

**CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**  
**REPORT OF AUDIT**  
**FOR THE FISCAL YEARS ENDED**  
**NOVEMBER 30, 2021 AND 2020**



**THE CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**  
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**ROSTER OF OFFICIALS**  
November 30, 2021

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**MEMBERS**

Anthony Rullo  
Kenneth Brown  
Charles Newton  
Larry Basile  
Joseph F. Racite

**POSITION**

Chairman  
Vice-Chairman  
Treasurer  
Secretary  
Alt. Secretary/Treasurer

**OTHER OFFICIALS**

Adam Telsey - Telsey & Telsey LLC  
Erik K. Biermann - Sickels & Associates, Inc.  
Parker McCay P.A.  
Bank of New York Mellon

Solicitor  
Engineer  
Bond Counsel  
Trustee

**CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**

**PART I**

**FINANCIAL SECTION**

**FOR THE FISCAL YEARS ENDED NOVEMBER 30, 2021 AND 2020**

## **INDEPENDENT AUDITOR'S REPORT**

The Chairman and Members of  
The Carneys Point Township Sewerage Authority  
Carneys Point, New Jersey 08069

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

We have audited the accompanying financial statements of the business-type activities of the Carneys Point Township Sewerage Authority, in the County of Salem, State of New Jersey, a component unit of the Township of Carneys Point (Authority), as of and for the fiscal years ended November 30, 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.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Carneys Point Township Sewerage Authority, in the County of Salem, State of New Jersey, a component unit of the Township of Carneys Point, as of November 30, 2021 and 2020, and the changes in its financial position and its cash flows thereof for the fiscal years then ended, in accordance with accounting principles generally accepted in the United States of America.

31800

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Woodbury, New Jersey  
April 4, 2024

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

**INDEPENDENT AUDITOR'S REPORT**

The Chairman and Members of  
The Carneys Point Township Sewerage Authority  
Carneys Point, New Jersey 08069

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Carneys Point Township Sewerage Authority, in the County of Salem, State of New Jersey, a component unit of the Township of Carneys Point, (Authority), as of and for the fiscal year ended November 30, 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 April 4, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying *Schedule of Findings and Recommendations*, we did identify one deficiency in internal control that we consider to be a material weakness as finding no. 2021-001.

31800

### 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* and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

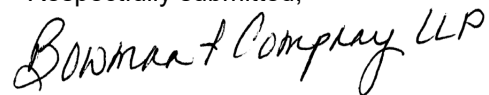
### The Authority's Response to the Finding

The Authority's response to the finding identified in our audit is described in the accompanying *Schedule of Findings and Recommendations*. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Woodbury, New Jersey  
April 4, 2024



**CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended November 30, 2021 and 2020**  
**(Unaudited)**

The Carneys Point Township Sewerage Authority (the Authority) is a public agency providing sewerage collection and treatment services to Carneys Point Township. This section of the Authority's annual financial report provides a discussion and analysis of the financial performance for the fiscal year ending on November 30, 2021. The entire annual financial report consists of five parts: Independent Auditor's Report, the management's discussion and analysis (this section), the basic financial statements, the required supplemental information and the supplemental schedules.

**FINANCIAL HIGHLIGHTS**

The management of the Authority believes their financial position is stable. Key financial highlights for the Authority's fiscal year 2021 are as follows:

- Fiscal year 2021 operating revenues totaled \$3,250,722.65, an increase of \$644,232.40 from the prior fiscal year's amount of \$2,606,490.25.
- Fiscal year 2021 operating expenses totaled \$2,275,319.03, an increase of \$10,568.82 from the prior fiscal year's amount of \$2,264,750.21.
- At the end of fiscal year 2021, total assets were \$15,546,153.68 and total deferred outflows were \$174,266.50. After deducting liabilities of \$2,727,643.67 and adjusting for deferred inflows of resources of \$897,505.00, the resulting net position is \$12,095,271.51.
- Change in Net Position for fiscal year 2021 was an increase of \$944,052.40 in comparison to a increase of \$172,890.81 for fiscal year 2020.
- During fiscal year 2021, the Authority paid down \$110,000.00 on the Authority's project note and renewed the remaining \$330,000.00 for another year. Also, during the fiscal year, the Authority paid down \$110,000.00 in Revenue Bonds leaving a balance of \$440,000.00 payable in equal installments over the next 4 years.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

The statements of revenue, expenses and changes in net position provide a breakdown of the various areas of revenues and expenses encountered during the current year. The statements of cash flows provide a breakdown of the various sources of cash, categorized into four areas: cash flows from operating activities, non-capital financing activities, capital and related financing activities and investing activities.

**CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**  
**Management's Discussion and Analysis (Cont'd)**  
**For the Fiscal Years Ended November 30, 2021 and 2020**  
**(Unaudited)**

**FINANCIAL ANALYSIS OF THE AUTHORITY**

The Authority's total net position as of November 30, 2021 is \$12,095,271.51. Total assets, deferred outflows and inflows of resources, total liabilities and total net position are detailed below:

Statements of Net Position  
As of November 30, 2021, 2020, and 2019

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Unrestricted Assets	\$ 4,661,139.47	\$ 3,775,396.02	\$ 3,280,745.36
Restricted Assets	147,775.53	147,785.76	144,050.36
Capital Assets	10,737,238.68	10,838,178.91	11,181,527.44
<b>Total Assets</b>	<b>15,546,153.68</b>	<b>14,761,360.69</b>	<b>14,606,323.16</b>
<b>Deferred Outflows of Resources</b>	<b>174,266.50</b>	<b>239,380.50</b>	<b>424,732.50</b>
Current Liabilities	1,024,275.44	902,158.16	919,328.84
Long-term Liabilities	1,703,368.23	1,979,617.42	2,285,819.02
<b>Total Liabilities</b>	<b>2,727,643.67</b>	<b>2,881,775.58</b>	<b>3,205,147.86</b>
<b>Deferred Inflows of Resources</b>	<b>897,505.00</b>	<b>967,746.50</b>	<b>847,579.50</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	9,657,436.56	9,616,428.91	9,701,152.44
Unrestricted	2,437,834.95	1,534,790.20	1,277,175.86
<b>Total Net Position</b>	<b>\$ 12,095,271.51</b>	<b>\$ 11,151,219.11</b>	<b>\$ 10,978,328.30</b>

**CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**  
**Management's Discussion and Analysis (Cont'd)**  
**For the Fiscal Years Ended November 30, 2021 and 2020**  
**(Unaudited)**

**FINANCIAL ANALYSIS OF THE AUTHORITY (CONT'D)**

The Authority realized operating income of \$975,403.62 for the current fiscal year, combined with net non-operating expenses of \$31,351.22, net position increased by \$944,052.40. Major components of this change along with a comparison of the previous two years activity are detailed below:

Statements of Revenues, Expenses and Changes in Net Position  
For the Fiscal Years Ended November 30, 2021, 2020, and 2019

	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Operating Revenues:</b>			
Utility Service Charges	\$ 2,082,283.09	\$ 2,069,895.94	\$ 1,973,167.38
Other Operating Revenues	1,168,439.56	536,594.31	270,503.02
	<b>3,250,722.65</b>	<b>2,606,490.25</b>	<b>2,243,670.40</b>
<b>Operating Expenses:</b>			
Administration	502,742.39	581,061.10	534,528.42
Cost of Providing Services	1,047,261.43	1,047,211.89	1,146,982.27
Depreciation and Amortization	725,315.21	636,477.22	699,596.23
	<b>2,275,319.03</b>	<b>2,264,750.21</b>	<b>2,381,106.92</b>
<b>Operating Income (Loss)</b>	<b>975,403.62</b>	<b>341,740.04</b>	<b>(137,436.52)</b>
<b>Non-operating Revenues (Expenses):</b>			
Investment Income	5,940.20	10,881.07	15,303.85
Interest on Debt	(14,541.42)	(21,590.67)	(29,155.48)
Pollution Control Financing Authority Grant	75,000.00	-	-
Debt Issue Costs	(7,750.00)	(7,750.00)	-
Contribution to Township of Carneys Point	(90,000.00)	(90,000.00)	(80,000.00)
Renewal and Replacement Expenditures	-	(60,389.63)	(89,029.72)
	<b>(31,351.22)</b>	<b>(168,849.23)</b>	<b>(182,881.35)</b>
<b>Change in Net Position</b>	<b>944,052.40</b>	<b>172,890.81</b>	<b>(320,317.87)</b>
<b>Net Position December 1</b>	<b>11,151,219.11</b>	<b>10,978,328.30</b>	<b>11,298,646.17</b>
<b>Net Position November 30</b>	<b>\$ 12,095,271.51</b>	<b>\$ 11,151,219.11</b>	<b>\$ 10,978,328.30</b>

**OVERALL ANALYSIS**

The Authority's overall financial position is positive. The Authority has not experienced any material change in the overall mix of its residential, commercial, public and industrial customer-billing base. The rate structure remains stable. The Authority's rate structure is such that residential customers pay a flat rate and commercial users pay based on water consumption.

**CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**  
**Management's Discussion and Analysis (Cont'd)**  
**For the Fiscal Years Ended November 30, 2021 and 2020**  
**(Unaudited)**

**OVERALL ANALYSIS (CONT'D)**

Significant new customers added to the Authority's wastewater treatment system during fiscal year 2021 included Amazon.com Services and McLane New Jersey, Inc.

