)  | 45,000         | 1.690              | 6/25/2025   | 45,424                       |
| Federal Home Loan Mortgage Corp. (FHLCMMP)  | 55,000         | 1.690              | 12/25/2025  | 54,583                       |
| Federal Home Loan Mortgage Corp. (FHLCMMP)  | 37,913         | 1.690              | 4/25/2024   | 37,710                       |
| Federal Home Loan Mortgage Corp. (FHLCMMP)  | 60,000         | 1.690              | 7/25/2024   | 60,616                       |
| Federal Home Loan Mortgage Corp. (FHLCMMP)  | 24,741         | 1.690              | 8/25/2024   | 25,828                       |
| Federal National Mortgage Assoc.            | 70,000         | 1.690              | 7/10/2023   | 69,850                       |
| Federal National Mortgage Assoc.            | 73,000         | 1.690              | 11/27/2023  | 72,917                       |
| Federal National Mortgage Assoc.            | 72,000         | 1.690              | 8/25/2025   | 71,663                       |
| Federal National Mortgage Assoc.            | 92,000         | 1.690              | 6/17/2025   | 91,810                       |
| Federal National Mortgage Assoc.            | 15,000         | 1.690              | 11/17/2025  | 14,946                       |
| Federal National Mortgage Assoc.            | 75,000         | 1.690              | 10/8/2027   | 72,365                       |
| Federal National Mortgage Assoc.            | 137,000        | 1.690              | 9/6/2022    | 136,523                      |
| Federal National Mortgage Assoc.            | 50,000         | 1.690              | 1/7/2025    | 49,840                       |
| Federal National Mortgage Assoc.            | 63,000         | 1.690              | 1/11/2022   | 62,955                       |
| Federal National Mortgage Assoc.            | 5,000          | 1.690              | 9/12/2023   | 4,980                        |
| Federal National Mortgage Assoc.            | 94,000         | 1.690              | 4/22/2025   | 93,806                       |
| Federal National Mortgage Assoc.            | 50,000         | 1.690              | 4/12/2022   | 49,836                       |
| Federal National Mortgage Assoc.            | 8,554          | 1.690              | 1/25/2028   | 9,034                        |
| Federal Agricultural Mortgage Corp          | 35,000         | 1.690              | 12/29/2023  | 34,956                       |
| Federal Farm Credit Banks                   | 30,000         | 1.690              | 7/17/2023   | 30,040                       |
| Federal Home Loan Banks                     | 75,000         | 1.690              | 12/20/2024  | 74,926                       |
| Federal Home Loan Banks                     | 35,000         | 1.690              | 12/9/2022   | 33,959                       |
| Federal Home Loan Banks                     | 65,000         | 1.690              | 6/9/2023    | 65,382                       |
| Federal Home Loan Banks                     | 150,000        | 1.690              | 6/10/2022   | 15,083                       |
| Federal Home Loan Banks                     | 50,000         | 1.690              | 3/28/2023   | 50,281                       |
| Federal Home Loan Banks                     | 40,000         | 1.690              | 3/14/2025   | 40,580                       |
| Federal Home Loan Banks                     | 50,000         | 1.690              | 6/14/2024   | 49,770                       |
| Federal Home Loan Banks                     | 100,000        | 1.690              | 9/13/2024   | 100,912                      |
| Federal Home Loan Banks                     | 85,000         | 1.690              | 3/10/2028   | 90,198                       |
| Federal Home Loan Banks                     | 65,000         | 1.690              | 9/15/2025   | 64,489                       |
| Federal Home Loan Banks                     | 100,000        | 1.690              | 6/9/2028    | 99,163                       |
| Federal Home Loan Banks                     | 25,000         | 1.690              | 9/8/2028    | 24,644                       |
| United States Treas Bonds                   | 30,000         | 1.690              | 8/15/2022   | 40,814                       |
| United States Treas Bonds                   | 25,000         | 1.690              | 8/15/2023   | 32,840                       |
| United States Treas Bonds                   | 56,000         | 1.690              | 2/15/2022   | 46,624                       |
| United States Treas Note                    | 74,000         | 1.690              | 5/31/2025   | 73,431                       |
| United States Treas Note                    | 74,000         | 1.690              | 7/31/2025   | 72,560                       |
| United States Treas Note                    | 51,000         | 1.690              | 8/31/2025   | 50,659                       |
| United States Treas Note                    | 18,000         | 1.690              | 9/30/2025   | 17,702                       |
| United States Treas Note                    | 38,000         | 1.690              | 10/31/2025  | 37,011                       |