The Authority has a collection program for delinquent accounts. The collection rate for the fiscal year 2021 was 82.23% with an average of 85.19% for the three-year period ended November 30, 2021.

The future is stable for the Authority, as income from residential housing units comprises the most significant portion of Authority revenue. There is no particular emphasis or imbalance in the type of business enterprises within the commercial sector. Commercial users exist, but are comprised of diverse, decentralized business enterprises that include government agencies, warehousing, office buildings, hotels and highway/truck service centers. The Authority does not rely on one single business segment or enterprise as a major source of revenue.

**BUDGET VARIANCES**

The fiscal year 2021 budget was adopted within state guidelines. Operating and non-operating revenue exceeded the anticipated amount by \$1,006,662.85. Operating, principal payments and non-operating expenditures, net of unrestricted net position to balance the budget had a favorable budget variance in the amount of \$125,034.76. The resulting excess of budgetary revenues over budgetary appropriations was \$1,041,697.61. See Schedule 1 for a detailed budgetary comparison of fiscal year 2021 revenue and expenditure line items.

**CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY**

The Authority is proactive in its maintenance philosophy for its capital facilities. The Authority has been aggressively budgeting funds for its Renewal and Replacement program. Over the past five fiscal years, the Authority has appropriated a total of \$866,656.00, to meet the needs of continued improvements to the wastewater treatment system. The Authority is currently working on the Capital Budget and Improvement Plan for fiscal years 2025 through 2029.

As discussed above, in 2021 the Authority continued collection system improvement projects designed to reduce the impact of extraneous flows on the collection system. These projects will extend the useful life of the wastewater collection system and reduce the number of emergency pipeline failures. The following projects were completed in fiscal year 2021:

- RBC Repairs and Replacements
- Roof Replacement
- Pump Station Repairs and Replacements

The Authority has not experienced any change in its credit rating, nor does it anticipate any. Although the Authority does not operate under any debt limitations, it is required to receive approval from the Carneys Point Township Committee and the Local Finance Board, Department of Community Affairs, State of New Jersey prior to issuing any new debt.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide Carneys Point Township residents and our customers, clients, investors, and creditors, with a general overview of the Authority's finances. If you have any questions about this report or need additional financial information, contact the Office Manager, Carneys Point Township Sewerage Authority, 303 Harding Highway, Carneys Point, NJ 08069.

## **BASIC FINANCIAL STATEMENTS**

**CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**

Statements of Net Position  
As of November 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Unrestricted Assets:		
Revenue and Operating Accounts:		
Cash and Cash Equivalents	\$ 4,210,331.70	\$ 3,402,371.40
Consumer Accounts Receivable, Net of Allowance for Doubtful Accounts of \$47,000.00 in 2021 and \$47,000.00 in 2020	437,044.02	360,108.87
Prepaid Expenses	<u>13,763.75</u>	<u>12,915.75</u>
Total Unrestricted Assets	<u>4,661,139.47</u>	<u>3,775,396.02</u>
Restricted Assets:		
Cash and Cash Equivalents	<u>147,775.53</u>	<u>147,785.76</u>
Total Restricted Assets	<u>147,775.53</u>	<u>147,785.76</u>
Total Current Assets	<u>4,808,915.00</u>	<u>3,923,181.78</u>
Non-Current Assets:		
Capital Assets:		
Capital Assets - Completed, net of Accumulated Depreciation	10,089,670.10	10,450,863.92
Construction in Progress	<u>647,568.58</u>	<u>387,314.99</u>
Total Non-Current Assets	<u>10,737,238.68</u>	<u>10,838,178.91</u>
Total Assets	<u>15,546,153.68</u>	<u>14,761,360.69</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Related to Pensions	103,698.00	153,416.00
Related to OPEB	<u>70,568.50</u>	<u>85,964.50</u>
Total Deferred Outflows of Resources	<u>174,266.50</u>	<u>239,380.50</u>

(Continued)

**CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**

Statements of Net Position  
As of November 30, 2021 and 2020

	2021	2020
<b><u>LIABILITIES</u></b>		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable - Operating	\$ 68,437.96	\$ 16,944.52
Accounts Payable - Renewal and Replacement	41,677.12	78,400.00
Accounts Payable - Related to Pensions	62,764.00	56,052.00
Accrued Wages	21,121.56	21,961.87
Accrued Health Benefits Payable	11,453.75	6,279.35
Prepaid Sewer Rents	4,160.79	6,923.25
	<hr/>	<hr/>
Total Current Liabilities Payable from Unrestricted Assets	209,615.18	186,560.99
Current Liabilities Payable from Restricted Assets:		
Revenue Bonds Payable - Current Portion	110,000.00	110,000.00
Township Reimbursement Agreement - Current Portion	38,625.00	38,625.00
Salem County Pollution Control Financing Authority Loan - Current Portion	7,416.01	-
Project Note Payable	330,000.00	440,000.00
Developer's Escrow Deposits	328,619.25	126,972.17
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets	814,660.26	715,597.17
	<hr/>	<hr/>
Total Current Liabilities	1,024,275.44	902,158.16
Long-term Liabilities:		
Revenue Bonds Payable	330,000.00	440,000.00
Township Reimbursement Agreement	154,500.00	193,125.00
Salem County Pollution Control Financing Authority Loan	67,583.99	-
Net OPEB Obligation	438,242.00	438,242.00
Net Pension Liability	634,893.00	835,561.00
Accrued Liabilities - Related to Pensions	26,152.00	23,355.00
Compensated Absences	51,997.24	49,334.42
	<hr/>	<hr/>
Total Long-term Liabilities	1,703,368.23	1,979,617.42
	<hr/>	<hr/>
Total Liabilities	2,727,643.67	2,881,775.58
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Related to Pensions	410,780.00	369,874.00
Related to Connection Fees	306,725.00	597,872.50
Related to Capital Contributions	180,000.00	-
	<hr/>	<hr/>
Total Deferred Inflows of Resources	897,505.00	967,746.50
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	9,657,436.56	9,616,428.91
Unrestricted Net Position	2,437,834.95	1,534,790.20
	<hr/>	<hr/>
Total Net Position	\$ 12,095,271.51	\$ 11,151,219.11
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The accompanying Notes to Financial Statements are an integral part of these statements.

**CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**  
 Statements of Revenue, Expenses and Changes in Net Position  
 For the Fiscal Years Ended November 30, 2021 and 2020

	2021	2020
Operating Revenues:		
Utility Service Charges	\$ 2,082,283.09	\$ 2,069,895.94
Penalties	36,160.68	46,198.46
Other Revenues	1,132,278.88	490,395.85
Total Operating Revenues	<u>3,250,722.65</u>	<u>2,606,490.25</u>
Operating Expenses:		
Administrative:		
Salaries and Wages	116,867.30	82,906.67
Employee Benefits	35,320.01	49,386.19
Other Expenses	350,555.08	448,768.24
Cost of Providing Services:		
Salaries and Wages	402,616.30	449,652.54
Employee Benefits	152,845.47	211,999.67
Other Expenses and Major Repairs	491,799.66	385,559.68
Depreciation	725,315.21	636,477.22
Total Operating Expenses	<u>2,275,319.03</u>	<u>2,264,750.21</u>
Operating Income	<u>975,403.62</u>	<u>341,740.04</u>
Non-operating Revenue (Expenses):		
Investment Income	5,940.20	10,881.07
Interest Expense	(14,541.42)	(21,590.67)
Renewal and Replacement Expenditures	-	(60,389.63)
Pollution Control Financing Authority Grant	75,000.00	-
Debt Issuance Costs	(7,750.00)	(7,750.00)
Contribution to Township of Carneys Point	(90,000.00)	(90,000.00)
Total Non-Operating Revenue (Expenses)	<u>(31,351.22)</u>	<u>(168,849.23)</u>
Change in Net Position	<u>944,052.40</u>	<u>172,890.81</u>
Net Position December 1	<u>11,151,219.11</u>	<u>10,978,328.30</u>
Net Position November 30	<u>\$ 12,095,271.51</u>	<u>\$ 11,151,219.11</u>

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



**CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**  
 Statements of Cash Flows  
 For the Fiscal Years Ended November 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 2,038,746.16	\$ 2,032,722.29
Payments to Suppliers	(791,709.30)	(862,914.46)
Payments to Employees	(785,791.17)	(752,603.45)
Other Operating Receipts	841,131.38	603,570.85
Net Cash Provided by Operating Activities	<u>1,302,377.07</u>	<u>1,020,775.23</u>
Cash Flows from Noncapital Financing Activities:		
Contribution to Township of Carneys Point	(90,000.00)	(90,000.00)
Other Non-Operating Receipts	180,000.00	-
Developers Escrow Deposits (Net)	201,647.08	33,367.41
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>291,647.08</u>	<u>(56,632.59)</u>
Cash Flows from Capital and Related Financing Activities:		
Capital Expenditures	(661,097.86)	(275,118.32)
Salem County Pollution Control Financing Authority Loan Proceeds	75,000.00	-
Salem County Pollution Control Financing Authority Grant Proceeds	75,000.00	-
Debt Issuance Costs	(7,750.00)	(7,750.00)
Principal Paid on Debt	(258,625.00)	(258,625.00)
Interest Paid on Debt	(14,541.42)	(21,590.67)
Net Cash Used in Capital and Related Financing Activities	<u>(792,014.28)</u>	<u>(563,083.99)</u>
Cash Flows from Investing Activities:		
Investment Income	5,940.20	10,881.07
Net Cash Provided by Investing Activities	<u>5,940.20</u>	<u>10,881.07</u>
Net Increase in Cash	<u>807,950.07</u>	<u>411,939.72</u>
Cash and Cash Equivalents - December 1	<u>3,550,157.16</u>	<u>3,138,217.44</u>
Cash and Cash Equivalents - November 30	<u>\$ 4,358,107.23</u>	<u>\$ 3,550,157.16</u>