| United States Treas Note                    | 22,000         | 1.690              | 1/31/2026   | 21,797                       |
| United States Treas Note                    | 66,000         | 1.690              | 4/15/2024   | 66,144                       |
| United States Treas Note                    | 80,000         | 1.690              | 4/30/2025   | 79,983                       |
| United States Treas Note                    | 48,000         | 1.690              | 7/31/2027   | 47,745                       |
| United States Treas Note                    | 37,000         | 1.690              | 4/30/2027   | 35,744                       |

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**(A component unit of the County of Cape May)**  
**SOLID WASTE MANAGEMENT PROGRAM**  
**SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS**  
**DECEMBER 31, 2021**  
**(CONTINUED)**

| Description                                  | Face<br>Amount   | Interest<br>Rate % | Due<br>Date | Cost<br>December 31,<br>2021 |
|--|------------------|--------------------|-------------|------------------------------|
| <b>Restricted Accounts (Continued)</b>       |                  |                    |             |                              |
| <b>Landfill Closure Account (Continued):</b> |                  |                    |             |                              |
| United States Treas Note                     | 44,000           | 1.690              | 10/31/2027  | 43,563                       |
| United States Treas Note                     | 36,000           | 1.690              | 5/15/2030   | 33,835                       |
| United States Treas Note                     | 249,000          | 1.690              | 8/15/2030   | 242,751                      |
| United States Treas Note                     | 75,000           | 1.690              | 11/15/2030  | 73,201                       |
| United States Treas Note                     | 31,000           | 1.690              | 2/28/2025   | 31,415                       |
| United States Treas Note                     | 140,000          | 1.690              | 2/29/2028   | 140,155                      |
| United States Treas Note                     | 53,000           | 1.690              | 8/31/2023   | 54,640                       |
| United States Treas Note                     | 28,000           | 1.690              | 1/31/2027   | 28,744                       |
| United States Treas Note                     | 40,000           | 1.690              | 2/15/2030   | 42,744                       |
| United States Treas Note                     | 51,000           | 1.690              | 8/15/2022   | 50,853                       |
| United States Treas Note                     | 60,000           | 1.690              | 8/15/2026   | 58,345                       |
| United States Treas Note                     | 174,000          | 1.690              | 2/15/2026   | 174,939                      |
| United States Treas Note                     | 105,000          | 1.690              | 5/15/2026   | 103,111                      |
| United States Treas Note                     | 292,000          | 1.690              | 5/15/2031   | 300,257                      |
| United States Treas Note                     | 34,000           | 1.690              | 8/15/2029   | 33,420                       |
| United States Treas Note                     | 70,000           | 1.690              | 10/31/2023  | 69,218                       |
| United States Treas Note                     | 35,000           | 1.690              | 11/15/2022  | 36,002                       |
| United States Treas Note                     | 70,000           | 1.690              | 3/31/2022   | 69,563                       |
| United States Treas Note                     | 25,000           | 1.690              | 5/15/2023   | 23,054                       |
| United States Treas Note                     | 71,000           | 1.690              | 6/30/2024   | 72,228                       |
| United States Treas Note                     | 31,000           | 1.690              | 11/15/2029  | 32,085                       |
| United States Treas Note                     | 36,000           | 1.690              | 2/28/2022   | 36,353                       |
| United States Treas Note                     | 95,000           | 1.690              | 8/31/2022   | 95,757                       |
| United States Treas Note                     | 102,000          | 1.690              | 2/15/2023   | 100,629                      |
| United States Treas Note                     | 200,000          | 1.690              | 2/15/2025   | 196,229                      |
| United States Treas Note                     | 13,000           | 1.690              | 4/30/2024   | 13,078                       |
| United States Treas Note                     | 240,000          | 1.690              | 8/15/2025   | 235,831                      |
| United States Treas Note                     | 80,000           | 1.690              | 6/30/2022   | 81,456                       |