(Continued)

**CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**  
 Statements of Cash Flows  
 For the Fiscal Years Ended November 30, 2021 and 2020

	2021	2020
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 975,403.62	\$ 341,740.04
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	725,315.21	636,477.22
Pension (Benefit) Expense	(100,535.00)	11,319.00
Other Post Employment Expense	15,396.00	15,592.00
Changes in Assets and Liabilities:		
(Increase) Decrease in Consumer Accounts Receivable	(76,935.15)	(85,573.01)
(Increase) Decrease in Prepaid Expenses	(848.00)	(873.33)
Increase (Decrease) in Prepaid Sewer Fees	(2,762.46)	2,200.90
Increase (Decrease) in Operating Accounts Payable	51,493.44	(27,713.21)
Increase (Decrease) in Accrued Wages	(840.31)	80.03
Increase (Decrease) in Accrued Health Benefits Payable	5,174.40	1,196.19
Increase (Decrease) in Deferred Revenues - Connection Fees	(291,147.50)	113,175.00
Increase (Decrease) in Compensated Absences Payable	2,662.82	13,154.40
Total Adjustments	326,973.45	679,035.19
Net Cash Provided by Operating Activities	\$ 1,302,377.07	\$ 1,020,775.23

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

**CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**  
Notes to Financial Statements  
For the Fiscal Years Ended November 30, 2021 and 2020

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Carneys Point Township Sewerage Authority (the "Authority") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

**Reporting Entity**

The Authority is a public body corporate and politic of the State of New Jersey and was originally created as a sewerage authority by an ordinance adopted on March 4, 1959 by the governing body of the Township of Upper Neck (the "Township"), pursuant to the Sewerage Authority Law, Chapter 138 of the Laws of 1946, as amended. Once the Township changed their name to the Township of Carneys Point (the "Township"), the name of the Authority was formally changed to Carneys Point Township Sewerage Authority on February 28, 1977.

The Authority was created for the purpose of constructing, maintaining and operating sewerage collection and treatment facilities within the territorial boundaries of the Township from pollution or threatened pollution and for the improvement of conditions affecting the public health. The Authority provides sewerage collection services to substantially all of the area constituting the Township.

The Authority consists of five board members who are appointed by resolution of the Township Committee for five-year terms. The Senior Plant Operator manages the daily operations of the Authority.

**Component Unit**

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

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

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

Based upon the application of these criteria, the Authority has no component units and is a component unit of the Township of Carneys Point.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Basis of Presentation**

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

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

**Basis of Accounting**

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

**Revenues -- Exchange and Non-Exchange Transactions** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. Sewer service charges are recognized as revenue when services are provided. Connection fees are collected in advance and, accordingly, the Authority defers these revenues until the municipality issues a release for certificate of occupancy and determines that sewage collection services are being provided to the properties.

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

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

**Budgets and Budgetary Accounting**

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Budgets and Budgetary Accounting (Cont'd)**

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

**Cash, Cash Equivalents and Investments**

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

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

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

**Inventories**

Inventory consists principally of chemicals for the treatment of sewerage and sludge and is valued at cost. The Authority has determined that the inventories are immaterial and are not recorded in the financial statements.

**Prepaid Expenses**

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

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

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

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

Expenditures are capitalized when they meet the following requirements:

- 1) Cost of \$5,000.00 or more
- 2) Useful life of more than one year
- 3) Asset is not affected by consumption

**Depreciation**

Depreciation is provided using the straight-line method over the following estimated useful life of the assets:

	<u>Years</u>
Sewer Mains and Interceptors	20-40
Vehicles	5
Buildings and Improvements	40
Pump Stations	40
Other Equipment	15 or 20

**Deferred Outflows and Deferred Inflows of Resources**

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

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Authority is required to report the following as deferred outflows of resources and deferred inflows of resources: connection fee funds received prior to providing sewer services, capital contributions, defined benefit pension plans, and postemployment benefit plans.

**Compensated Absences**

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

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

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

**Pensions**

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

**Net Position**

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

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

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

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

**Income Taxes**

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

**Operating and Non-Operating Revenues and Expenses**

Operating revenues include all revenues derived from sewer collection facilities (i.e. sewer rents and connection fees) and other revenue sources. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and grants.

Operating expenses include expenses associated with the operation, maintenance and repair of the sewer collection facilities and general administrative expenses. Non-operating expenses principally include expenses attributable to the Authority's interest on funded debt, debt issue costs, major non-recurring system repairs, and contributions to Carneys Point Township.

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

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

**Impact of Recently Issued Accounting Policies****Recently Issued and Adopted Accounting Pronouncements**

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

Statement No. 90, *Major Equity Interests*. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The adoption of this Statement had no impact on the Authority's financial statements.

**Recently Issued Accounting Pronouncements**

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

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement originally would have become effective for the Authority in the fiscal year ending November 30, 2021, but as a result of GASB Statement 95 will become effective in the fiscal year ending November 30, 2022. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also simplifies accounting for interest cost incurred before the end of a construction period. This Statement originally would have become effective for the Authority in the fiscal year ending November 30, 2021, but as a result of GASB Statement 95 will become effective in the fiscal year ending November 30, 2022. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement originally would have become effective for the Authority in the fiscal year ending November 30, 2022, but as a result of GASB Statement 95 will become effective in the fiscal year ending November 30, 2023. Management has not yet determined the impact of this Statement on the financial statements.



**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Impact of Recently Issued Accounting Policies (Cont'd)****Recently Issued Accounting Pronouncements (Cont'd)**

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

1. The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
2. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 originally would have become effective for the Authority in the fiscal year ending November 30, 2021, but as a result of GASB Statement 95 will become effective in the fiscal year ending November 30, 2022.
3. The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities originally would have become effective for the Authority in the fiscal year ending November 30, 2021, but as a result of GASB Statement 95 will become effective in the fiscal year ending November 30, 2022.
4. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition originally would have become effective for the Authority in the fiscal year ending November 30, 2021, but as a result of GASB Statement 95 will become effective in the fiscal year ending November 30, 2022.

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

Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. This Statement originally would have become effective for the Authority in the fiscal year ending November 30, 2021, but as a result of GASB Statement 95 will become effective in the fiscal year ending November 30, 2022. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The Statement will become effective for the Authority in the fiscal year ending November 30, 2023. Management does not expect this Statement will have an impact on the financial statements.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Impact of Recently Issued Accounting Policies (Cont'd)****Recently Issued Accounting Pronouncements (Cont'd)**

Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Statement will become effective for the Authority in the fiscal year ending November 30, 2023. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The portions of the statement effect component unit criteria are effective immediately, but the other portions of the Statement will become effective for the Authority in the fiscal year ending November 30, 2022. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The Statement will become effective for the Authority in the fiscal year ending November 30, 2022. The adoption of this Statement will not have an impact on the Authority's financial statements.

Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective immediately. The requirements related to leases, PPPs, and SBITAs will become effective for the Authority in the fiscal year ending November 30, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will become effective for the Authority in the fiscal year ending November 30, 2024. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Statement will become effective for the Authority in the fiscal year ending November 30, 2024. Management does not expect this Statement will have an impact on the financial statements.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Impact of Recently Issued Accounting Policies (Cont'd)****Recently Issued Accounting Pronouncements (Cont'd)**

Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement will become effective for the Authority in the fiscal year ending November 30, 2025. Management is currently evaluating the impact this Statement will have on the basic financial statements of the Authority.

**Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY****Compliance with Finance Related Legal and Contractual Provisions**

Management of the Authority is unaware of any material violations of finance related legal and contractual provisions.

**Capital Project Note Resolutions**

The Authority is subject to the provisions and the terms of the Note Resolution Series 2013, dated August 20, 2013 and supplemented by Note Resolution Series 2014, dated August 19, 2014, Note Resolution Series 2015, dated August 18, 2015, Note Resolution Series 2016, dated June 19, 2016, Note Resolution Series 2017, dated June 20, 2017, Note Resolution Series 2018, date July 17, 2018, Note Resolution Series 2019, date June 18, 2019, Note Resolution Series 2020, date July 21, 2020 and Note Resolution Series 2021, date August 17, 2021. As required by the Resolutions, certain cash accounts and investments of the Authority are maintained by an independent trustee, accounted for in various accounts and segregated for specific use and for the security of the note holders. The purpose of the trust accounts are summarized as follows:

**Construction Fund** - There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of this 2013 Note Resolution and the Authority's Receipt for the Purchase Price of the Notes and Application of Proceeds executed upon closing of the Notes by the Business Manager of the Authority pursuant to Section 2.06 of the Resolution. In addition, there shall be deposited into the Construction Fund any other amounts received by the Authority to pay the Cost of Construction of the Project. Amounts in the Construction Fund, including the investment earnings thereon, shall be applied to the Cost of Construction of the Project, in the manner provided in Section 3.03 of the Resolution. Notwithstanding any of the other provisions of this Section, to the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of principal of and interest on the Notes when due.

**Debt Service Fund** - There shall be paid into the Debt Service Fund: (i) the amounts required to be so paid by the provisions of this 2015, 2016, 2017, 2018, 2019, 2020 and 2021 Note Resolution(s) and the Authority's Receipt for the Purchase Price of the Notes and Application of Proceeds executed upon closing of the Notes by the Business Manager of the Authority pursuant to Section 2.06 of the Resolution; and (ii) sufficient moneys in the amounts and in the manner necessary to satisfy the requirements of Section 4.02 of the Resolution.

The Trustee shall pay out of the Debt Service Fund to the Noteholders the amount required for the principal of and interest payable on the Notes on the due date.

**Cost of Issuance Fund** - There shall be paid into the Cost of Issuance Fund the amounts required to be so paid by the provisions of the Note Resolution(s) and the Authority's Receipt for the Purchase Price of the Notes and Application of Proceeds executed upon closing of the Notes by the Business Manager of the Authority pursuant to Section 2.05 of the Resolution(s). Notwithstanding any of the other provisions of this Section, to the extent that other moneys are not available therefor, amounts in the Cost of Issuance Fund shall be applied to the payment of principal of and interest on the Notes when due.

**Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)****2015 Bond Resolution**

The Authority is subject to the provisions and the terms of the 2015 Bond Resolution, dated January 28, 2015 as amended and supplemented on March 17, 2015. As required by the Resolution, certain cash accounts and investments of the Authority are maintained by an independent trustee, accounted for in various accounts and segregated for specific use and for the security of the Salem County Pollution Control Financing Authority (SCPCFA). The purpose of the trust accounts are summarized as follows:

**Construction Fund** - There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of this 2015 Bond Resolution and the Authority's Receipt for the Purchase Price of the Bonds and Application of Proceeds executed upon closing of the Bonds by the Business Manager of the Authority pursuant to Section 2.06 of the Resolution. In addition, there shall be deposited into the Construction Fund any other amounts received by the Authority to pay the Cost of Construction of the Project. Amounts in the Construction Fund, including the investment earnings thereon, shall be applied to the Cost of Construction of the Project, in the manner provided in Section 3.03 of the Resolution. Notwithstanding any of the other provisions of this Section, to the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of principal of and interest on the Bonds when due.

**Debt Service Fund** - There shall be paid into the Debt Service Fund: (i) the amounts required to be so paid by the provisions of this 2015 Bond Resolution and the Authority's Receipt for the Purchase Price of the Bonds and Application of Proceeds executed upon closing of the Bonds by the Business Manager of the Authority pursuant to Section 2.06 of the Resolution; and (ii) sufficient moneys in the amounts and in the manner necessary to satisfy the requirements of Section 4.02 of the Resolution. The Trustee shall pay out of the Debt Service Fund to the SCPCFA the amount required for the principal of and interest payable on the Bonds on the due date.

**Note 3: DETAIL NOTES - ASSETS****Cash and Cash Equivalents**

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

As of November 30, 2021 and 2020, the Authority's bank balances were exposed to custodial credit risk as follows:

	November 30,	
	<u>2021</u>	<u>2020</u>
Insured by FDIC	\$ 608,881.32	\$ 627,113.81
Insured by GUDPA	2,939,347.81	2,917,196.53
Uncollateralized	<u>872,823.54</u>	<u>38,564.91</u>
	<u>\$ 4,421,052.67</u>	<u>\$ 3,582,875.25</u>

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

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

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Billings</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
2021	\$ 360,108.87	\$ 2,082,283.09	\$ 2,008,484.09	82.23%
2020	274,535.86	2,069,895.94	1,986,292.02	84.72%
2019	326,382.58	1,973,167.38	2,037,710.40	88.61%

**Capital Assets**

During the fiscal year ended November 30, 2021, the following changes in Capital Assets occurred:

	<u>Balance Dec. 1, 2020</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance Nov. 30, 2021</u>
Capital Assets not being Depreciated:					
Land and Easements	\$ 21,053.00				\$ 21,053.00
Construction in Progress	387,314.99	\$ 624,374.98	\$ (364,121.39)		647,568.58
Total Capital Assets not being Depreciated	408,367.99	624,374.98	(364,121.39)	-	668,621.58
Capital Assets being Depreciated:					
Utility Plant and Equipment	24,929,562.52		364,121.39		25,293,683.91
Total Capital Assets being Depreciated	24,929,562.52	-	364,121.39	-	25,293,683.91
Total Capital Assets	25,337,930.51	624,374.98	-	-	25,962,305.49
Less Accumulated Depreciation:					
Utility Plant and Equipment	(14,499,751.60)	(725,315.21)			(15,225,066.81)
Total Accumulated Depreciation	(14,499,751.60)	(725,315.21)	-	-	(15,225,066.81)
Capital Assets, Net	\$ 10,838,178.91	\$ (100,940.23)	\$ -	\$ -	\$ 10,737,238.68

**Note 3: DETAIL NOTES – ASSETS (CONT'D)****Capital Assets (Cont'd)**

During the fiscal year ended November 30, 2020, the following changes in Capital Assets occurred:

	<u>Balance</u> <u>Dec. 1, 2019</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>Nov. 30, 2020</u>
Capital Assets not being Depreciated:					
Land and Easements	\$ 21,053.00				\$ 21,053.00
Construction in Progress	330,665.12	\$ 353,518.32	\$ (236,478.82)	\$ 60,389.63	387,314.99
Total Capital Assets not being Depreciated	351,718.12	353,518.32	(236,478.82)	60,389.63	408,367.99
Capital Assets being Depreciated:					
Utility Plant and Equipment	24,693,083.70		236,478.82		24,929,562.52
Total Capital Assets being Depreciated	24,693,083.70	-	236,478.82	-	24,929,562.52
Total Capital Assets	25,044,801.82	353,518.32	-	60,389.63	25,337,930.51
Less Accumulated Depreciation:					
Utility Plant and Equipment	(13,863,274.38)	(636,477.22)			(14,499,751.60)
Total Accumulated Depreciation	(13,863,274.38)	(636,477.22)	-	-	(14,499,751.60)
Capital Assets, Net	\$ 11,181,527.44	\$ (282,958.90)	\$ -	\$ 60,389.63	\$ 10,838,178.91

**Note 4: DETAIL NOTES – LIABILITIES****Long-term Liabilities**

During the fiscal year ended November 30, 2021, the following changes occurred in long-term obligations:

	Balance <u>Dec. 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>Nov. 30, 2021</u>	Due Within <u>One Year</u>
Bonds and Agreements Payable:					
Bonds Payable	\$ 550,000.00		\$ (110,000.00)	\$ 440,000.00	\$ 110,000.00
Township Reimbursement Agreement	231,750.00		(38,625.00)	193,125.00	38,625.00
Salem County Pollution Control Loan		\$ 75,000.00		75,000.00	7,416.01
<b>Total Bonds and Loans Payable</b>	<b>781,750.00</b>	<b>75,000.00</b>	<b>(148,625.00)</b>	<b>708,125.00</b>	<b>156,041.01</b>
Other Liabilities:					
Net Pension Liability	835,561.00	447,420.00	(648,088.00)	634,893.00	
Net OPEB Obligation	438,242.00	438,242.00	(438,242.00)	438,242.00	
Other Liabilities -					
Related to Pension	23,355.00	26,152.00	(23,355.00)	26,152.00	
Compensated Absences	49,334.42	8,330.38	(5,667.56)	51,997.24	
<b>Total Other Liabilities</b>	<b>1,346,492.42</b>	<b>920,144.38</b>	<b>(1,115,352.56)</b>	<b>1,151,284.24</b>	<b>-</b>
<b>Total Long-term Liabilities</b>	<b>\$ 2,128,242.42</b>	<b>\$ 995,144.38</b>	<b>\$ (1,263,977.56)</b>	<b>\$ 1,859,409.24</b>	<b>\$ 156,041.01</b>

During the fiscal year ended November 30, 2020, the following changes occurred in long-term obligations:

	Balance <u>Dec. 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>Nov. 30, 2020</u>	Due Within <u>One Year</u>
Bonds and Agreements Payable:					
Bonds Payable	\$ 660,000.00		\$ (110,000.00)	\$ 550,000.00	\$ 110,000.00
Township Reimbursement Agreement	270,375.00		(38,625.00)	231,750.00	38,625.00
<b>Total Bonds and Loans Payable</b>	<b>930,375.00</b>	<b>-</b>	<b>(148,625.00)</b>	<b>781,750.00</b>	<b>148,625.00</b>
Other Liabilities:					
Net Pension Liability	940,172.00	\$ 555,016.00	(659,627.00)	835,561.00	
Net OPEB Obligation	506,569.00	438,242.00	(506,569.00)	438,242.00	
Other Liabilities -					
Related to Pension	21,148.00	23,355.00	(21,148.00)	23,355.00	
Compensated Absences	36,180.02	13,154.40		49,334.42	
<b>Total Other Liabilities</b>	<b>1,504,069.02</b>	<b>1,029,767.40</b>	<b>(1,187,344.00)</b>	<b>1,346,492.42</b>	<b>-</b>
<b>Total Long-term Liabilities</b>	<b>\$ 2,434,444.02</b>	<b>\$ 1,029,767.40</b>	<b>\$ (1,335,969.00)</b>	<b>\$ 2,128,242.42</b>	<b>\$ 148,625.00</b>

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Project Note Payable**

The Project Note is a direct obligation of the Authority. The Note is secured by a pledge on the revenues derived by the Authority from the operation of its sewerage treatment facilities. The Note is further secured by the limited service agreement between the Authority and the Township (See Note 6).