| United States Treas Note                     | 33,000           | 1.690              | 11/30/2024  | 33,565                       |
| United States Treas Note                     | 169,000          | 1.690              | 2/15/2027   | 168,792                      |
| United States Treas Note                     | 115,000          | 1.690              | 3/31/2026   | 114,429                      |
| United States Treas Note                     | 140,000          | 1.690              | 8/15/2027   | 138,467                      |
| United States Treas Note                     | 55,000           | 1.690              | 11/15/2024  | 54,709                       |
| United States Treas Note                     | 148,000          | 1.690              | 11/15/2025  | 151,842                      |
| United States Treas Note                     | 247,000          | 1.690              | 11/15/2027  | 236,105                      |
| United States Treas Note                     | 105,000          | 1.690              | 5/15/2027   | 106,238                      |
| United States Treas Note                     | 93,000           | 1.690              | 8/15/2024   | 96,439                       |
| United States Treas Note                     | 105,000          | 1.690              | 2/28/2026   | 110,422                      |
| United States Treas Note                     | 131,000          | 1.690              | 5/15/2024   | 131,186                      |
| United States Treas Note                     | 51,000           | 1.690              | 1/31/2026   | 51,657                       |
| United States Treas Note                     | 5,000            | 1.690              | 3/31/2025   | 5,539                        |
| United States Treas Note                     | 91,000           | 1.690              | 2/15/2024   | 93,398                       |
| United States Treas Note                     | 30,000           | 1.690              | 2/15/2028   | 29,702                       |
| United States Treas Note                     | 32,000           | 1.690              | 11/15/2023  | 32,203                       |
| United States Treas Note                     | 45,000           | 1.690              | 5/15/2028   | 44,860                       |
| United States Treas Note                     | 100,000          | 1.690              | 8/15/2028   | 97,684                       |
| United States Treas Note                     | 6,000            | 1.690              | 9/30/2023   | 6,257                        |
| United States Treas Note                     | 22,000           | 1.690              | 11/30/2023  | 23,079                       |
| United States Treas Note                     | 92,000           | 1.690              | 11/15/2028  | 94,762                       |
| Fresb Multifamily Mortgage                   | 20,881           | 2.150              | 1/24/2024   | 21,053                       |
| Fresb Multifamily Mortgage                   | 13,178           | 2.150              | 4/25/2024   | 13,302                       |
| Fresb Multifamily Mortgage Pass              | 14,683           | 2.150              | 5/25/2023   | 14,735                       |
| Fresb Multifamily Mortgage Pass              | 26,249           | 2.150              | 8/25/2029   | 26,375                       |
| Private Export Funding                       | 34,000           | 2.150              | 11/15/2024  | 33,955                       |
|  | <u>7,467,783</u> |                    |             | <u>7,338,167</u>             |

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**(A component unit of the County of Cape May)**  
**SOLID WASTE MANAGEMENT PROGRAM**  
**SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS**  
**DECEMBER 31, 2021**  
**(CONTINUED)**

| Description                                   | Face<br>Amount | Interest<br>Rate % | Due<br>Date | Cost<br>December 31,<br>2021 |
|---|----------------|--------------------|-------------|------------------------------|
| <b>Restricted Accounts (Continued)</b>        |                |                    |             |                              |
| <b>Insurance Accounts:</b>                    |                |                    |             |                              |
| Parke Bank - Money Market                     | 595,398        | 0.600              | N/A         | 595,398                      |
| NJ Cash Management Fund                       | 20,217         | 0.040              | N/A         | 20,217                       |
|   |                |                    |             | <u>615,615</u>               |
| <b>Building and Site Improvement Account:</b> |                |                    |             |                              |
| Parke Bank - Money Market                     | 181,472        | 0.600              | N/A         | 181,472                      |
|   |                |                    |             | <u>181,472</u>               |
| <b>Rate Stabilization Accounts:</b>           |                |                    |             |                              |
| Sturdy Savings Bank - Money Market            | 2,390          | 0.010              | N/A         | 2,390                        |