The original project note was issued to fund various reconstruction and repair projects to the system. The subsequent notes were issued to pay the previous notes. On September 26, 2013, the Authority issued a project notes in the amount of \$1,100,000.00, with an annual interest rate of 1.25% and maturing on September 25, 2014. This note was renewed on September 24, 2014 in the amount of \$1,100,000.00 with an annual interest rate of 1.00% and maturing on September 23, 2015. The note was again renewed on September 22, 2015 in the amount of \$990,000.00 with an annual interest rate of 0.97% and maturing on September 21, 2016. The note was again renewed on September 20, 2016 in the amount of \$880,000.00 with an annual interest rate of 1.019% and maturing on September 19, 2017. The note was again renewed on September 18, 2017 in the amount of \$770,000.00 with an annual interest rate of 1.740% and maturing on September 17, 2018. The note was again renewed on September 13, 2018 in the amount of \$660,000.00 with an annual interest rate of 2.570% and maturing on September 12, 2019. The note was again renewed on September 12, 2019 in the amount of \$550,000.00 with an annual interest rate of 1.995% and maturing on September 11, 2020. The note was again renewed on September 10, 2020 in the amount of \$440,000.00 with an annual interest rate of 1.25% and maturing on September 9, 2021. The note was again renewed on September 8, 2021 in the amount of \$330,000.00 with an annual interest rate of 1.25% and maturing on September 7, 2022. Final payment on the note is expected in fiscal year 2023.

**Revenue Bonds Payable**

The Revenue Bonds are a direct obligation of the Authority. The Bonds are secured by a pledge on the revenues derived by the Authority from the operation of its sewerage treatment facilities. The Bonds are further secured by the limited service agreement between the Authority and the Township (See Note 6).

The 2015 Series Bonds were issued to fund various capital improvements to the Authority's system and pay certain costs related to the issuance of the 2015 Bonds. The Bonds were issued originally for \$1,100,000.00 and carried interest rate of 0.45%. The final maturity of the bonds is September 1, 2025.

The following schedule reflects debt requirements until 2025:

Fical Year Ended <u>November 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 110,000.00	\$ 1,980.00	\$ 111,980.00
2023	110,000.00	1,485.00	111,485.00
2024	110,000.00	990.00	110,990.00
2025	110,000.00	495.00	110,495.00
	<u>440,000.00</u>	<u>\$ 4,950.00</u>	<u>\$ 444,950.00</u>
Less: Current Maturities	<u>110,000.00</u>		
Long-term Portion	<u>\$ 330,000.00</u>		



**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Township Reimbursement Agreement**

The Authority authorized an agreement to reimburse the Township of Carneys Point for the cost of the E Street sanitary sewer replacement project. The Authority has agreed to pay \$393,000.00 for expenses related to the project at an interest rate of 2.84% with the final payment due in 2026.

The following schedule reflects debt requirements until 2026:

Fical Year Ended <u>November 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 38,625.00	\$ 6,251.55	\$ 44,876.55
2023	38,625.00	5,154.60	43,779.60
2024	38,625.00	4,057.65	42,682.65
2025	38,625.00	2,960.70	41,585.70
2026	38,625.00	1,863.75	40,488.75
	<u>193,125.00</u>	<u>\$ 20,288.25</u>	<u>\$ 213,413.25</u>
Less: Current Maturities	<u>38,625.00</u>		
Long-term Portion	<u>\$ 154,500.00</u>		

**Salem County Pollution Control Financing Loan**

The Authority authorized an agreement with the Salem County Pollution Control Financing Authority for the completion of a feasibility study for the expansion of the wastewater treatment facility. The agreement provides a grant in the amount of \$75,000.00 and an additional \$75,000.00 to be reimbursed by the the Authority over a ten year period at an interest rate of 0.25%.

The following schedule reflects debt requirements until 2031:

Fical Year Ended <u>November 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 7,416.01	\$ 187.50	\$ 7,603.51
2023	7,434.55	168.96	7,603.51
2024	7,453.14	150.37	7,603.51
2025	7,471.77	131.74	7,603.51
2026	7,490.45	113.06	7,603.51
2027-2031	<u>37,734.08</u>	<u>283.47</u>	<u>38,017.55</u>
	<u>75,000.00</u>	<u>\$ 1,035.10</u>	<u>\$ 76,035.10</u>
Less: Current Maturities	<u>7,416.01</u>		
Long-term Portion	<u>\$ 67,583.99</u>		

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Compensated Absences**

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

Authority employees may accumulate unused sick days to a maximum of 120 days. Union employees are compensated for accumulated sick leave upon retirement or resignation at one-half of their then current hourly rate of pay times the number of days accumulated, up to a maximum of \$5,000. For non-union employees, accrued sick leave can accumulate indefinitely, but has no cash value upon termination. Vacation days and holidays not used during the year may be accumulated and carried forward to the next succeeding year. Union employees are compensated for accumulated vacation and unused holidays upon retirement at their current hourly rate of pay. Non-union employee vacation days carried forward must be utilized in the next succeeding year or be forfeited. In addition, employees retiring pursuant to the Public Employees Retirement System with at least 15 years of service shall receive \$40 for each year of service. The accrued liability for accumulated sick leave and vacation time at November 30, 2021 and 2020 is estimated at \$51,997.24 and \$49,334.42, respectively.

**Net Pension Liability**

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

**Net OPEB Liability**

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

**Pension Plans**

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

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

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plans (Cont'd)****General Information about the Pension Plans****Plan Descriptions**

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

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of P.L. 2007, c. 92 and P.L. 2007, c. 103, and expanded under the provisions of P.L. 2008, c. 89 and P.L. 2010, c. 1. The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

**Vesting and Benefit Provisions**

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

The following represents the membership tiers for PERS:

**Tier Definition**

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

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

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plans (Cont'd)****General Information about the Pension Plans (Cont'd)**

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

**Contributions**

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

The Authority's contractually required contribution rate for the fiscal years ended November 30, 2021 and 2020 was 15.59% and 14.02% of the Authority's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

**Public Employees' Retirement System (Cont'd)** - Based on the most recent PERS measurement date of June 30, 2021, the Authority's contractually required contribution to the pension plan for the fiscal year ended November 30, 2021 was \$62,764.00, and was payable by April 1, 2022. For the prior year measurement date of June 30, 2020, the Authority's contractually required contribution to the pension plan for the fiscal year ended November 30, 2020 was \$56,052.00, and was paid by April 1, 2021.

Employee contributions to the Plan for the fiscal year ended November 30, 2021 and 2020 were \$30,970.43 and \$29,994.36, respectively.

**Defined Contribution Retirement Program** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Authority contributes 3% of the employees' base salary.

For the fiscal years ended November 30, 2021 and 2020, employee contributions totaled \$2,380.63 and \$2,501.39, respectively. The Authority recognized pension expense of \$917.33 and \$1,568.11 for the fiscal years ended November 30, 2021 and 2020, which equaled the required contributions. There were no forfeitures during the fiscal years.

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plans (Cont'd)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions****Public Employees' Retirement System**

**Pension Liability** - As of November 30, 2021, the Authority's proportionate share of the PERS net pension liability was \$634,893.00. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2021 measurement date, the Authority's proportion was .0053593314%, which was an increase of .0002355120% from its proportion measured as of June 30, 2020.

As of November 30, 2020, the Authority's proportionate share of the PERS net pension liability was \$835,561.00. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2020 measurement date, the Authority's proportion was .0051238194%, which was a decrease of .0000939987% from its proportion measured as of June 30, 2019.

**Pension Expense** - For the fiscal years ended November 30, 2021 and 2020, the Authority recognized its proportionate share of the PERS pension (benefit) expense of (\$44,483.00) and \$62,073.00, respectively. These amounts were based on the Plan's June 30, 2021 and 2020 measurement dates, respectively.

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plans (Cont'd)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

**Deferred Outflows of Resources and Deferred Inflows of Resources** – At November 30, 2021 and 2020, the Authority had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>November 30, 2021</u>		<u>November 30, 2020</u>	
	<u>Measurement Date</u>		<u>Measurement Date</u>	
	<u>June 30, 2021</u>		<u>June 30, 2020</u>	
	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between Expected and Actual Experience	\$ 10,013.00	\$ 4,545.00	\$ 15,214.00	\$ 2,955.00
Changes of Assumptions	3,307.00	226,026.00	27,107.00	349,857.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	167,248.00	28,560.00	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	64,226.00	12,961.00	59,180.00	17,062.00
Authority Contributions Subsequent to the Measurement Date	26,152.00	-	23,355.00	-
	<u>\$ 103,698.00</u>	<u>\$ 410,780.00</u>	<u>\$ 153,416.00</u>	<u>\$ 369,874.00</u>

Deferred outflows of resources in the amounts of \$26,152.00 and \$23,355.00 will be included as a reduction of the net pension liability during the fiscal years ending November 30, 2022 and 2021, respectively. These amounts are based on an estimated April 1, 2023 and April 1, 2022 contractually required contribution, prorated from the pension plan's measurement date of June 30, 2021 and 2020 to the Authority's fiscal year end of November 30, 2021 and 2020.

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**

**Pension Plans (Cont'd)**

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

**Public Employees' Retirement System (Cont'd)**

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

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

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

<b>Fiscal Year Ending <u>November 30,</u></b>	
2022	\$ (130,330.00)
2023	(92,298.00)
2024	(66,463.00)
2025	(45,466.00)
2026	1,323.00
	<hr/>
	<b>\$ (333,234.00)</b>

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plans (Cont'd)****Actuarial Assumptions**

The net pension liability was measured as of June 30, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 and 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021 and 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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



**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plans (Cont'd)****Actuarial Assumptions (Cont'd)**

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

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

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

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plans (Cont'd)****Actuarial Assumptions (Cont'd)****Public Employees' Retirement System (Cont'd)**

**Discount Rate (Cont'd)** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of the June 30, 2020 measurement date based on 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. 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 would be based on 78% of the actuarially determined contributions for the State and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

**Sensitivity of Authority's Proportionate Share of Net Pension Liability to Changes in the Discount Rate****Public Employees' Retirement System**

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

	<b>November 30, 2021</b>		
	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 864,596.00</u>	<u>\$ 634,893.00</u>	<u>\$ 439,958.00</u>

The following presents the Authority's proportionate share of the net pension liability as of the June 30, 2020 measurement date, calculated using a discount rate of 7.00%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<b>November 30, 2020</b>		
	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 1,165,146.00</u>	<u>\$ 835,561.00</u>	<u>\$ 717,859.00</u>

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**

**Pension Plans (Cont'd)**

**Pension Plan Fiduciary Net Position**

**Public Employees' Retirement System**

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

**Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan**

**General Information about the OPEB Plan**

**Plan Description and Benefits Provided**

The plan is funded on a pay-as-you-go basis and includes medical and prescription drug benefits for retirees. Union employees are eligible for benefits upon retirement provided they are at least age fifty-five (55) and have completed at least thirty (30) years of service with the Carney's Point Township Sewerage Authority. For union retirees hired after January 1, 1975, benefits cease once Medicare age is obtained. The Authority pays seventy-five (75) percent of the premiums and the union retiree is responsible for twenty-five (25) percent of the premiums. Non-union employees are eligible for benefits upon retirement provided they are at least age fifty-five (55), have completed at least twenty (20) years of service with the Carney's Point Township Sewerage Authority and have been enrolled in the PERS pension system for at least twenty-five (25) years. When a non-union retiree becomes eligible for Medicare, he/she shall promptly notify the Authority, and at that time the Authority health insurance shall become secondary. The Authority pays the entire premium for non-union retirees. Dental and vision benefits are not provided to retired employees. Benefits provided to retired employees cannot be granted to family members or dependents other than those in force at time of retirement. The benefit provisions of the plan may be established or amended by the Board of the Authority.

In accordance with GASB Statement 75, this plan is considered a Single Employer, Defined Benefit OPEB Plan that is not administered through a Trust that meets the criteria in paragraph 4 of GASB Statement 75.

**Employees Covered by Benefit Terms**

At November 30, 2021 and 2020, the following employees were covered by the benefit terms:

	<u>November 30, 2021</u>	<u>November 30, 2020</u>
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	2	2
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments		
Active Employees	<u>7</u>	<u>7</u>
	<u>9</u>	<u>9</u>

**Contributions**

Union employees are required to contribute to the plan at 25% of the premium at retirement. Non-union employees are not required to contribute to the plan at retirement.

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)****General Information about the OPEB Plan (Cont'd)****Total OPEB Liability**

The Authority's total OPEB liability of \$438,242.00 as of November 30, 2021 and 2020 was measured as of November 30, 2020. The liabilities were determined by an actuarial valuation as of November 30, 2020.

**Actuarial Assumptions and Other Inputs**

The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<u>November 30, 2021</u>	<u>November 30, 2020</u>
Inflation	N/A	N/A
Salary Increases	N/A	N/A
Discount Rate	2.03%	2.03%
Healthcare Cost Trend Rates		
Medical (Pre-65)	7.00%	7.00%
Medical (Post-65)	5.00%	5.00%
Prescription	N/A	N/A
Medicare Part B	N/A	N/A
Retirees' Share of Benefit-Related Costs	Pursuant to Chapter 78	Pursuant to Chapter 78

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index. Eligible bonds are rated at least AA by Standards and Poor's Rating Services, Aa2 by Moody's or AA by Fitch. If there were multiple ratings, the lowest rating was used.

Mortality rates were based on RP-2014 White Collar Table projected with Scale MP 18.

Termination rates, other than for death or retirement, were determined in accordance with State of New Jersey PERS Local Government turnover/withdrawal experience.

Future retirees (current active participants) age at retirement was determined, on average, at no earlier than fifty-five (55) and eligibility criteria is met.

All spouses will remain together and receive coverage.

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)****Changes in the Total OPEB Liability**

The following table shows the changes in the total OPEB liability for the years ended November 30, 2021 and November 30, 2020, respectively:

	<u>November 30, 2021</u>	<u>November 30, 2020</u>
Balance at Beginning of Year	\$ 438,242.00	\$ 506,569.00
Changes for the Year:		
Service Cost	5,583.00	5,583.00
Interest Cost	15,968.00	15,968.00
Benefit Payments	(21,551.00)	(21,355.00)
Changes of Assumptions	-	(68,523.00)
Differences Between Expected and Actual Demographic Experience	-	-
Net Changes	<u>-</u>	<u>(68,327.00)</u>
Balance at End of Year	<u>\$ 438,242.00</u>	<u>\$ 438,242.00</u>

Changes in Assumptions included the following:

Discount Rate - In 2021, the discount rate remained unchanged at 2.03%. In 2020, the discount rate changed to 2.03% from 3.22% in 2019.

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

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated for using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>November 30, 2021</u>		
	<b>1.00% Decrease (1.03%)</b>	<b>Current Discount Rate (2.03%)</b>	<b>1.00% Increase (3.03%)</b>
Total OPEB Liability	<u>\$ 460,149.00</u>	<u>\$ 438,242.00</u>	<u>\$ 417,614.00</u>
	<u>November 30, 2020</u>		
	<b>1.00% Decrease (1.03%)</b>	<b>Current Discount Rate (2.03%)</b>	<b>1.00% Increase (3.03%)</b>
Total OPEB Liability	<u>\$ 460,149.00</u>	<u>\$ 438,242.00</u>	<u>\$ 417,614.00</u>

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)****Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>November 30, 2021</u>		
	<u>1.00% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
Total OPEB Liability	<u>\$ 418,156.00</u>	<u>\$ 438,242.00</u>	<u>\$ 459,491.00</u>
	<u>November 30, 2020</u>		
	<u>1.00% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
Total OPEB Liability	<u>\$ 418,156.00</u>	<u>\$ 438,242.00</u>	<u>\$ 459,491.00</u>

**OPEB (Benefit) Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the fiscal years ended November 30, 2021 and 2020, the Authority recognized OPEB (benefit) expense of \$36,947.00. At November 30, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>November 30, 2021</u>		<u>November 30, 2020</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 70,568.50	\$ -	\$ 85,964.50	\$ -
Differences Between Expected and Actual Demographic Experience	-	-	-	-
	<u>\$ 70,568.50</u>	<u>\$ -</u>	<u>\$ 85,964.50</u>	<u>\$ -</u>

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)**

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

<b>Fiscal Year Ending November 30,</b>	
2022	\$ 15,396.00
2023	15,396.00
2024	15,396.00
2025	15,396.00
2026	15,396.00
Thereafter	<u>(6,411.50)</u>
	<u>\$ 70,568.50</u>

**Note 5: DETAIL NOTES – DEFERRED INFLOWS OF RESOURCES****Connection Fees**

The Authority receives payments for connection fees when new users connect to the sewer system. The Authority does not supply the user with supplies or services to make the physical connection and is therefore considered a non exchange transaction. The Authority recognizes the revenue in the period that the user exercises their right to connect to the system.

**Capital Contributions**

The Authority received developer contributions for the engineering and design for the proposed Route 40 and Route 48 Santiary Force Main Extension. The Authority will recognize these contributions as revenue upon completion of the project's engineering and design.

**Note 6: DETAIL NOTES – NET POSITION**

The following is a summary of the Authority's unrestricted net position for the fiscal year ended November 30, 2021 and 2020:

	<b><u>Nov. 30, 2021</u></b>	<b><u>Nov. 30, 2020</u></b>
Net Position:		
Unrestricted	\$ 2,437,834.95	1,534,790.20
	<u>\$ 2,437,834.95</u>	<u>\$ 1,534,790.20</u>
Reconciliation of Unrestricted Net Position:		
Undesignated before GASB 68 and 71 Pension Items and GASB 75 OPEB Related Items	\$ 3,371,945.49	\$ 2,738,604.74
Effects of GASB 68 and 71 Pension Related Items	(941,975.00)	(1,052,019.00)
Effects of GASB 75 OPEB Related Items	(367,673.50)	(352,277.50)
Designated for Construction Projects	-	41,600.00
Designated for Renewal and Replacement Reserve	<u>375,537.96</u>	<u>158,881.96</u>
	<u>\$ 2,437,834.95</u>	<u>\$ 1,534,790.20</u>

**Note 7: INTERGOVERNMENTAL AGREEMENTS****Township of Carneys Point Service Agreement**

A Service Agreement was entered into on May 31, 1961 between the Authority and the Township. Under the Service Agreement, the Township agrees to pay any shortfall the Authority may encounter in making payments for either Operating Expenses and/or Debt Service (Annual Charges). The purpose of this agreement is to grant temporary relief to the Authority should it experience difficulty in meeting its obligations. The agreement calls for the Township to be reimbursed for any Annual Charges paid by the Township when the Authority's operations permit. Ultimately, all Operating Expenses and Debt Service of the Authority are borne by revenues of the system.