| NJ Cash Management Fund                       | 866,987        | 0.040              | N/A         | 866,987                      |
|   |                |                    |             | <u>869,377</u>               |
| Sturdy Savings Bank - Money Market            | 3,368          | 0.010              | N/A         | 3,368                        |
| NJ Cash Management Fund                       | 1,993,896      | 0.040              | N/A         | 1,993,896                    |
|   |                |                    |             | <u>1,997,264</u>             |
| <b>IPF Capital Reserve Accounts:</b>          |                |                    |             |                              |
| Sturdy Savings Bank - Money Market            | 2,568          | 0.010              | N/A         | 2,568                        |
| NJ Cash Management Fund                       | 644,813        | 0.040              | N/A         | 644,813                      |
|   |                |                    |             | <u>647,381</u>               |
| <b>Reserve for Future Construction:</b>       |                |                    |             |                              |
| Parke Bank - Money Market                     | 12,442,168     | 0.600              | N/A         | 12,442,168                   |
| Sturdy Savings Bank - Money Market            | 1,421          | 0.010              | N/A         | 1,421                        |
|   |                |                    |             | <u>12,443,589</u>            |
| Total Restricted Accounts                     |                |                    |             | <u>26,340,083</u>            |
| Total - Solid Waste Management Program        |                |                    |             | <u>\$ 33,834,285</u>         |

**CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY**  
**(A component unit of the County of Cape May)**  
**SOLID WASTE MANAGEMENT PROGRAM**  
**SCHEDULE OF OPERATIONS**  
**INTERMEDIATE PROCESSING FACILITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

| <b>REVENUES:</b>  | Total        | Supplemental<br>Authority<br>IPF<br>Expenses | Contracted<br>Operator |
|---|--------------|--|------------------------|
| Operating Revenues:   |              |  |                        |
| Net sales - Cape May County   | \$ 4,259,466 |  | 4,259,466              |
| Total Operating Revenues  | 4,259,466    | -  | 4,259,466              |
| IPF Capital Reserve Fund - Repair Expense Reimbursement                     | 17,708       | 17,708                                       |                        |
| Total Revenues  | 4,277,174    | 17,708                                       | 4,259,466              |
| <b>EXPENSES:</b>  |              |  |                        |
| Operating Expenses:   |              |  |                        |
| Base operating fee (payable by CCMUA)                                       | 38,940       |  | 38,940                 |
| Equipment and repairs   | 17,708       |  | 17,708                 |
| CCMUA administrative support  | 73,512       | 73,512                                       |                        |
| IPF residue disposal expense  | 228,040      | 228,040                                      |                        |
| Glass residue - Accepted as daily cover                                     | 73,215       | 73,215                                       |                        |
| Operator revenue share  | 2,400,620    |  | 2,400,620              |
| Total operating expenses  | 2,832,035    | 374,767                                      | 2,457,268              |
| Rebates to Municipalities   | 1,445,139    | 1,445,139                                    |                        |
| Total Expenses  | 4,277,174    | 1,819,906                                    | 2,457,268              |
| Authority's (Cost) of Operating<br>the Intermediate Processing Facility     | \$ -         | (1,802,198)                                  | 1,802,198              |
| <b>ANALYSIS OF BALANCE DUE (TO) FROM<br/>OPERATORS AT DECEMBER 31, 2021</b> |              |  |                        |
| Balance due from operator, January 1, 2021                                  | \$ 7,317     | -  | 7,317                  |
| Increased by:   |              |  |                        |
| IPF electric reimbursement Owed to MUA                                      | 85,673       |  | 85,673                 |
| IPF glass Hauling Reimbursement Owed to MUA                                 | 21,225       |  | 21,225                 |
| Excess Residue Fee Owed to CCMUA  | 28,094       |  | 28,094                 |
| Net Operator Revenue Share  | 1,802,198    |  | 1,802,198              |
|   | 1,937,190    | -  | 1,937,190              |
| Decreased by:   |              |  |                        |
| Payments Received from Operator   | 1,661,432    |  | 1,661,432              |
|   | 1,661,432    | -  | 1,661,432              |
| Balance due From operator - December 31, 2021                               | \$ 283,075   | -  | 283,075                |