**Note 8: DEFERRED COMPENSATION**

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

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

**Note 9: RISK MANAGEMENT**

The Authority is a member of New Jersey Utilities Authority Joint Insurance Fund. The Fund provides the Authority with the following coverage:

Workers' Compensation and Employer's Liability  
Liability other than Motor Vehicles  
Property Damage other than Motor Vehicles  
Motor Vehicles

Contributions to the Fund, including a reserve for contingencies are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations. The Authority's agreement with the pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial insurance for claims in excess of \$500,000.00 for each insured event.

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

New Jersey Utilities Authorities Joint Insurance Fund  
9 Campus Drive, Suite 16  
Parsippany, New Jersey 07054-4412

**Note 10: CONTINGENCIES**

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



**Note 11: SUBSEQUENT EVENTS**

On June 21, 2022, the Authority authorized the issuance and sale of Revenue Bonds, Series 2022 in the principal amount of up to \$6,049,000.00 for reconstruction and repairs to the system. The United States Department of Agriculture, has agreed to purchase the Bonds from the Authority in order to provide a cost effective means of completing the project.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**  
 Required Supplementary Information  
 Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios - Authority Plan  
 Last Five Fiscal Years

<b>Total OPEB Liability</b>	<b>November 30, 2021</b>	<b>November 30, 2020</b>	<b>November 30, 2019</b>
Service Cost	\$ 5,583.00	\$ 5,583.00	\$ 5,396.00
Interest Cost	15,968.00	15,968.00	17,013.00
Benefit Payments	(21,551.00)	(21,355.00)	(30,040.00)
Actuarial Assumption Changes	<u>-</u>	<u>(68,523.00)</u>	<u>17,231.00</u>
Net Change in Total OPEB Liability	-	(68,327.00)	9,600.00
Total OPEB Liability - Beginning of Fiscal Year	<u>438,242.00</u>	<u>506,569.00</u>	<u>496,969.00</u>
Total OPEB Liability - End of Fiscal Year	<u>\$ 438,242.00</u>	<u>\$ 438,242.00</u>	<u>\$ 506,569.00</u>
Covered-Employee Payroll	\$ 402,538.00	\$ 399,924.00	\$ 370,784.00
Total OPEB Liability as a Percentage of Covered Employee Payroll	108.87%	109.58%	136.62%
	<b>November 30, 2018</b>	<b>November 30, 2017</b>	
Service Cost	\$ 6,133.00	\$ 5,525.00	
Interest Cost	11,784.00	16,257.00	
Benefit Payments	(30,040.00)	(24,567.00)	
Actuarial Assumption Changes	<u>160,256.00</u>	<u>14,204.00</u>	
Net Change in Total OPEB Liability	148,133.00	11,419.00	
Total OPEB Liability - Beginning of Fiscal Year	<u>348,836.00</u>	<u>337,417.00</u>	
Total OPEB Liability - End of Fiscal Year	<u>\$ 496,969.00</u>	<u>\$ 348,836.00</u>	
Covered-Employee Payroll	\$ 342,324.00	\$ 342,800.00	
Total OPEB Liability as a Percentage of Covered Employee Payroll	145.18%	101.76%	

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

**CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**  
 Required Supplementary Information  
 Schedule of the Authority's Proportionate Share of the Net Pension Liability  
 Public Employees' Retirement System (PERS)  
 Last Nine Plan Years

	<u>Measurement Date Ending June 30,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Authority's Proportion of the Net Pension Liability	0.0053593314%	0.0051238194%	0.0052178181%
Authority's Proportionate Share of the Net Pension Liability	\$ 634,893.00	\$ 835,561.00	\$ 940,172.00
Authority's Covered Payroll (Plan Measurement Period)	\$ 392,748.00	\$ 370,784.00	\$ 344,120.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	161.65%	225.35%	273.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.33%	58.32%	56.27%
	<u>Measurement Date Ending June 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's Proportion of the Net Pension Liability	0.0051572525%	0.0049147597%	0.0048509335%
Authority's Proportionate Share of the Net Pension Liability	\$ 1,015,437.00	\$ 1,144,078.00	\$ 1,436,707.00
Authority's Covered Payroll (Plan Measurement Period)	\$ 335,508.00	\$ 340,492.00	\$ 321,204.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	302.66%	336.01%	447.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%
	<u>Measurement Date Ending June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's Proportion of the Net Pension Liability	0.0037972300%	0.0045217919%	0.0036561044%
Authority's Proportionate Share of the Net Pension Liability	\$ 852,402.00	\$ 846,603.00	\$ 698,754.00
Authority's Covered Payroll (Plan Measurement Period)	\$ 261,936.00	\$ 254,204.00	\$ 254,004.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	325.42%	333.04%	275.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

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

**CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**  
 Required Supplementary Information  
 Schedule of the Authority's Pension Contributions  
 Public Employees' Retirement System (PERS)  
 Last Nine Fiscal Years

	<u>Fiscal Year Ended November 30,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Authority's Contractually Required Contribution	\$ 62,764.00	\$ 56,052.00	\$ 50,754.00
Authority's Contribution in Relation to the Contractually Required Contribution	<u>(62,764.00)</u>	<u>(56,052.00)</u>	<u>(50,754.00)</u>
Authority's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Fiscal Year)	\$ 402,538.00	\$ 399,924.00	\$ 370,784.00
Authority's Contributions as a Percentage of Covered Payroll	15.59%	14.02%	13.69%
	<u>Fiscal Year Ended November 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's Contractually Required Contribution	\$ 51,298.00	\$ 45,530.00	\$ 43,095.00
Authority's Contribution in Relation to the Contractually Required Contribution	<u>(51,298.00)</u>	<u>(45,530.00)</u>	<u>(43,095.00)</u>
Authority's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Fiscal Year)	\$ 342,324.00	\$ 342,800.00	\$ 344,093.00
Authority's Contributions as a Percentage of Covered Payroll	14.99%	13.28%	12.52%
	<u>Fiscal Year Ended November 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's Contractually Required Contribution	\$ 32,646.00	\$ 37,277.00	\$ 27,548.00
Authority's Contribution in Relation to the Contractually Required Contribution	<u>(32,646.00)</u>	<u>(37,277.00)</u>	<u>(27,548.00)</u>
Authority's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Fiscal Year)	\$ 317,441.00	\$ 278,055.00	\$ 253,984.00
Authority's Contributions as a Percentage of Covered Payroll	10.28%	13.41%	10.85%

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

**CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**

Notes to Required Supplementary Information  
For the Fiscal Year Ended November 30, 2021

**Note 1: POSTEMPLOYMENT BENEFITS - PENSION**

**Public Employees' Retirement System (PERS)**

***Change in Benefit Terms:***

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

***Changes in Assumptions:***

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

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

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

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	7.00%	2017	7.00%
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%

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

**Note 2: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - AUTHORITY PLAN**

**Changes in Benefit Terms**

None.

**Changes in Assumptions**

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

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	2.03%	2018	3.53%
2020	2.03%	2017	5.00%
2019	3.22%		

## **SUPPLEMENTARY SCHEDULES**

**CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**  
 Schedule of Anticipated Revenues, Operating Appropriations, Principal Payments and  
 Non-Operating Appropriations Compared to Budget--Non-GAAP (Budgetary) Basis  
 For the Fiscal Year Ended November 30, 2021

	Original Budget	Transfers and Modifications	Final Budget	Actual	Variance Favorable (Unfavorable)
Anticipated Revenues:					
Operating Revenues:					
Service Charges	\$ 2,150,000.00		\$ 2,150,000.00	\$ 2,082,283.09	\$ (67,716.91)
Other	100,000.00		100,000.00	1,168,439.56	1,068,439.56
Total Operating Revenues	2,250,000.00	-	2,250,000.00	3,250,722.65	1,000,722.65
Non Operating Revenues:					
Investment Income				5,940.20	5,940.20
Total Anticipated Revenues	2,250,000.00	-	2,250,000.00	3,256,662.85	1,006,662.85
Operating Appropriations:					
Administrative and General:					
Salaries and Wages:					
Administrative and General	50,000.00	\$ 65,000.00	115,000.00	116,867.30	(1,867.30)
Billing and Collection	65,000.00	(65,000.00)	-	-	-
Fringe Benefits:					
Hospitalization	43,400.00		43,400.00	45,910.81	(2,510.81)
Pension and Payroll Taxes	13,100.00		13,100.00	12,233.55	866.45
Other Expenses:					
Office Supplies	2,000.00		2,000.00	1,633.54	366.46
Telephone	3,000.00	225.00	3,225.00	2,488.46	736.54
Dues	4,000.00		4,000.00	3,607.00	393.00
Rent	2,500.00		2,500.00	2,300.00	200.00
IT Services	15,000.00	5,500.00	20,500.00	12,484.65	8,015.35
Miscellaneous Supplies and Services	1,000.00	1,000.00	2,000.00	1,821.75	178.25
Advertising Expenses	1,000.00	1,090.00	2,090.00	1,585.95	504.05
Insurance	51,000.00	2,010.00	53,010.00	52,158.00	852.00
Postage and Shipping	5,000.00	1,400.00	6,400.00	6,371.50	28.50
Billing Forms and Expenses	3,000.00		3,000.00	977.00	2,023.00
Professional Services:					
Engineering	50,000.00	(10,205.00)	39,795.00	22,688.00	17,107.00
Operations & Management	191,000.00	(66,000.00)	125,000.00	124,238.15	761.85
Legal	10,000.00	8,480.00	18,480.00	15,323.00	3,157.00
Accounting/Auditing	125,000.00		125,000.00	87,057.45	37,942.55
Other	10,000.00	7,000.00	17,000.00	14,570.63	2,429.37
Trustee Fee	2,000.00		2,000.00	1,250.00	750.00
Total Administrative and General Appropriations	647,000.00	(49,500.00)	597,500.00	525,566.74	71,933.26
Cost of Providing Service:					
Salaries and Wages:					
Collection System Operation Labor	249,000.00	162,000.00	411,000.00	402,616.30	8,383.70
Treatment and Disposal Operation Labor	222,000.00	(222,000.00)	-	-	-
Fringe Benefits:					
Hospitalization	128,000.00		128,000.00	123,486.81	4,513.19
Pension and Payroll Taxes	98,200.00		98,200.00	91,673.31	6,526.69
Other Expenses:					
Collection System:					
Chemical Treatment	22,000.00	5,716.00	27,716.00	26,940.50	775.50
Sludge and Hauling Liquid	11,000.00		11,000.00	10,811.76	188.24
Utility Underground Markouts	4,000.00	(1,250.00)	2,750.00	2,205.71	544.29
Uniforms	11,000.00	(100.00)	10,900.00	10,399.81	500.19
Wireless Phones	700.00		700.00	596.96	103.04
Treatment and Disposal:					
Chemical Treatment	50,000.00		50,000.00	49,426.87	573.13
Sludge and Hauling Liquid	52,000.00	77,000.00	129,000.00	113,485.14	15,514.86
Plant Permit	27,000.00		27,000.00	19,987.63	7,012.37
Power and Fuel	73,000.00		73,000.00	71,459.74	1,540.26
Water Rents	6,000.00	870.00	6,870.00	7,343.26	(473.26)
Miscellaneous Supplies and Expenses	5,000.00		5,000.00	4,736.01	263.99
Training	1,000.00		1,000.00	-	1,000.00

(Continued)



**CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**  
 Schedule of Anticipated Revenues, Operating Appropriations, Principal Payments and  
 Non-Operating Appropriations Compared to Budget--Non-GAAP (Budgetary) Basis  
 For the Fiscal Year Ended November 30, 2021

	Original Budget	Transfers and Modifications	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Appropriations (Cont'd):					
Cost of Providing Service (Cont'd):					
Treatment and Disposal (Cont'd):					
Trash Disposal	\$ 3,000.00	\$ 400.00	\$ 3,400.00	\$ 3,370.00	\$ 30.00
Telephone	2,000.00	750.00	2,750.00	2,720.22	29.78
Laboratory Expenses Outside	16,000.00	3,500.00	19,500.00	27,055.17	(7,555.17)
Pumping Expenses:					
Electric	35,000.00	3,100.00	38,100.00	34,996.66	3,103.34
Natural Gas	2,000.00	630.00	2,630.00	2,592.10	37.90
Water Rent	3,000.00	190.00	3,190.00	2,210.90	979.10
Maintenance Expenses:					
Collecting System	22,000.00	(4,046.00)	17,954.00	14,383.20	3,570.80
Pumping System	34,000.00	8,890.00	42,890.00	44,371.95	(1,481.95)
Treatment and Disposal	5,000.00		5,000.00	267.86	4,732.14
Transportation Equipment	5,000.00	2,000.00	7,000.00	6,925.44	74.56
General Equipment	23,000.00	8,850.00	31,850.00	31,293.39	556.61
Public Grounds	2,000.00	3,000.00	5,000.00	4,219.38	780.62
Total Cost of Providing Services Appropriations	1,111,900.00	49,500.00	1,161,400.00	1,109,576.08	51,823.92
Total Operating Appropriations	1,758,900.00	-	1,758,900.00	1,635,142.82	123,757.18
Principal Payments on Debt Service in Lieu of Depreciation	258,625.00	-	258,625.00	258,625.00	-
Non-Operating Appropriations:					
Total Interest Payments on Debt	15,819.00		15,819.00	14,541.42	1,277.58
Renewal and Replacement Fund	216,656.00		216,656.00	216,656.00	
Contribution to Township of Carneys Point	90,000.00		90,000.00	90,000.00	-
Total Non-Operating Appropriations	322,475.00	-	322,475.00	321,197.42	1,277.58
Total Operating, Principal Payments and Non-Operating Appropriations	2,340,000.00	-	2,340,000.00	2,214,965.24	125,034.76
Unrestricted Net Position to Balance Budget	90,000.00	-	90,000.00	-	90,000.00
Total Appropriations and Unrestricted Net Position	2,250,000.00	-	2,250,000.00	2,214,965.24	35,034.76
Excess Budgetary Revenues Over Budgetary Appropriations	\$ -	\$ -	\$ -	\$ 1,041,697.61	\$ 1,041,697.61
<u>Reconciliation to Operating Income</u>					
Excess Budgetary Revenues Over Budgetary Appropriations					\$ 1,041,697.61
Add:					
Renewal and Replacement Reserve				\$ 216,656.00	
Contribution to Township of Carneys Point				90,000.00	
Bond and Note Principal				258,625.00	
Interest on Debt				14,541.42	
Pension Benefit				100,535.00	
				<u>680,357.42</u>	
Less:					
Depreciation Expense				725,315.21	
OPEB Expense				15,396.00	
Non-Operating Revenues					
Investment Income				<u>5,940.20</u>	
					<u>746,651.41</u>
Operating Income (Exhibit B)					<u>\$ 975,403.62</u>

**CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**  
 Schedule of Revenue Bonds Payable  
 For the Fiscal Year Ended November 30, 2021

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding November 30, 2021		Interest Rate	Balance		Balance November 30, 2021
			Date	Amount		December 1, 2020	Decreased	
Loan Revenue Bond, Series 2015	9/30/2015	\$ 1,100,000.00	9/1/2022-25	\$ 110,000.00	0.450%	\$ 550,000.00	\$ 110,000.00	\$ 440,000.00

**CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**

Schedule of Project Notes Payable  
For the Fiscal Year Ended November 30, 2021

Purpose	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance December 1, 2020	Issued	Decreased	Balance November 30, 2021
2013 Reconstruction and Repairs to the System Project	9/26/13	9/12/20	9/9/21	1.250%	\$ 440,000.00		\$ 440,000.00	
		9/8/21	9/7/22	1.250%		\$ 330,000.00		\$ 330,000.00
					<u>\$ 440,000.00</u>	<u>\$ 330,000.00</u>	<u>\$ 440,000.00</u>	<u>\$ 330,000.00</u>

**CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**

**PART 2**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021**

**CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**  
Schedule of Findings and Recommendations  
For the Fiscal Year Ended November 30, 2021

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***Schedule of Financial Statement Findings***

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

**Finding No. 2021-001**

**Criteria or Specific Requirement**

Management is responsible for establishing and maintaining internal controls in the financial reporting system and for the fair presentation of the financial position, results of operations, cash flows, and disclosures in the financial statements in conformity with U.S. generally accepted accounting principles (GAAP). Additionally, for each accounting function, the transaction authorization, custody of the assets, and the recording of the transactions should not be performed by the same individual.

**Condition**

The Authority's internal control system lacks certain controls with respect to separation of duties and its system does not consistently produce information and classifications to bring the accounting records into alignment with generally accepted accounting principles.

**Context**

The lack of certain controls within the Authority's internal control system was noted in performing the annual review of the internal control system and from prior experience with the Authority.

**Effect or Potential Effect**

A lack of internal controls in the areas described above could result in the following: misappropriation of assets, misstated financial statements, inaccurate financial documentation, and improper use of funds or modification of data, which could go undetected by employees in the normal course of performing their assigned duties.

**Cause**

There is a severely limited number of staff members to perform all accounting functions. There is one full-time employee, the Business Manager, and one staff member to perform all the accounting functions.

**Recommendation**

That duties be divided among various Authority personnel, so that one employee cannot conceal errors and irregularities in the normal course of his or her duties.

**View of Responsible Officials and Planned Corrective Action**

Cost benefit considerations prohibit increasing staff size. However, the Authority has engaged an accounting firm to provide fee accounting services and guidance, and to carefully review the drafts prepared by the auditors including the related footnote disclosures.

**CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY**  
Summary Schedule of Prior Year Audit Findings  
And Recommendations as Prepared by Management

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

**FINANCIAL STATEMENT FINDINGS**

**Finding No. 2020-001**

**Condition**

The Authority's internal control system lacks certain controls with respect to separation of duties and its system does not consistently produce information and classifications to bring the accounting records into alignment with generally accepted accounting principles.

**Current Status**

The condition remains unresolved.

**Finding No. 2020-002**

**Condition**

The general ledger and subsidiary ledgers were not properly maintained for the fiscal year ended November 30, 2020. Various general ledger asset and liability account balances did not reconcile with the subsidiary ledgers, including but not limited to, Trustee, Revenue and Developers' Escrow cash balances, consumer accounts receivable, capital assets and deferred connection fee revenue.

**Current Status**

The condition has been resolved.

**APPRECIATION**

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

Respectfully submitted,

*Bowman & Company LLP*  
BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants