

**WILLINGBORO
MUNICIPAL UTILITIES AUTHORITY**

REPORT OF AUDIT

**WITH
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
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WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Roster of Officials
As of December 31, 2020

Members

Webster Evans
T. Wayne Scott
Patricia Lindsay-Harvey
Darvis Holley
Carl Turner
Kevin McIntosh
Johnson Kolawole

Position

Chairman
Vice-Chairman
Commissioner
Commissioner
Commissioner
Alternate Commissioner
Alternate Commissioner

Other Officials

Andrew Weber
Diallyo Diggs
Emmanuel Stuppard

Executive Director
Treasurer
Director of Operations and
Maintenance

Richard Alaimo
of Richard A. Alaimo Associates
Michael Riley, Esq.
of Riley & Riley
TD Bank, National Association
CEB LLC
McManimon, Scotland & Baumann LLC

Consulting Engineer
Solicitor
Trustee for Bondholders
Insurance Broker
Bond Counsel

**WILLINGBORO MUNICIPAL UTILITIES
AUTHORITY**

PART I

FINANCIAL SECTION

**FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**

INDEPENDENT AUDITOR'S REPORT

The Chairman and Members of
The Willingboro Municipal Utilities Authority
Willingboro, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Willingboro Municipal Utilities Authority, in the County of Burlington, State of New Jersey, a component unit of the Township of Willingboro (Authority), as of and for the years ended December 31, 2020 and 2019 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Willingboro Municipal Utilities Authority, in the County of Burlington, State of New Jersey, a component unit of the Township of Willingboro, as of December 31, 2020 and 2019, and the changes in its financial position and its cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2022 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,

Handwritten signature in cursive script that reads "Bowman & Company LLP".

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
March 21, 2022

**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 Willingboro Municipal Utilities Authority
Willingboro, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Willingboro Municipal Utilities Authority, in the County of Burlington, State of New Jersey, a component unit of the Township of Willingboro (Authority), as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 21, 2022.

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, we did identify one deficiency in internal control, described in the accompanying *Schedule of Findings and Recommendations* as finding no. 2020-001, that we consider to be a material weakness.

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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey and which is described in the accompanying *Schedule of Findings and Recommendations* as finding no. 2020-002.

The Authority's Response to Findings

The Authority's response to the findings 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 the 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

Voorhees, New Jersey
March 21, 2022

**Willingboro Municipal Utilities Authority
Management's Discussion and Analysis
For the Years Ended December 31, 2020 and 2019
(Unaudited)**

The Willingboro Municipal Utilities Authority (Authority) provides water and wastewater services to Willingboro Township and portions of Westampton Township. Additionally, the Authority has long-term contracts with the Edgewater Park Sewerage Authority to provide wastewater treatment and with the Townships of Mount Laurel and Evesham for the provision of up to 5 million gallons per day (gpd) of potable water.

This section of the Authority's annual financial report provides a discussion and analysis of the Authority's financial performance for the years ending December 31, 2020 and 2019. The entire annual financial report consists of five parts; Independent Auditor's Reports, the management's discussion and analysis, the basic financial statements, required supplementary information and supplemental schedules.

FINANCIAL HIGHLIGHTS

Comparative Statements of Net Position

During 2019 and 2020, the Authority expended over \$3.47 million dollars for capital additions. These additions consisted primarily of sewer main rehabilitation and Wells 6, 9, 10 and 11 and various improvements to the water plant building and sand filters.

Total assets at the end of 2020 equaled \$58,315,784.52. \$36,292,821.70 of the total was comprised of capital assets.

The Authority's debt ratio has decreased from .271 at the end of 2019 to .229 at the end of 2020. This is a result of the Authority continuing to pay down the principal on its existing debt and not issuing new debt in 2020.

Comparative Statements of Revenues, Expenses and Changes in Net Position

In 2020, the Authority generated operating income of \$2,832,713.86, an increase of \$1,217,438.47 when compared to 2019. The increase is due primarily to an increase in service fees of \$1,780,507.56. The increase in fringe benefits was mitigated by an increase in intergovernmental service agreement revenue of \$410,432.65.

Both the water and sewer rates increased in 2020. The minimum quarterly rate went from \$119.00 (sewer \$53.50 and water \$65.50 per quarter) in 2019 to \$132.58 (sewer \$57.25 and water \$75.33 per quarter) in 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America that are promulgated by the Governmental Accounting Standards Board. The Authority is structured as a single enterprise fund with revenues recognized when earned and expenses recognized when incurred. Capital assets, which meet certain criteria, are capitalized and depreciated over their useful lives (with the exception of land and construction in progress). A summary of the Authority's significant accounting policies is described in the "Notes to the Financial Statements" which is included with the audit as described above.

The comparative statements of net position includes all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources. As the Authority follows the accrual method of accounting, the current year's revenues and expenses are accounted for in the comparative statements of revenues, expenses and changes in net position regardless of when cash is received or paid. Net position – the difference between the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources – is a measure of the Authority's financial health or position.

Management's Discussion and Analysis (Cont'd)
(Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

ANALYSIS OF THE AUTHORITY'S FINANCIAL STATEMENTS

Overall, the Authority's finances in 2020 continue to show improvement over the past several years. While operating expenses increased by \$394,485.63, operating revenues also increased by \$1,611,924.10. Non-operating expenses increased by \$148,845.10, mainly as a result of the cancellation of loan forgiveness and a loss of disposal of assets in 2020. These items resulted in the Authority's net position increasing by \$2,371,170.35.

The table below compares the percent change in revenues and appropriations from one year to the next over the past five years.

Operating Fund Trends
Percent Change from Year to Year
Over the Last 5 Years

	2015- 2016	2016- 2017	2017- 2018	2018- 2019	2019- 2020	Average % Change	CY Difference
Water Operating Revenues	14.67%	-5.52%	5.11%	-1.57%	18.63%	6.27%	12.37%
Water Operating Expenses	5.75%	-4.34%	7.53%	-2.51%	4.31%	2.15%	2.16%
Sewer Operating Revenues	13.21%	-5.62%	2.89%	-3.63%	7.35%	2.84%	4.51%
Sewer Operating Expenses	9.40%	-2.74%	5.49%	-5.47%	3.20%	1.98%	1.22%

Since 2015, revenues of the Authority increased by just over \$2,600,000.00 while the cost of service (exclusive of depreciation) has increased by approximately \$500,000.00. Employee related costs continue to be the largest component of the operating budget. Increases in salaries, health insurance and pension are expected to rise ahead of the rate of inflation and will continue to have a significant impact upon the Authority's overall financial position.

The amount of the Authority's total liabilities increased in 2020 by \$1,574,524.73 as compared to 2019. This is primarily the result of the decrease in net pension liability and the increase in net OPEB liability.

The Authority continues to produce an operating surplus and has one of the lowest combined sewer and water rates in southern New Jersey.

There are significant challenges ahead for the Authority to find new sources of revenue, charge appropriate service rates, continue to attempt to reduce operating expenses and continue to invest in its aging infrastructure. The Authority's infrastructure continues to age and the need to invest more funds in the infrastructure will become more and more pressing. Most of the funding for a more aggressive capital program will likely need to be generated through rate increases and the issuance of bonds or loans. Over the past several years, the Authority has conducted an extensive evaluation of its existing infrastructure and has adopted a plan to address its improvement.

Management's Discussion and Analysis (Cont'd)
(Unaudited)

ANALYSIS OF THE AUTHORITY'S FINANCIAL STATEMENTS (CONT'D)

Exhibit A
Comparative Statements of Net Position
As of December 31, 2020, 2019 and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>Change from 2019 to 2020</u>	
				<u>Amount</u>	<u>Percentage</u>
Assets					
Current Assets					
Unrestricted Assets	\$ 17,504,435.40	\$ 15,317,445.93	\$ 12,070,352.30	\$ 2,186,989.47	14.28%
Restricted Assets	4,518,527.42	5,398,659.87	7,896,496.28	(880,132.45)	-16.30%
Capital Assets	36,292,821.70	37,475,092.76	38,779,460.94	(1,182,271.06)	-3.15%
Total Assets	\$ 58,315,784.52	\$ 58,191,198.56	\$ 58,746,309.52	\$ 124,585.96	0.21%
Deferred Outflows of Resources	\$ 6,213,548.76	\$ 2,881,687.14	\$ 2,996,562.67	\$ 3,331,861.62	115.62%
Liabilities					
Current Liabilities					
Unrestricted Liabilities	\$ 2,066,039.05	\$ 1,564,923.22	\$ 1,408,932.08	\$ 501,115.83	32.02%
Restricted Liabilities	2,592,485.55	2,901,532.90	2,596,917.70	(309,047.35)	-10.65%
Long-Term Liabilities	30,798,544.80	29,416,088.55	33,400,373.43	1,382,456.25	4.70%
Total Liabilities	\$ 35,457,069.40	\$ 33,882,544.67	\$ 37,406,223.21	\$ 1,574,524.73	4.65%
Deferred Inflows of Resources	\$ 8,374,485.00	\$ 8,863,732.50	\$ 7,391,037.00	\$ (489,247.50)	-5.52%
Net Position					
Net Investment in Capital Assets	\$ 23,188,997.22	\$ 22,321,575.67	\$ 21,783,402.22	\$ 867,421.55	3.89%
Restricted	7,207,603.91	7,065,906.47	6,667,933.02	141,697.44	2.01%
Unrestricted (Deficit)	(9,698,822.25)	(11,060,873.61)	(11,505,723.26)	1,362,051.36	-12.31%
Total Net Position	\$ 20,697,778.88	\$ 18,326,608.53	\$ 16,945,611.98	\$ 2,371,170.35	12.94%

Management's Discussion and Analysis (Cont'd)
(Unaudited)

ANALYSIS OF THE AUTHORITY'S FINANCIAL STATEMENTS (CONT'D)

Exhibit B
Comparative Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2020, 2019 and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>Change from 2019 to 2020</u>	
				<u>Amount</u>	<u>Percentage</u>
Operating Revenues					
Service Charges	\$ 10,937,758.13	\$ 9,157,250.57	\$ 9,141,124.56	\$ 1,780,507.56	19.44%
Intergovernmental Service Agreements	2,041,702.66	1,631,270.01	1,721,643.29	410,432.65	25.16%
Connection Fees	65,695.50	202,804.61	434,868.18	(137,109.11)	-67.61%
Other Operating Revenue	595,080.77	1,036,987.77	1,043,203.38	(441,907.00)	-42.61%
Total Operating Revenue	<u>13,640,237.06</u>	<u>12,028,312.96</u>	<u>12,340,839.41</u>	<u>1,611,924.10</u>	<u>13.40%</u>
Operating Expenses					
Administration	2,257,823.11	2,023,781.40	1,901,151.50	234,041.71	11.56%
Cost of Providing Services	5,610,188.94	5,132,875.41	5,646,402.32	477,313.53	9.30%
Major Repairs	129,428.50	164,321.73	216,214.27	(34,893.23)	-21.23%
Depreciation	2,810,082.65	3,092,059.03	3,073,707.61	(281,976.38)	-9.12%
Total Operating Expenses	<u>10,807,523.20</u>	<u>10,413,037.57</u>	<u>10,837,475.70</u>	<u>394,485.63</u>	<u>3.79%</u>
Non-Operating Income (Expenses)	<u>(461,543.51)</u>	<u>(234,278.84)</u>	<u>(359,420.20)</u>	<u>(227,264.67)</u>	<u>97.01%</u>
Contributed Capital	<u>-</u>	<u>-</u>	<u>236,302.00</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>2,371,170.35</u>	<u>1,380,996.55</u>	<u>1,380,245.51</u>	<u>990,173.80</u>	<u>71.70%</u>
Net Position - Beginning	<u>18,326,608.53</u>	<u>16,945,611.98</u>	<u>15,565,366.47</u>	<u>1,380,996.55</u>	<u>8.15%</u>
Net Position - Ending	<u>\$ 20,697,778.88</u>	<u>\$ 18,326,608.53</u>	<u>\$ 16,945,611.98</u>	<u>\$ 2,371,170.35</u>	<u>12.94%</u>

Management's Discussion and Analysis (Cont'd) (Unaudited)

BUDGET VARIANCES

Total excess revenues over expenses - budgetary basis were \$3,344,775.95.

The largest sewer revenue variation was in residential service charges and amounted to \$345,324.97 more than the budget projected. This variance was due to more sewer usage than expected. The largest water revenue variations were also in residential services charges and amounted to a favorable variance of \$610,488.28 more than the budget projected. This variances was also due to more usage than expected.

There were only minimal sewer and water expenditure variations during the year with both administration and cost of service expenditures coming in under budget

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

SEWER

The proposed five-year Capital Program for the Sewer Department totals \$21,053,350.00. The major line items making up a portion of the Sewer Capital Budget are:

1. Collection Equipment
2. Treatment Plant Improvements
3. ESIP Plant Improvements
4. Pumps Improvements
5. Engineering / Contingency

WATER

The proposed five-year Capital Program for the Water Department totals \$21,094,000.00. The major line items making up a portion of the Water Capital Budget are:

1. Replacement of Piping
2. Equipment & Valves
3. Water Plant Upgrades
4. ESIP Improvements
5. Admin Software & Equipment
6. Admin Building Expansion
7. Replacement of Meters
8. Well & Tank Rehabilitation
9. Engineering / Contingency

The Authority has not experienced any change in its credit rating, nor does it anticipate any. The Authority does not operate under any debt limitations; it is required to receive approval from the Township and the Local Finance Board prior to issuing debt.

CONTACTING THE AUTHORITY'S MANAGEMENT

This financial report is designed to provide Authority customers, investors, clients and creditors, with an overview of the Authority's finances and to demonstrate the Authority's accountability for the public funds it receives. If you have any questions about this report or need additional financial information, contact James Mackie, Executive Director, Willingboro Municipal Utilities Authority, 433 John F. Kennedy Way, Willingboro, New Jersey 08046. You may also visit our web site www.wmua.info

BASIC FINANCIAL STATEMENTS

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Net Position

As of December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 12,951,039.83	\$ 12,648,823.96
Investments	9,724.00	9,724.00
Consumer Accounts Receivable	3,086,726.98	1,538,755.16
Intergovernmental Service Agreements Receivable	982,167.73	481,701.25
Other Accounts Receivable (Net of Allowance for Doubtful Accounts of \$192,693.66 for 2020)	196,345.83	330,869.14
Investment Income Receivable	218.42	6,587.96
Inventory	278,212.61	300,984.46
Total Unrestricted Assets	<u>17,504,435.40</u>	<u>15,317,445.93</u>
Restricted Assets:		
Cash and Cash Equivalents	4,371,632.48	4,490,016.91
NJIB Loan Receivable	146,780.36	905,440.00
Interest Income Receivable	114.58	3,202.96
Total Restricted Assets	<u>4,518,527.42</u>	<u>5,398,659.87</u>
Total Current Assets	<u>22,022,962.82</u>	<u>20,716,105.80</u>
Capital Assets:		
Construction in Progress	3,457,468.72	2,812,292.09
Completed (net of depreciation)	32,835,352.98	34,662,800.67
Total Capital Assets	<u>36,292,821.70</u>	<u>37,475,092.76</u>
Total Assets	<u>58,315,784.52</u>	<u>58,191,198.56</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding		31,874.64
Related to OPEB	5,105,404.76	1,264,270.50
Related to Pensions	1,108,144.00	1,585,542.00
Total Deferred Outflows of Resources	<u>6,213,548.76</u>	<u>2,881,687.14</u>

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Net Position

As of December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
LIABILITIES		
Current Liabilities Payable from		
Unrestricted Assets:		
Accounts Payable	\$ 766,701.50	\$ 271,617.85
Accounts Payable - Related to Pension	321,168.00	307,610.00
Current Portion of Compensated Absences Payable	28,253.04	6,876.18
Unearned Revenue	821,603.53	798,517.67
Overpaid Consumer Accounts Receivable	128,312.98	180,301.52
	<hr/>	<hr/>
Total Current Liabilities Payable from Unrestricted Assets	2,066,039.05	1,564,923.22
	<hr/>	<hr/>
Current Liabilities Payable from Restricted Assets:		
Accrued Interest Payable	107,862.64	137,977.86
Accounts Payable	89,773.56	431,470.48
Retainage Payable	10,912.94	13,281.89
Planning Escrow Deposits	146,420.55	140,320.73
Accrued Liabilities	86,781.56	86,781.56
Current Portion of Loans Payable	1,040,734.30	1,021,700.38
Current Portion of Bonds Payable	1,110,000.00	1,070,000.00
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets	2,592,485.55	2,901,532.90
	<hr/>	<hr/>
Total Current Liabilities	4,658,524.60	4,466,456.12
	<hr/>	<hr/>
Long-term Liabilities:		
Compensated Absences Payable	254,277.80	211,467.80
OPEB Liability	14,186,009.00	9,331,595.00
Accrued Liabilities - Related to Pension	160,584.00	153,805.00
Net Pension Liability	4,787,616.00	5,698,195.00
Loans Payable	11,410,058.00	12,830,019.15
Bonds Payable		1,191,006.60
	<hr/>	<hr/>
Total Long-Term Liabilities	30,798,544.80	29,416,088.55
	<hr/>	<hr/>
Total Liabilities	35,457,069.40	33,882,544.67
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Reserve for Connection Fees		65,695.50
Related to OPEB	5,591,496.00	6,167,803.00
Related to Pensions	2,782,989.00	2,630,234.00
	<hr/>	<hr/>
Total Deferred Inflows of Resources	8,374,485.00	8,863,732.50
	<hr/>	<hr/>

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Comparative Statements of Net Position
 As of December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
NET POSITION		
Net Investment in Capital Assets	\$ 23,188,997.22	\$ 22,321,575.67
Restricted for:		
Bond Resolution Covenants	7,002,122.50	6,864,288.58
Unemployment Compensation	205,481.41	201,617.89
Unrestricted (Deficit)	<u>(9,698,822.25)</u>	<u>(11,060,873.61)</u>
 Total Net Position	 <u>\$ 20,697,778.88</u>	 <u>\$ 18,326,608.53</u>

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

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Comparative Statements of Revenues, Expenses and Changes in Net Position
 For The Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues:		
Service Fees	\$ 10,937,758.13	\$ 9,157,250.57
Intergovernmental Service Agreements	2,041,702.66	1,631,270.01
Connection Fees	65,695.50	202,804.61
Other Operating Revenues	595,080.77	1,036,987.77
Total Operating Revenues	<u>13,640,237.06</u>	<u>12,028,312.96</u>
Operating Expenses:		
Administration:		
Salaries and Wages	897,054.04	825,091.77
Fringe Benefits	446,197.85	333,365.30
Other Expenses	914,571.22	865,324.33
Total Administration	<u>2,257,823.11</u>	<u>2,023,781.40</u>
Cost of Providing Service:		
Salaries and Wages	1,936,698.30	2,056,608.83
Fringe Benefits	1,229,249.47	963,124.09
Other Expenses	2,444,241.17	2,113,142.49
Total Cost of Providing Service	<u>5,610,188.94</u>	<u>5,132,875.41</u>
Major Repairs	129,428.50	164,321.73
Depreciation	2,810,082.65	3,092,059.03
Total Operating Expenses	<u>10,807,523.20</u>	<u>10,413,037.57</u>
Operating Income	<u>2,832,713.86</u>	<u>1,615,275.39</u>
Non-operating Revenue (Expenses):		
Investment Income	80,974.62	223,312.20
Net Unemployment Activity	2,128.79	3,812.41
Insurance Proceeds	65,601.63	
Cancellation of Loan Forgiveness	(160,685.00)	
Loss on Disposal of Assets	(50,137.82)	
Interest Expense	(199,425.73)	(261,403.45)
Contribution to Willingboro Township Per N.J.S.A. 40A:5A-1	(200,000.00)	(200,000.00)
Total Non-operating Revenue (Expenses)	<u>(461,543.51)</u>	<u>(234,278.84)</u>
Change in Net Position	2,371,170.35	1,380,996.55
Net Position - Beginning	<u>18,326,608.53</u>	<u>16,945,611.98</u>
Net Position - Ending	<u>\$ 20,697,778.88</u>	<u>\$ 18,326,608.53</u>

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

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Cash Flows
For The Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities:		
Receipts from Customers and Users	\$ 10,902,119.81	\$ 10,928,420.34
Payments to Employees	(4,268,129.06)	(4,420,114.26)
Payments to Suppliers	(2,970,385.39)	(3,209,115.83)
Other Operating Receipts	729,604.08	1,330,770.46
Net Cash Provided by Operating Activities	<u>4,393,209.44</u>	<u>4,629,960.71</u>
Cash Flows From Noncapital Financing Activities:		
Unemployment Activity	2,128.79	3,812.41
Contribution to Willingboro Township Per N.J.S.A. 40A:5A-1	(200,000.00)	(200,000.00)
Planning Escrow Activity	2,235.27	40,337.74
Net Cash Used in Noncapital Financing Activities	<u>(195,635.94)</u>	<u>(155,849.85)</u>
Cash Flows From Capital and Related Financing Activities :		
Capital Acquisitions	(2,010,017.78)	(1,573,629.48)
Retainage Payable	(8,132.95)	(4,273.80)
Insurance Proceeds	65,601.63	
NJIB Drawdowns	234,368.64	2,159,629.00
Debt Service Principal	(2,091,700.38)	(2,014,149.34)
Debt Service Interest	(294,293.76)	(354,118.76)
Net Cash Used in Capital and Related Financing Activities	<u>(4,104,174.60)</u>	<u>(1,786,542.38)</u>
Cash Flows From Investing Activities:		
Investment Income	90,432.54	224,850.21
Generation of Investments (Solar Renewable Energy Credits)	(281,168.00)	(281,168.00)
Proceeds from Sales of Investments	281,168.00	678,691.00
Net Cash Provided by Investing Activities	<u>90,432.54</u>	<u>622,373.21</u>
Net Increase in Cash and Cash Equivalents	183,831.44	3,309,941.69
Cash and Cash Equivalents - Beginning	<u>17,138,840.87</u>	<u>13,828,899.18</u>
Cash and Cash Equivalents - Ending	<u>\$ 17,322,672.31</u>	<u>\$ 17,138,840.87</u>

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Comparative Statements of Cash Flows
 For The Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Operating Income	\$ 2,832,713.86	\$ 1,615,275.39
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	2,810,082.65	3,092,059.03
Pension Liability Expense - GASB 68	(260,089.00)	13,342.00
Other Post Employment Benefits - GASB 75	436,972.74	(241,351.11)
Change in Assets and Liabilities:		
Consumer Accounts Receivable	(1,547,971.82)	(55,271.17)
Intergovernmental Service Fees Receivable	(500,466.48)	53,829.05
Other Accounts Receivable	134,523.31	25,282.58
Inventory	22,771.85	(21,846.00)
Accounts Payable	495,083.65	(44,481.28)
Unearned Revenue	23,085.86	92,394.26
Overpaid Consumer Accounts Receivable	(51,988.54)	48,947.62
Compensated Absences	64,186.86	(13,915.16)
Deferred Revenue	(65,695.50)	65,695.50
Net Cash Provided by Operating Activities	<u>\$ 4,393,209.44</u>	<u>\$ 4,629,960.71</u>

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

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Authority is a public body corporate and politic of the State of New Jersey and was originally created as a sewerage authority by an ordinance adopted on December 3, 1956 by the governing body of the Township of Willingboro (the "Township"), pursuant to the Sewerage Authority Law, Chapter 138 of the Laws of 1946, as amended. By ordinance of the governing body of the Township adopted October 7, 1957, the Authority was reorganized as a municipal utilities authority pursuant to the Municipal and County Utilities Authorities Law.

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

The Authority currently provides water supply and sewerage collection and treatment service to all residences and businesses within the Township and a portion of Westampton Township. The Authority also provides bulk water to Mt. Laurel Township and sewerage treatment service to Edgewater Park Township.

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 would be or 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 Willingboro.

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.

The transactions of the Authority are divided into two separate activities (water and sewer) within the enterprise fund type. Each activity is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenditures.

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. Water and 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 water distribution and 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 year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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 year and to adopt not later than the beginning of the Authority's year. The governing body may amend the budget at any point during the year. The budget is adopted on the accrual basis of accounting with provisions for cash payments for bond principal. Depreciation expense, bond and loan premiums and deferred loss on defeasance are not included in the budget appropriations.

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

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

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 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 municipal units. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of school district of which the local unit is a part or within which the school district is located, bonds or other obligations approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

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

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

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

Inventory is recorded at cost and consists principally of spare parts for the infrastructure and chemicals for the treatment of water and sewerage. The Authority has determined that the inventories are material and are 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 year end. The Authority had no prepaid expenses for the year ended December 31, 2020 and 2019.

Capital Assets

Capital assets primarily consist of expenditures to acquire, construct, place in operation and improve the facilities of the Authority. Assets purchased prior to January 1, 1994 are stated at estimated cost. Assets purchased since are stated at actual cost.

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 year that the project is completed, these costs are transferred to capital assets. 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 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>
Buildings	30-40
Major Moveable Equipment	7-20
Vehicles	8-15
Infrastructure	10-25

Depreciation is calculated as of the month of acquisition.

Bond and Loan Premiums

Bond and loan premiums arising from the issuance of long-term debt are amortized over the life of the bonds and loans, in a systematic and rational method, from the issue date to maturity as a component of interest expense. Bond and loan premiums are presented as an adjustment of the face amount on the bonds and loans.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Deferred Outflows and Deferred Inflows of Resources**

The comparative 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: loss on refunding of debt, connection fee funds received prior to providing water and sewer services, 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.

Unearned Revenue

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

Pensions

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**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 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 do 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 water treatment and sewer collection facilities (e.g., water and sewer rents and connection fees) and other revenue sources. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and money market funds.

Operating expenses include expenses associated with the operation, maintenance and repair of the water treatment and sewer collection systems and general administrative expenses. Non-operating expenses principally include expenses attributable to the Authority's interest on funded debt, debt issue costs and contribution to Willingboro Township.

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.

Reclassifications

Certain 2019 amounts have been reclassified to conform to 2020 presentation.

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

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The adoption of this Statement had no impact on the Authority's financial statements.

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. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. 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 statement.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future 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 year ending December 31, 2020, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2022. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also simplifies accounting for interest cost incurred before the end of a construction period. This Statement originally would have become effective for the Authority in the year ending December 31, 2020, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2021. Management has not yet determined the impact of this Statement on the financial statements.

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

Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement originally would have become effective for the Authority in the year ending December 31, 2021, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2022. Management has not yet determined the impact of this Statement on the financial statements.

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

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

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

Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. This Statement will become effective for the Authority in the year ending December 31, 2021. GASB Statement 95 changed the effective date for paragraphs 13 and 14 to the year ending December 31, 2022. Management does not expect this Statement will have an impact on the financial statements.

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

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

Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Statement will become effective for the Authority in the year ending December 31, 2023. Management does not expect this Statement will have an impact on the financial statements.

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

Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement will become effective for the Authority in the year ending December 31, 2021. Management does not expect this Statement will have an impact on the financial statements.

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

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

General Bond Resolution

The Authority is subject to the provisions and restrictions of the General Bond Resolution adopted June 17, 1986 and Supplemental Resolutions adopted April 11 and May 5, 1991, October 15 and November 12, 1996, September 15 and October 1, 1998, March 20 and March 28, 2001 and August 20, 2002 (collectively the "Senior Bond Resolution"). A summary of the activities of each account created by the Bond Resolution is covered below.

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

Operating Account - The balance on deposit must be equal to at least 50% of the annual appropriation for operating expenses. At December 31, 2020, the balance in the operating account meets the requirements of the Bond Resolution.

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

Bond Service Account - The balance on deposit must be sufficient to enable the Trustee to withdraw amounts equal to interest due on bonds, principal amount maturing on bonds and sinking fund installments when such payments are required. At December 31, 2020, the balance in the bond service account meets the requirements of the Bond Resolution.

Bond Reserve Account - The amount of funds on deposit must be maintained at a level equal to the Maximum Debt Service to insure funds are available for payment of Debt Service. At December 31, 2020, the balance in the bond reserve account meets the requirements of the Bond Resolution.

Renewal and Replacement Account - These funds are maintained for reasonable and necessary expenses with respect to the system for major repairs, renewals, replacements or maintenance items of a type not recurring annually. At December 31, 2020, the balance in the renewal and replacement account meets the requirements of the Bond Resolution.

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

Debt Service Coverage

Section 709 of the Senior Bond Resolution requires certain ratios of Net Revenues to Debt Service. Compliance with this covenant is calculated as follows:

	<u>2020</u>	<u>2019</u>
Net Revenues		
Operating Income (Exhibit B)	\$ 2,832,713.86	\$ 1,615,275.39
Add: Depreciation Expense	2,810,082.65	3,092,059.03
Major Repairs & Other Expenses	129,428.50	164,321.73
GASB 68 and 75	176,883.74	(228,009.11)
Interest Revenue	80,974.62	223,312.20
	<u>\$ 6,030,083.37</u>	<u>\$ 4,866,959.24</u>
Senior Bonds Debt Service		
Interest Charges	\$ 179,284.24	\$ 232,053.26
Bond Principal	1,556,788.42	1,465,084.32
	<u>\$ 1,736,072.66</u>	<u>\$ 1,697,137.58</u>
Net Revenues	<u>\$6,030,083.37</u>	<u>\$4,866,959.24</u>
Senior Bonds Debt Service	1,736,072.66	1,697,137.58
	<u>347.34%</u>	<u>286.77%</u>

This ratio meets the required debt service coverage.

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

The Authority is further subject to the provisions and restrictions of the Junior Lien Bond Resolution adopted August 18, 2009 (the "Junior Lien Resolution"). Section 402 of the Junior Lien Resolution creates a direct and special obligation on the Authority where the full faith and credit of the Authority is pledged to the payment of principal and interest on the Junior Lien Bond authorized under the Junior Lien Resolution. However, the obligation of the Authority to apply revenues or other funds to the payment of principal and interest on the Junior Lien Bonds is subject to prior obligation of the Authority to apply such revenues or other funds to the payment of operating expenses. The pledge of revenues and other such funds is subordinate to the provisions of the Senior Bond Resolution and the lien and pledge created by the Senior Bond Resolution.

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 December 31, 2020 and 2019, the Authority's bank balances of \$17,491,999.15 and \$17,297,922.89 were exposed to custodial credit risk as follows:

	<u>2020</u>	<u>2019</u>
Insured by FDIC	\$ 500,000.00	\$ 500,000.00
Insured by GUDPA	5,984,283.36	5,393,344.57
Insured and Collateralized	11,007,715.79	11,404,578.32
	<hr/>	<hr/>
Total	<u>\$ 17,491,999.15</u>	<u>\$ 17,297,922.89</u>

Investments

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

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

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority has no investment policy to limit its exposure to custodial credit risk. All of the Authority's \$9,724.00 as of December 31, 2020 and **December 31, 2019** investments in solar renewable energy certificates are held in the name of the Authority.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority's investment policies place no limit on the amount the Authority may invest in any one issuer. More than 5.0% of the Authority's investments are in short-term investments. These investments represent 100.00% of the Authority's total investments. All of the Authority's investments are in solar renewable energy certificates.

As of December 31, 2020 and 2019, the Authority had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Credit Rating</u>	Fair Value	Fair Value	Fair Value
			<u>Hierarchy Level</u> *	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Solar Renewable Energy Credits	Demand	N/A	Level 1	\$ 9,724.00	\$ 9,724.00

The fair value hierarchy of the above investment is considered to be a level 1 input.

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

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

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

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

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

Note 3: DETAIL NOTES – ASSETS (CONT'D)**Consumer Accounts Receivable**

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

<u>Year</u>	<u>Beginning Balance</u>	<u>Billings</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
2020	\$ 1,538,755.16	\$ 10,937,758.13	\$ 9,541,588.62	76.48%
2019	1,812,915.24	9,157,250.57	9,101,979.40	82.97%
2018	1,725,265.00	9,141,124.56	9,053,474.32	83.32%

Capital Assets

During the year ended December 31, 2020, the following changes in capital assets occurred:

	<u>Balance Jan. 1, 2020</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2020</u>
Capital Assets not being Depreciated					
Land	\$ 1,530,698.44				\$ 1,530,698.44
Construction in Progress	2,812,292.09	\$ 1,677,949.41	\$ (1,032,772.78)		3,457,468.72
Total Capital Assets not being Depreciated	4,342,990.53	1,677,949.41	(1,032,772.78)	\$ -	4,988,167.16
Capital Assets being Depreciated					
Buildings	34,002,260.27		814,221.48	33,737.00	34,782,744.75
Major Moveable Equipment	1,481,136.28			55,189.41	1,425,946.87
Vehicles	1,657,570.67		150,949.00	242,708.27	1,565,811.40
Infrastructure	47,518,230.64		67,602.30	27,290.00	47,558,542.94
Total Capital Assets being Depreciated	84,659,197.86	-	1,032,772.78	358,924.68	85,333,045.96
Total Capital Assets	89,002,188.39	1,677,949.41	-	358,924.68	90,321,213.12
Less Accumulated Depreciation	51,527,095.63	2,810,082.65	-	308,786.86	54,028,391.42
Capital Assets, Net	\$ 37,475,092.76	\$ (1,132,133.24)	\$ -	\$ 50,137.82	\$ 36,292,821.70

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

During the year ended **December 31, 2019**, the following changes in capital assets occurred:

	<u>Balance</u> <u>Jan. 1, 2019</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
Capital Assets not being Depreciated					
Land	\$ 1,254,200.00		\$ 276,498.44		\$ 1,530,698.44
Construction in Progress	2,468,932.79	\$ 1,787,690.85	(1,444,331.55)		2,812,292.09
Total Capital Assets not being Depreciated	3,723,132.79	1,787,690.85	(1,167,833.11)	\$ -	4,342,990.53
Capital Assets being Depreciated					
Buildings	33,917,079.12		85,181.15		34,002,260.27
Major Moveable Equipment	1,297,418.43		183,717.85		1,481,136.28
Vehicles	1,435,897.96		221,672.71		1,657,570.67
Infrastructure	46,840,969.24		677,261.40		47,518,230.64
Total Capital Assets being Depreciated	83,491,364.75	-	1,167,833.11	-	84,659,197.86
Total Capital Assets	87,214,497.54	1,787,690.85	-	-	89,002,188.39
Less Accumulated Depreciation	48,435,036.60	3,092,059.03	-	-	51,527,095.63
Capital Assets, Net	\$ 38,779,460.94	\$ (1,304,368.18)	\$ -	\$ -	\$ 37,475,092.76

Note 4: DETAIL NOTES – DEFERRED OUTFLOWS OF RESOURCES**Deferred Loss on Refunding**

In 2016, the Authority refunded \$5,135,000.00 of the Series 2005 J Bonds. The Authority issued \$4,810,000.00 of Water-Sewer Revenue Refunding Bonds, Series 2016 L Bonds to refund the outstanding bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$154,060.67. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations over the life of the refunding bonds using the straight line method. The refunding was undertaken to reduce total debt payments over 5 years by \$352,743.34, and to obtain a present value economic gain of \$278,048.19.

The deferred outflow of resources for the deferred loss on refunding at December 31, 2020 and 2019 was \$0.00 and \$31,874.64, respectively.

Note 5: DETAIL NOTES – LIABILITIES

During the years ended December 31, 2020 and 2019, the following changes occurred in long-term obligations:

	Balance			Balance	Due Within
	January 1, 2020	Additions	Reductions	December 31, 2020	One Year
Loans Payable					
NJEIT Loans	\$ 13,608,559.18		\$ (1,385,306.38)	\$ 12,223,252.80	\$ 1,040,734.30
Premium on Loans	243,160.35		(15,620.85)	227,539.50	
Total Loans Payable	13,851,719.53	\$ -	(1,400,927.23)	12,450,792.30	1,040,734.30
Bonds Payable					
Bonds	2,180,000.00		(1,070,000.00)	1,110,000.00	1,110,000.00
Premium on Bonds	81,006.60		(81,006.60)		
Total Bonds Payable	2,261,006.60	-	(1,151,006.60)	1,110,000.00	1,110,000.00
Other Liabilities					
Compensated Absences	218,343.98	287,234.37	(223,047.51)	282,530.84	28,253.04
OPEB Liability	9,331,595.00	11,842,333.81	(6,987,919.81)	14,186,009.00	
Accrued Liabilities - Related to Pension	153,805.00	160,584.00	(153,805.00)	160,584.00	
Net Pension Liability	5,698,195.00	3,625,315.00	(4,535,894.00)	4,787,616.00	
Total Other Liabilities	15,401,938.98	15,915,467.18	(11,900,666.32)	19,416,739.84	28,253.04
Total Long-Term Liabilities	\$ 31,514,665.11	\$ 15,915,467.18	\$ (14,452,600.15)	\$ 32,977,532.14	\$ 2,178,987.34
	Balance			Balance	Due Within
	January 1, 2019	Additions	Reductions	December 31, 2019	One Year
Loans Payable					
NJEIT Loans	\$ 14,592,708.52		\$ (984,149.34)	\$ 13,608,559.18	\$ 1,021,700.38
Premium on Loans	258,781.20		(15,620.85)	243,160.35	
Total Loans Payable	14,851,489.72	\$ -	(999,770.19)	13,851,719.53	1,021,700.38
Bonds Payable					
Bonds	3,210,000.00		(1,030,000.00)	2,180,000.00	1,070,000.00
Premium on Bonds	162,013.20		(81,006.60)	81,006.60	
Total Bonds Payable	3,372,013.20	-	(1,111,006.60)	2,261,006.60	1,070,000.00
Other Liabilities					
Compensated Absences	232,259.14	255,159.22	(269,074.38)	218,343.98	6,876.18
OPEB Liability	11,192,072.00	5,838,950.00	(7,699,427.00)	9,331,595.00	
Accrued Liabilities - Related to Pension	141,282.00	153,805.00	(141,282.00)	153,805.00	
Net Pension Liability	5,593,298.00	4,328,491.00	(4,223,594.00)	5,698,195.00	
Total Other Liabilities	17,158,911.14	10,576,405.22	(12,333,377.38)	15,401,938.98	6,876.18
Total Long-Term Liabilities	\$ 35,382,414.06	\$ 10,576,405.22	\$ (14,444,154.17)	\$ 31,514,665.11	\$ 2,098,576.56

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

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

Authority employees may accumulate unused sick days with no restrictions. Employees are compensated for accumulated sick leave upon retirement or resignation at one-half of their then current hourly rate of pay times the number of days accumulated, up to a maximum of \$15,000.00. Vacation days not used during the year may be carried forward for one year. Upon separation from the Authority, the employee will be paid for all accrued vacation time at their then current hourly rate. The accrued liability for accumulated sick leave and vacation time at December 31, 2020 and 2019 is estimated at \$282,530.84 and \$218,343.98, 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>

General Information about the Pension Plans**Plan Descriptions**

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

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****General Information about the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

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

Vesting and Benefit Provisions

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

The following represents the membership tiers for PERS:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

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

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

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

Contributions

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

The Authority's contractually required contribution rate for the years ended December 31, 2020 and 2019 was 14.55% and 14.42% of the Authority's covered payroll, respectively. These amounts were actuarially determined as an amount that, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2020, the Authority's contractually required contribution to the pension plan for the year ended December 31, 2020 was \$321,168.00 and was payable by April 1, 2021. Based on the PERS measurement date of June 30, 2019, the Authority's contractually required contribution to the pension plan for the year ended December 31, 2019 was \$307,610.00 and was payable by April 1, 2020.

Employee contributions to the pension plan during the years ended December 31, 2020 and 2019 were \$166,506.54 and \$169,209.00, 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, DCRP members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Authority contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2020 and 2019, there were no employees participating in DCRP.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions****Public Employees' Retirement System**

Pension Liability - As of December 31, 2020, the Authority's proportionate share of the PERS net pension liability was \$4,787,616.00. 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 0.0293585747%, which was a decrease of 0.0022655932% from its proportion measured as of June 30, 2019.

At December 31, 2019, the Authority's proportionate share of the PERS net pension liability was \$5,698,195.00. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2019. 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, 2019, measurement date, the Authority's proportion was 0.0316241679%, which was an increase of 0.0032166524% from its proportion measured as of June 30, 2018.

Pension Expense - For the years ended December 31, 2020, and 2019, the Authority recognized its proportionate share of the PERS pension (benefit) expense of \$47,521.00 and \$295,906.00, respectively. These amounts were based on the Plan's June 30, 2020, and 2019 measurement dates, respectively.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
	<u>Measurement Date</u>		<u>Measurement Date</u>	
	<u>June 30, 2020</u>		<u>June 30, 2019</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>
Differences between Expected and Actual Experience	\$ 87,175.00	\$ 16,931.00	\$ 102,275.00	\$ 25,172.00
Changes of Assumptions	155,316.00	2,004,620.00	568,986.00	1,977,826.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	163,645.00	-	-	89,948.00
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	541,424.00	761,438.00	760,476.00	537,288.00
Authority Contributions Subsequent to the Measurement Date	160,584.00	-	153,805.00	-
	<u>\$ 1,108,144.00</u>	<u>\$ 2,782,989.00</u>	<u>\$ 1,585,542.00</u>	<u>\$ 2,630,234.00</u>

The deferred outflows of resources related to pensions totaling \$160,584.00 and \$153,805.00 will be included as a reduction of the net pension liability in the years ended December 31, 2021 and 2020, respectively. This amount is based on an estimated April 1, 2022 and April 1, 2021 contractually required contribution, prorated from the pension plans measurement date of June 30, 2020 and June 30, 2019 to the Authority's year end of December 31, 2020 and 2019.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

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

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

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension (benefit) expense as follows:

Year Ending December 31,	
2021	\$ (652,344.00)
2022	(596,418.00)
2023	(347,417.00)
2024	(196,059.00)
2025	(43,191.00)
	<u>\$ (1,835,429.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2020 and 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018. 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 and 2019. These actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	Measurement Date <u>June 30, 2020</u>	Measurement Date <u>June 30, 2019</u>
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

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Actuarial Assumptions (Cont'd)****Public Employees' Retirement System (Cont'd)**

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.

For the June 30, 2019 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-2019.

In accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2020 and 2019) 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, 2020 and 2019 are summarized on the following page.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Actuarial Assumptions (Cont'd)****Public Employees' Retirement System (Cont'd)**

<u>Asset Class</u>	<u>Measurement Date</u> <u>June 30, 2020</u>		<u>Measurement Date</u> <u>June 30, 2019</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
High Yield	2.00%	5.95%	2.00%	5.37%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Assets	3.00%	9.73%	2.50%	9.31%
Real Estate	8.00%	9.56%	7.50%	8.33%
U.S. Equity	27.00%	7.71%	28.00%	8.26%
Non-U.S. Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
Private Equity	13.00%	11.42%	12.00%	10.85%
	<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, 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.

The discount rate used to measure the total pension liability at June 30, 2019 was 6.28%. The single blended discount rate as based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, 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 pension plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current pension plan members through 2057. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Sensitivity of Authority's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

The following presents the Authority's proportionate share of the net pension liability at June 30, 2020, the pension plan's 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 6,676,080.00</u>	<u>\$ 4,787,616.00</u>	<u>\$ 4,113,206.00</u>

The following presents the Authority's proportionate share of the net pension liability at June 30, 2019, the pension plan's measurement date, calculated using a discount rate of 6.28%, 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:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 7,829,284.00</u>	<u>\$ 5,698,195.00</u>	<u>\$ 4,882,126.00</u>

Pension Plan Fiduciary Net Position

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

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan****General Information about the State Health Benefit Local Government Retired Employees Plan**

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

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

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

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

The Authority was billed monthly by the Plan and paid \$240,698.96 and \$262,257.23, for the years ended December 31, 2020 and December 31, 2019, respectively. These amounts represent 10.90% and 12.30% of the Authority's covered payroll. During the years ended December 31, 2020 and December 31, 2019, retirees were not required to contribute to the Plan.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

OPEB Liability - At December 31, 2020, the Authority's proportionate share of the net OPEB liability was \$11,884,068.00.

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

The Authority's proportion of the net OPEB liability was based on the ratio of the Plan members of an individual employer to the total members of the Plan' during the measurement period July 1, 2019 through June 30, 2020. For the June 30, 2020 measurement date, the Authority's proportion was 0.066219%, which was an increase of 0.006307% from its proportion measured as of the June 30, 2019 measurement date.

At December 31, 2019, the Authority's proportionate share of the net OPEB liability was \$8,115,722.00.

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

The Authority's proportion of the net OPEB liability was based on the ratio of the Plan members of an individual employer to the total members of the Plan' during the measurement period July 1, 2018 through June 30, 2019. For the June 30, 2019 measurement date, the Authority's proportion was 0.059912%, which was a decrease of 0.003817% from its proportion measured as of the June 30, 2018 measurement date.

OPEB (Benefit) Expense - At December 31, 2020, the Authority's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2020 measurement date, is \$326,675.00.

At December 31, 2019, the Authority's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2019 measurement date, is \$(21,677.00).

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2020, the Authority had deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
	<u>Measurement Date</u>		<u>Measurement Date</u>	
	<u>June 30, 2020</u>		<u>June 30, 2019</u>	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows</u>	<u>Inflows</u>	<u>Outflows</u>	<u>Inflows</u>
	<u>of Resources</u>	<u>of Resources</u>	<u>of Resources</u>	<u>of Resources</u>
Differences between Expected and Actual Experience	\$ 313,017.00	\$ 2,213,035.00	\$ -	\$ 2,373,353.00
Changes of Assumptions	1,777,483.00	2,642,833.00	-	2,876,031.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	7,547.00	-	6,685.00	-
Changes in Proportion	2,164,253.00	735,628.00	1,118,918.00	863,897.00
Authority Contributions Subsequent to the Measurement Date	119,117.76	-	129,551.50	-
	<u>\$ 4,381,417.76</u>	<u>\$ 5,591,496.00</u>	<u>\$ 1,255,154.50</u>	<u>\$ 6,113,281.00</u>

Deferred outflows of resources in the amount of \$119,117.76 was the result of the Authority contributions subsequent to the Plan's measurement date of June 30, 2020. This amount will be included as a reduction of the Authority's net OPEB liability during the year ending December 31, 2021. Deferred outflows of resources in the amount of \$129,551.50 was the result of the Authority contributions subsequent to the Plan's measurement date of June 30, 2019. This amount will be included as a reduction of the Authority's net OPEB liability during the year ending December 31, 2020.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

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

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

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

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

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

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

<u>Year Ending</u>	
December 31, 2021	\$ (406,178.00)
December 31, 2022	(406,757.00)
December 31, 2023	(407,693.00)
December 31, 2024	(408,549.00)
December 31, 2025	(185,271.00)
Thereafter	<u>485,252.00</u>
	<u>\$ (1,329,196.00)</u>

Actuarial Assumptions

The actuarial valuation at June 30, 2020 and 2019 used the following actuarial assumptions, applied to all periods in the measurement:

	<u>Measurement Date</u> <u>June 30, 2020</u>	<u>Measurement Date</u> <u>June 30, 2019</u>
Inflation Rate	2.50%	2.50%
Salary Increases *		
PERS:		
Initial Fiscal Year Applied:		
Rate Through 2026	2.00% to 6.00%	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%	3.00% to 7.00%

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

For the June 30, 2020 measurement date, mortality rates were based on Pub-2010 General classification headcount weighted mortality with fully generational morality improvement projections from the central year using Scale MP-2020. For the June 30, 2019 measurement date, mortality rates were based on Pub-2010 General classification headcount weighted mortality with fully generational morality improvement projections from the central year using Scale MP-2019.

Actuarial assumptions used in the June 30, 2019 and June 30, 2018 valuation were based on the results of the PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members in both the June 30, 2020 and June 30, 2019 measurement dates are considered to participate in the Plan upon retirement.

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

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

Actuarial Assumptions (Cont'd)

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

Discount Rate - The discount rate used to measure the OPEB liability at June 30, 2020 and 2019 were 2.21% and 3.50%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

For the June 30, 2019 measurement date, the trend rate for pre-Medicare medical benefits is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

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

The net OPEB liability as of June 30, 2020, the Plan's measurement date, for the Authority calculated using a discount rate of 2.21%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used, is as follows:

	<u>December 31, 2020</u>		
	1% Decrease <u>(1.21%)</u>	Current Discount Rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
Authority's Proportionate Share of the Net OPEB Liability	<u>\$ 14,049,479.00</u>	<u>\$ 11,884,068.00</u>	<u>\$ 10,169,948.00</u>

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****Sensitivity of the Net OPEB Liability to Changes in the Discount Rate (Cont'd)**

The net OPEB liability as of June 30, 2019, the Plan's measurement date, for the Authority calculated using a discount rate of 3.50%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<u>December 31, 2019</u>		
	1% Decrease <u>(2.50%)</u>	Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
Authority's Proportionate Share of the Net OPEB Liability	<u>\$ 9,383,839.00</u>	<u>\$ 8,115,722.00</u>	<u>\$ 7,085,209.00</u>

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

The Authority's proportionate share of the net OPEB liability as of June 30, 2020, using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	<u>December 31, 2020</u>		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Authority's Proportionate Share of the Net OPEB Liability	<u>\$ 9,834,079.00</u>	<u>\$ 11,884,068.00</u>	<u>\$ 14,568,557.00</u>

The Authority's proportionate share of the net OPEB liability as of June 30, 2019, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	<u>December 31, 2019</u>		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Authority's Proportionate Share of the Net OPEB Liability	<u>\$ 6,848,669.00</u>	<u>\$ 8,115,722.00</u>	<u>\$ 9,732,061.00</u>

OPEB Plan Fiduciary Net Position

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

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan****General Information about the OPEB Plan**

Plan Description and Benefits Provided - The Authority also provides Medicare Part B reimbursement to retirees and their covered dependents. The reimbursements are administered by the Authority; therefore, payments are made directly by the Authority to the retirees. No assets are accumulated in a trust. 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 December 31, 2020 and 2019, the following employees were covered by the benefit terms:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	26	26
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments		
Active Employees	<u>14</u>	<u>14</u>
	<u>40</u>	<u>40</u>

Contributions

Employees are not required to contribute to the plan.

Total OPEB Liability

The Authority's total OPEB liability of \$2,301,941.00 as of December 31, 2020 and \$1,215,873.00 as of **December 31, 2019** was measured as of December 31, 2019. The liabilities were determined by an actuarial valuation as of the same date.

Actuarial Assumptions and Other Inputs

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

Inflation	2.00% Annually
Discount Rate	2.15%
Healthcare Cost Trend Rates	
Medicare Part B	4.50%

The discount rate was based on the 20 year Municipal AA bond rate.

Mortality rates were based on PUB-2010 (G) Headcount-Weighted Healthy Employee Male / Female Mortality Projected with Scale MP-2020.

Termination rates were based on a 21% for employees with less than 1 year of service age less than 31 years old and 12% for employees 31 years or older grading down to 0.30% for both age groups of employees.

An experience study was not performed on the actuarial assumptions used in this valuation since the plan had insufficient data to produce a study with credible results. Mortality rates and termination rates were based on standard tables either issued by the SOA or developed for the applicable grade of employee. The actuary has used his/her professional judgement in applying these assumptions to this plan.

Note 5: 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 December 31, 2020 and 2019, respectively:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Balance at Beginning of Year	\$ 1,215,873.00	\$ 1,207,893.00
Changes for the Year:		
Service Cost	\$ 3,425.00	\$ 3,285.00
Interest Cost	50,672.00	50,593.00
Benefit Payments	(54,009.00)	(45,898.00)
Actuarial Assumption Changes	998,439.00	-
Actuarial Demographic Gains / (Losses)	<u>87,541.00</u>	<u>-</u>
Net Changes	<u>1,086,068.00</u>	<u>7,980.00</u>
Balance at End of Year	<u>\$ 2,301,941.00</u>	<u>\$ 1,215,873.00</u>

Changes in Benefits - There were no changes of benefit terms at December 31, 2020 or 2019.

Changes in Assumptions - In 2020, the discount rate changed to 2.15% from 4.25%.

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>December 31, 2020</u>		
	1.00% Decrease (3.25%)	Current Discount Rate (2.15%)	1.00% Increase (5.25%)
Total OPEB Liability	<u>\$2,780,044.00</u>	<u>\$2,301,941.00</u>	<u>\$1,931,683.00</u>
	<u>December 31, 2019</u>		
	1.00% Decrease (3.25%)	Current Discount Rate (4.25%)	1.00% Increase (5.25%)
Total OPEB Liability	<u>\$1,432,007.53</u>	<u>\$1,215,873.00</u>	<u>\$1,045,653.82</u>

Note 5: 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>December 31, 2020</u>		
	<u>1.00% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
Total OPEB Liability	<u>\$ 1,935,865.00</u>	<u>\$ 2,301,941.00</u>	<u>\$ 2,768,854.00</u>
	<u>December 31, 2019</u>		
	<u>1.00% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
Total OPEB Liability	<u>\$ 1,046,750.01</u>	<u>\$ 1,215,873.00</u>	<u>\$ 1,428,020.36</u>

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

For the years ended December 31, 2020 and 2019, the Authority recognized OPEB expense of \$370,684.00 and \$31,553.00. At December 31, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>December 31, 2020</u>		<u>December 31, 2019</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	\$ 665,626.00	\$ -	\$ -	\$ 54,522.00
Differences Between Expected and Actual Demographic Experience	<u>58,361.00</u>	<u>-</u>	<u>9,116.00</u>	<u>-</u>
	<u>\$ 723,987.00</u>	<u>\$ -</u>	<u>\$ 9,116.00</u>	<u>\$ 54,522.00</u>

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

<u>Year Ending December 31,</u>	
2021	\$ 361,993.00
2022	<u>361,994.00</u>
	<u>\$ 723,987.00</u>

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) – Summary of State and Authority Plan**

At December 31, 2020 and 2019, the Authority reported deferred outflows of resources, net OPEB liability and deferred inflows of resources related to OPEB from the following sources:

	<u>Balance</u> <u>December 31, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31, 2020</u>
Deferred Outflows of Resources - Related to OPEB				
State Plan	\$ 1,255,154.50	\$ 4,102,730.08	\$ (976,466.82)	\$ 4,381,417.76
Authority Plan	9,116.00	1,085,980.00	(371,109.00)	723,987.00
Total Deferred Outflows of Resources - Related to OPEB	\$ 1,264,270.50	\$ 5,188,710.08	\$ (1,347,575.82)	\$ 5,105,404.76
Net OPEB Liability				
State Plan	\$ 8,115,722.00	\$ 10,702,256.81	\$ (6,933,910.81)	\$ 11,884,068.00
Authority Plan	1,215,873.00	1,140,077.00	(54,009.00)	2,301,941.00
Total Net OPEB Liability	\$ 9,331,595.00	\$ 11,842,333.81	\$ (6,987,919.81)	\$ 14,186,009.00
Deferred Inflows of Resources - Related to OPEB				
State Plan	\$ 6,113,281.00	\$ 731,308.32	\$ (1,253,093.32)	\$ 5,591,496.00
Authority Plan	54,522.00	-	(54,522.00)	-
Total Deferred Inflows of Resources - Related to OPEB	\$ 6,167,803.00	\$ 731,308.32	\$ (1,307,615.32)	\$ 5,591,496.00
Deferred Outflows of Resources - Related to OPEB				
	<u>Balance</u> <u>December 31, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31, 2019</u>
State Plan	\$ 1,306,428.00	\$ 132,049.27	\$ (183,322.77)	\$ 1,255,154.50
Authority Plan	41,312.00	-	(32,196.00)	9,116.00
Total Deferred Outflows of Resources - Related to OPEB	\$ 1,347,740.00	\$ 132,049.27	\$ (215,518.77)	\$ 1,264,270.50
Net OPEB Liability				
State Plan	\$ 9,984,179.00	\$ 5,785,072.00	\$ (7,653,529.00)	\$ 8,115,722.00
Authority Plan	1,207,893.00	53,878.00	(45,898.00)	1,215,873.00
Total Net OPEB Liability	\$ 11,192,072.00	\$ 5,838,950.00	\$ (7,699,427.00)	\$ 9,331,595.00
Deferred Inflows of Resources - Related to OPEB				
State Plan	\$ 4,681,146.00	\$ 2,415,359.77	\$ (983,224.77)	\$ 6,113,281.00
Authority Plan	109,043.00	-	(54,521.00)	54,522.00
Total Deferred Inflows of Resources - Related to OPEB	\$ 4,790,189.00	\$ 2,415,359.77	\$ (1,037,745.77)	\$ 6,167,803.00

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Revenue Bonds and Loans Payable - NJEIT 2008 K, Bond Series 2016 L and NJEIT Junior Lien Series 2010, 2014, 2015 and 2017**

The Revenue Refunding Bonds Series 2016 L is 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 water supply and distribution facilities and its sewerage treatment facilities. The Bonds are further secured by the limited Service Agreement between the Authority and the Township (See Note 7).

On November 9, 2008, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Series 2008 K Bonds") totaling \$4,428,000.00 for the completion of emergency repairs to a sewer main. The first part of the loan award for \$2,198,000.00 is interest free. The \$2,230,000.00 portion carries interest rates that range from 5.00% to 5.50% with a final maturity in 2028.

On March 10, 2010, the Authority closed on four loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Junior Lien Series 2010") totaling \$4,787,982.00 for the completion of a micro-turbine facility, the installation of solar electric generating systems and the replacement of water main (the "2010 Project"). The total cost of the 2010 Project was \$9,533,946.00 and was financed with an interim loan of \$9,491,928.00 from the New Jersey Environmental Infrastructure Trust. Proceeds from the loan were used to retire the interim loan. In addition, the Authority received principal forgiveness under the federal government's American Resource and Recovery Act in the amount of \$4,745,964.00. Two parts of the loan award for \$2,372,982.00 are interest free. The remaining \$2,415,000.00 portion carries interest rates of 2.00% with a final maturity in 2029.

On May 24, 2014, the Authority closed on four loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Junior Lien Series 2014") totaling \$4,297,486.00 for Painting 1 MG Ground Storage Tank, Replacement of Lake Drive & Beechnut Lane Pump Station, Well 9 Electrical Upgrades, Trickling Filter Walkway Grating, Digester Cleaning and Repairs, and for the purchase of new water meters (the "2014 Project"). Two parts of the loan award for \$3,242,486.00 are interest free. The remaining \$1,055,000.00 portion carries interest rates that range from 3.00% to 5.50% with a final maturity in 2033.

On May 28, 2015, the Authority closed on four loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Junior Lien Series 2015") totaling \$2,651,837.00 for emergency generator replacements, trailered pumps, Tweedstone pump station upgrades and Wells 6, 9, 10, and 11 electrical upgrades. In addition, the Authority received principal forgiveness in the amount of \$635,088.00. Two parts of the loan award for \$1,871,837.00 are interest free. The remaining \$780,000.00 portion carries interest rates that range from 4.0% to 5.00% with a final maturity in 2034.

On March 1, 2016, the Authority issued the 2016 Series L Bonds to refund the maturities of the Authority's 2005 Series J Bonds and to pay certain costs related to the issuance of the Series L Bonds. The Bonds were issued for \$4,810,000.00 and carry interest rates ranging from 2.00% to 4.00% with a final maturity in 2021.

On November 21, 2017, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Junior Lien Series 2017A-2") totaling \$4,288,449.00. The total cost of the 2017 Project was \$5,433,623.00 and was fully financed with an interim loan from the New Jersey Environmental Infrastructure Trust. Proceeds from the loan were used to retire the interim loan. In addition, the Authority received principal forgiveness in the amount of \$1,086,725.00. One part of the loan award for \$2,173,449.00 is interest free. The remaining \$2,173,449.00 portion carries interest rates that range from 2.125% to 5.00% with a final maturity in 2037.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Revenue Bonds and Loans Payable - NJEIT 2008 K, Bond Series 2016 L and NJEIT Junior Lien Series 2010, 2014, 2015 and 2017(Cont'd)****Maturities of the Series 2016 L Bonds:**

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Rates</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,110,000.00	4.00%	\$ 22,200.00	\$ 1,132,200.00
	<u>\$ 1,110,000.00</u>	Current Maturities		

Maturities of the Series NJEIT 2008 K and NJEIT Junior Lien Series 2010, 2014, 2015 and 2017:

<u>Year Ending December 31,</u>	<u>Interest Free Loan Principal</u>	<u>Loan Principal</u>	<u>Total Principal</u>	<u>Rates</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 610,734.30	\$ 430,000.00	\$ 1,040,734.30	3.00% - 5.50%	\$ 207,393.76	\$ 637,393.76
2022	609,602.18	440,000.00	1,049,602.18	4.00% - 5.50%	187,968.76	627,968.76
2023	611,323.00	465,000.00	1,076,323.00	4.00% - 5.50%	166,668.76	631,668.76
2024	609,692.75	450,000.00	1,059,692.75	4.00% - 5.00%	144,118.76	594,118.76
2025	611,353.19	415,000.00	1,026,353.19	3.00% - 5.00%	122,768.76	537,768.76
2026-2030	2,700,652.90	1,625,000.00	4,325,652.90	2.125% - 5.00%	369,925.82	1,994,925.82
2031-2035	1,269,894.48	1,090,000.00	2,359,894.48	2.750% - 4.00%	136,150.06	1,226,150.06
2036-2037		285,000.00	285,000.00	3.00%	12,900.00	297,900.00
	<u>\$7,023,252.80</u>	<u>\$5,200,000.00</u>	12,223,252.80		<u>\$1,347,894.68</u>	<u>\$6,547,894.68</u>
			(1,040,734.30)	Current Maturities		
			227,539.50	Premium on Loans		
			<u>\$ 11,410,058.00</u>	Long-Term Portion		

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Revenue Loans Authorized But Not Issued**

On August 19, 2020, the Authority authorized the issuance of Junior Lien Revenue Bonds through the New Jersey Infrastructure Bank Financing Program for the Authority's Water Meter Infrastructure Project in an amount not to exceed \$7,950,000.00.

On November 18, 2020, the Authority authorized the issuance of one or more Project Bonds in an amount not to exceed \$19,000,000.00 through the New Jersey Infrastructure Bank Financing Program for the Authority's Energy Savings Improvement Program.

On December 16, 2020, the Authority authorized the issuance of one or more Project Bonds in an amount not to exceed \$9,500,000.00 through the New Jersey Infrastructure Bank Financing Program for the Authority's Headworks Project.

Note 6: DETAIL NOTES – DEFERRED INFLOWS OF RESOURCES**Connection Fees**

The Authority receives payments for connection fees when new users connect to the water and/or 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.

Note 7: INTERGOVERNMENTAL AGREEMENTS**Major Customers**

The Authority derives a significant portion of its total water service fees from Mount Laurel Township Municipal Utilities Authority (MLTMUA). Since the charges are based upon the flow from the system, the Authority's revenues are subject to large fluctuations from this customer. A comparison of billings is shown below:

<u>Year</u>	<u>MLTMUA Water Billings</u>	<u>Total Water Billings</u>	<u>Percentage</u>
2020	\$ 1,148,525.88	\$ 7,293,135.36	15.75%
2019	782,773.75	5,741,589.49	13.63%
2018	879,499.50	5,718,335.65	15.38%

Mount Laurel Service Agreement

The Authority, the Mount Laurel Township Municipal Utilities Authority (MLTMUA), and the Evesham Municipal Utilities Authority (EMUA) signed an agreement in September 2019 for the purchase and sale of potable water. The Authority sells bulk water to MLTMUA, which in turn sells a portion to EMUA.

Under the agreement, the Authority must make available 5 million gallons per day and the MLTMUA must purchase a minimum of 270 million gallons per service year. The charge imposed by the Authority is based on its bulk water rate.

The agreement was made for an initial term of fifteen years and can be renewed for three - five year terms after the initial term. Notice must be given at least one year prior to the end of the existing term by any of the principals to the agreement.

Note 7: INTERGOVERNMENTAL AGREEMENTS**Edgewater Park Agreement**

The Authority entered into a forty year agreement with Edgewater Park Sewerage Authority on December 4, 1965, in which the Authority agreed to accept for appropriate treatment and disposal through its facilities, the sewage and industrial waste collected in Edgewater Park Township. In exchange, Edgewater Park Sewerage Authority annually pays to the Authority:

- a) Residential Accounts – An amount equal to that charged to Willingboro Township residents less \$4.50.
- b) Commercial Accounts – The same per gallon charge currently billed to a Willingboro Township commercial customer.

The Authorities continue to operate under the original agreement.

Township of Willingboro Service Agreement

A Service Agreement was entered into on June 15, 1990 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: COMMITMENTS

The Authority had several outstanding or planned construction projects as of December 31, 2020. These projects are evidenced by contractual commitments with contractors and include:

<u>Project</u>	<u>Awarded</u>	<u>Commitment Remaining</u>
Lining of Windsor Interceptor	\$ 273,005.50	\$ 15,558.50
Water Treatment Plant Roof Replacement	250,000.00	42,750.00
Water Treatment Plant Restrooms	95,024.98	14,074.98
Aerator Replacement	482,800.00	482,800.00
Pollution Control Plant Screening & Grit Removal Upgrade	4,984,800.00	4,984,800.00
	<u>\$ 6,085,630.48</u>	<u>\$5,539,983.48</u>

Note 9: DEFERRED COMPENSATION

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

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

Note 10: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded coverage for the past several years.

Note 11: CONTINGENCIES

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

Note 12: SUBSEQUENT EVENTS

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

Debt authorized - Subsequent to December 31, 2020, the Authority authorized the issuance of Junior Lien Revenue Bonds through the New Jersey Infrastructure Bank Financing Program for the Authority's upgrade to the existing Well 5A water treatment plant.

REQUIRED SUPPLEMENTARY INFORMATION

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Required Supplementary Information
 Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios - Authority Plan
 Last Four Years

	Year Ended December 31,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability				
Service Cost	\$ 3,425.00	\$ 3,285.00	\$ 6,273.00	\$ 6,257.00
Interest Cost	50,672.00	50,593.00	45,989.00	45,790.00
Benefit Payments	(54,009.00)	(45,898.00)	(31,716.00)	(25,056.00)
Actuarial Assumption Changes	998,439.00		(163,564.00)	55,516.00
Actuarial Demographic Gains	87,541.00		27,350.00	13,721.00
	<u>1,086,068.00</u>	<u>7,980.00</u>	<u>(115,668.00)</u>	<u>96,228.00</u>
Net Change in Total OPEB Liability				
Total OPEB Liability - Beginning of Year	<u>1,207,893.00</u>	<u>1,207,893.00</u>	<u>1,323,561.00</u>	<u>1,227,333.00</u>
Total OPEB Liability - End of Year	<u>\$ 2,293,961.00</u>	<u>\$ 1,215,873.00</u>	<u>\$ 1,207,893.00</u>	<u>\$ 1,323,561.00</u>
Covered-Employee Payroll	\$ 637,637.03	\$ 708,304.14	\$ 962,609.01	\$ 1,046,116.04
Total OPEB Liability as a Percentage of Covered-Employee Payroll	359.76%	171.66%	125.48%	126.52%

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.

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Required Supplementary Information
 Schedule of the Authority's Proportionate Share
 of the Net OPEB Liability - State Plan
 Last Four Plan Years

	Measurement Date Ended June 30,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability	0.066216%	0.059912%	0.063729%	0.057188%
Authority's Proportionate Share of the Net OPEB Liability	\$ 11,884,068.00	\$ 8,115,722.00	\$ 9,984,179.00	\$ 11,675,381.00
Authority's Covered Payroll (Plan Measurement Period)	\$ 2,212,574.00	\$ 2,065,496.00	\$ 2,126,917.00	\$ 2,114,476.00
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	537.12%	392.92%	469.42%	552.16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%	1.98%	1.97%	1.03%

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

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Required Supplementary Information
 Schedule of the Authority's OPEB Contributions - State Plan
 Last Four Years

	<u>Year Ended December 31,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Required Contributions	\$ 240,698.96	\$ 262,257.23	\$ 460,591.32	\$ 366,770.16
Authority's Contributions in Relation to the Required Contribution	<u>(240,698.96)</u>	<u>(262,257.23)</u>	<u>(460,591.32)</u>	<u>(366,770.16)</u>
Authority's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Calendar Year)	\$ 2,207,316.00	\$ 2,132,595.00	\$ 2,106,716.00	\$ 2,093,872.00
Authority's Contributions as a Percentage of Covered Payroll	10.90%	12.30%	21.86%	17.52%

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.

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

	Measurement Date Ending June 30,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net Pension Liability	0.0293585747%	0.0316241679%	0.0284075155%	0.0313956320%
Authority's Proportionate Share of the Net Pension Liability	\$ 4,787,616.00	\$5,698,195.00	\$5,593,298.00	\$7,308,401.00
Authority's Covered Payroll (Plan Measurement Period)	\$ 2,100,592.00	\$2,138,600.00	\$1,981,884.00	\$2,175,080.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	227.92%	266.45%	282.22%	336.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's Proportion of the Net Pension Liability	0.0298245452%	0.0315650763%	0.0308760860%	0.0312818035%
Authority's Proportionate Share of the Net Pension Liability	\$8,833,175.00	\$7,085,727.00	\$5,780,848.00	\$5,978,574.00
Authority's Covered Payroll (Plan Measurement Period)	\$2,064,316.00	\$2,124,428.00	\$2,135,256.00	\$2,157,884.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	427.90%	333.54%	270.73%	277.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	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.

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Required Supplementary Information
 Schedule of the Authority's Pension Contributions
 Public Employees' Retirement System (PERS)
 Last Eight Years

	Year Ended December 31,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contribution	\$ 321,168.00	\$ 307,610.00	\$ 282,563.00	\$ 290,847.00
Contributions in Relation to Contractually Required Contribution	<u>(321,168.00)</u>	<u>(307,610.00)</u>	<u>(282,563.00)</u>	<u>(290,847.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Calendar Year)	\$ 2,207,316.00	\$ 2,132,595.00	\$ 2,106,716.00	\$ 2,093,872.00
Authority's Contributions as a Percentage of Covered Payroll	14.55%	14.42%	13.41%	13.89%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 264,957.00	\$ 271,375.00	\$ 254,538.00	\$ 235,702.00
Contributions in Relation to Contractually Required Contribution	<u>(264,957.00)</u>	<u>(271,375.00)</u>	<u>(254,538.00)</u>	<u>(235,702.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Calendar Year)	\$ 2,158,469.00	\$ 2,130,154.00	\$ 2,100,862.00	\$ 2,100,737.00
Authority's Contributions as a Percentage of Covered Payroll	12.28%	12.74%	12.12%	11.22%

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.

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Notes to Required Supplementary Information

For the Year Ended December 31, 2020

Note 1: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - AUTHORITY PLANChanges in Benefit Terms

None

Changes in Assumptions

For 2020, the discount rate changes from 4.25% to 2.15 as of December 31, 2020. The changes also include revised mortality, disability, retirement, and turnover assumptions, along with changes in the valuation discount rate to reflected current market conditions.

For 2018, the discount rate changed from 3.50% as of December 31, 2017 to 4.25% as of December 31, 2018. The mortality table was updated from MP-2017 to MP-2018. For 2017, the discount rate changed from 3.75% as of December 31, 2016 to 3.50% as of December 31, 2017.

Note 2: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLANChanges in Benefit Terms

The actuarial valuation as of June 30, 2019 included updates to the provisions of Chapter 48, along with newly adopted changes in different levels of subsidy for employers.

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>
2020	2.21%	2018	3.87%
2019	3.50%	2017	3.58%

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

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

The health care trend assumption is used to project the growth of the expected claims over the lifetime of the health care recipients. Medical and prescription drug trend rates are determined by utilizing experience data, industry experience which includes surveys and Aon trend guidance. These rates are adjusted further to be appropriate with respect to the plan provisions. For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage rates for Plan Years 2019 through 2022 are reflected. For Plan Year 2023 the Medicare Advantage trend rate includes an assumed increase in the premiums based on recent experience and discussions with the Medicare Advantage vendor. The assumed post-65 medical trend is 4.50% for all future years. For prescription drug benefits, the initial trend rate is 7.00% decreasing to a 4.50% long-term trend rate after seven years.

On October 21, 2020, the Society of Actuaries (SOA) released an updated set of life expectancy mortality improvement assumptions, Scale MP-2020. The MP-2020 scale reflects more recent mortality data for the U.S. population.

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Notes to Required Supplementary Information

For the Year Ended December 31, 2020

Note 3: POSTEMPLOYMENT BENEFITS - PENSION**Public Employees' Retirement System (PERS)**Changes in Benefit Terms

The June 30, 2020 measurement date included two changes to the plan provisions. Chapter 157, P.L. 2019 expanded the definition of regular or assigned duties for purposes of accidental disability. The Division of Pension and Benefits (DPB) also adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions.

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>
2020	7.00%	2016	3.98%
2019	6.28%	2015	4.90%
2018	5.66%	2014	5.39%
2017	5.00%		

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>
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%
2017	7.00%		

The mortality assumption was updated upon direction from the DPB.

SUPPLEMENTARY SCHEDULES

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Combining Schedule of Revenue, Expenses and Changes in Net Position
Restricted and Unrestricted Accounts
For the Year Ended December 31, 2020

	Unrestricted		Restricted				Totals
	Operating	General	Bond Reserve	Bond Service	Renewal and Replacement	Unemployment Compensation	
Operating Revenues:							
Service Fees	\$ 10,937,758.13						\$ 10,937,758.13
Intergovernmental Service Agreements	2,041,702.66						2,041,702.66
Connection Fees	65,695.50						65,695.50
Other Operating Revenues	595,080.77						595,080.77
Total Operating Revenues	13,640,237.06	\$ -	\$ -	\$ -	\$ -	\$ -	13,640,237.06
Operating Expenses:							
Administration:							
Salaries and Wages	897,054.04						897,054.04
Employee Benefits	446,197.85						446,197.85
Other Expenses	914,571.22						914,571.22
Cost of Providing Service:							
Salaries and Wages	1,936,698.30						1,936,698.30
Employee Benefits	1,229,249.47						1,229,249.47
Other Expenses	2,444,241.17						2,444,241.17
Major Repairs		129,428.50					129,428.50
Depreciation		2,810,082.65					2,810,082.65
Total Operating Expenses	7,868,012.05	2,939,511.15	-	-	-	-	10,807,523.20
Operating Income (Loss)	5,772,225.01	(2,939,511.15)	-	-	-	-	2,832,713.86
Non-operating Revenue (Expenses):							
Investment Income	39,334.44	11,599.24	3,372.98	22,948.65	1,984.58	1,734.73	80,974.62
Net Unemployment Activity						2,128.79	2,128.79
Insurance Proceeds		65,601.63					65,601.63
Cancellation of Loan Forgiveness		(160,685.00)					(160,685.00)
Loss on Disposal of Assets		(50,137.82)					(50,137.82)
Interest Expense		64,752.81		(264,178.54)			(199,425.73)
Contribution to Willingboro Township		(200,000.00)					(200,000.00)
Total Non-operating Revenue (Expenses)	39,334.44	(268,869.14)	3,372.98	(241,229.89)	1,984.58	3,863.52	(461,543.51)
Net Income (Loss) Before Transfers	5,811,559.45	(3,208,380.29)	3,372.98	(241,229.89)	1,984.58	3,863.52	2,371,170.35
Transfers	(5,668,559.45)	5,437,853.20	(8,539.06)	241,229.89	(1,984.58)	-	-
Change in Net Position	143,000.00	2,229,472.91	(5,166.08)	-	-	3,863.52	2,371,170.35
Net Position - Beginning	4,164,700.00	11,260,702.06	1,699,588.58	-	1,000,000.00	201,617.89	18,326,608.53
Net Position - Ending:							
Net Investment in Capital Assets		\$ 23,188,997.22					\$ 23,188,997.22
Restricted	\$ 4,307,700.00		\$ 1,694,422.50	\$ -	\$ 1,000,000.00	\$ 205,481.41	\$ 7,207,603.91
Unrestricted (Deficit)		\$ (9,698,822.25)					\$ (9,698,822.25)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenues, Expenses and Changes in Fund Net Position by Department
 For the Year Ended December 31, 2020

	<u>Sewer</u>	<u>Water Treatment</u>	<u>Total</u>
Operating Revenues:			
Service Fees	\$ 4,793,148.65	\$ 6,144,609.48	\$ 10,937,758.13
Intergovernmental Service Agreements	893,176.78	1,148,525.88	2,041,702.66
Connection Fees	29,706.30	35,989.20	65,695.50
Other Operating Revenues	269,972.95	325,107.82	595,080.77
	<u>5,986,004.68</u>	<u>7,654,232.38</u>	<u>13,640,237.06</u>
Operating Expenses:			
Administration:			
Salaries and Wages	448,527.02	448,527.02	897,054.04
Fringe Benefits	223,098.94	223,098.91	446,197.85
Other Expenses	457,285.64	457,285.58	914,571.22
Total Administration	<u>1,128,911.60</u>	<u>1,128,911.51</u>	<u>2,257,823.11</u>
Cost of Providing Service:			
Salaries and Wages	689,192.86	1,247,505.44	1,936,698.30
Fringe Benefits	537,400.56	691,848.91	1,229,249.47
Other Expenses	1,191,367.80	1,252,873.37	2,444,241.17
Total Cost of Providing Service	<u>2,417,961.22</u>	<u>3,192,227.72</u>	<u>5,610,188.94</u>
Major Repairs and Other Expenses	52,681.19	76,747.31	129,428.50
Depreciation	1,427,596.63	1,382,486.02	2,810,082.65
Total Operating Expenses	<u>5,027,150.64</u>	<u>5,780,372.56</u>	<u>10,807,523.20</u>
Operating Income	<u>958,854.04</u>	<u>1,873,859.82</u>	<u>2,832,713.86</u>
Non-operating Revenue (Expense):			
Investment Income	34,703.58	46,271.04	80,974.62
Net Unemployment Activity	1,064.40	1,064.39	2,128.79
Insurance Proceeds		65,601.63	65,601.63
Cancellation of Loan Forgiveness	(44,594.00)	(116,091.00)	(160,685.00)
Loss on Disposal of Assets	(45,938.26)	(4,199.56)	(50,137.82)
Interest Expense	(120,088.96)	(79,336.77)	(199,425.73)
Contribution to Willingboro Township	(200,000.00)		(200,000.00)
Total Non-operating Revenue (Expense)	<u>(374,853.24)</u>	<u>(86,690.27)</u>	<u>(461,543.51)</u>
Change in Net Position	584,000.80	1,787,169.55	2,371,170.35
Net Position - Beginning	8,687,178.68	9,639,429.85	18,326,608.53
Net Position - Ending	<u>\$ 9,271,179.48</u>	<u>\$ 11,426,599.40</u>	<u>\$ 20,697,778.88</u>
Net Position:			
Net Investment in Capital Assets	\$ 5,145,878.20	\$ 18,043,119.02	\$ 23,188,997.22
Restricted for:			
Bond Resolution Covenants	3,011,654.36	3,990,468.14	7,002,122.50
Unemployment Compensation	102,740.71	102,740.70	205,481.41
Unrestricted (Deficit)	1,010,906.21	(10,709,728.46)	(9,698,822.25)
	<u>\$ 9,271,179.48</u>	<u>\$ 11,426,599.40</u>	<u>\$ 20,697,778.88</u>

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Cash Receipts and Cash Disbursements
 For the Year Ended December 31, 2020

	Unrestricted		Restricted				Total
	Operating Accounts	General	Bond Reserve	Bond Service	Renewal and Replacement	Other	
Cash, Cash Equivalents and Investments January 1, 2020	\$ 6,799,114.76	\$ 5,859,433.20	\$ 1,699,588.84	\$ 1,408,158.70	\$ 1,000,000.00	\$ 382,269.37	\$ 17,148,564.87
Receipts:							
Consumer Accounts Receivable	8,562,769.43						8,562,769.43
Intergovernmental Service Agreements Receivable	1,541,236.18						1,541,236.18
Rent Overpayments	128,312.98						128,312.98
Other Accounts Receivable	577,801.77						577,801.77
Investment Income (Including Unrealized Losses)	40,548.27	15,954.56	4,781.40	23,799.91	2,813.28	2,535.12	90,432.54
Planning Escrow & Performance Bond Deposits						24,261.34	24,261.34
Insurance Proceeds	65,601.63						65,601.63
NJIB Drawdowns	234,368.64						234,368.64
Unearned Revenue	821,603.53						821,603.53
Net Unemployment Activity	2,128.79						2,128.79
Transfers In	23,255.03	405,436.20		2,280,484.76			2,709,175.99
Total Cash and Investments Available	18,796,741.01	6,280,823.96	1,704,370.24	3,712,443.37	1,002,813.28	409,065.83	31,906,257.69
Disbursements:							
Budgetary Expenses	7,141,111.60			25,785.00			7,166,896.60
Debt Service Principal				2,091,700.38			2,091,700.38
Debt Service Interest				294,293.76			294,293.76
Construction in Progress	1,588,811.11						1,588,811.11
Capital Accounts Payable & Retainage	429,339.62						429,339.62
Accounts Payable	271,617.85					10,263.81	281,881.66
Planning Escrow & Performance Bond Expenses						11,762.26	11,762.26
Transfers Out	1,799,832.85	886,088.11	4,781.40		2,813.28	15,660.35	2,709,175.99
Total Disbursements	11,230,713.03	886,088.11	4,781.40	2,411,779.14	2,813.28	37,686.42	14,573,861.38
Cash, Cash Equivalents and Investments December 31, 2020	\$ 7,566,027.98	\$ 5,394,735.85	\$ 1,699,588.84	\$ 1,300,664.23	\$ 1,000,000.00	\$ 371,379.41	\$ 17,332,396.31
Analysis of Balance December 31, 2020							
Cash and Cash Equivalents	\$ 7,556,303.98	\$ 5,394,735.85	\$ 1,699,588.84	\$ 1,300,664.23	\$ 1,000,000.00	\$ 371,379.41	\$ 17,322,672.31
Investments:							
Unsold Solar Renewable Energy Certificates	9,724.00						9,724.00
	\$ 7,566,027.98	\$ 5,394,735.85	\$ 1,699,588.84	\$ 1,300,664.23	\$ 1,000,000.00	\$ 371,379.41	\$ 17,332,396.31

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Sewer Operations -- Revenues, Operating Appropriations,
 Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
 For the Year Ended December 31, 2020

	Adopted Budget	Transfers	Modified Budget	Actual	Variance Favorable / (Unfavorable)
Operating Revenues:					
Service Charges:					
Residential	\$ 3,926,000.00		\$ 3,926,000.00	\$ 4,271,324.97	\$ 345,324.97
Business and Commercial	494,000.00		494,000.00	521,823.68	27,823.68
Intergovernmental	900,000.00		900,000.00	893,176.78	(6,823.22)
	<u>5,320,000.00</u>	\$ -	<u>5,320,000.00</u>	<u>5,686,325.43</u>	<u>366,325.43</u>
Connection Fees	50,000.00	-	50,000.00	29,706.30	(20,293.70)
Other Operating Revenues:					
Turn Off/On Fees	58,500.00		58,500.00	11,675.00	(46,825.00)
Other Miscellaneous Revenue	266,500.00		266,500.00	258,297.95	(8,202.05)
	<u>325,000.00</u>	-	<u>325,000.00</u>	<u>269,972.95</u>	<u>(55,027.05)</u>
Total Operating Revenues	<u>5,695,000.00</u>	-	<u>5,695,000.00</u>	<u>5,986,004.68</u>	<u>291,004.68</u>
Non-Operating Revenues:					
Investment Income	30,000.00	-	30,000.00	34,703.58	4,703.58
Total Budget Revenues	<u>5,725,000.00</u>	-	<u>5,725,000.00</u>	<u>6,020,708.26</u>	<u>295,708.26</u>
Operating Appropriations:					
Administration					
Salaries and Wages	421,000.00	-	421,000.00	448,527.02	(27,527.02)
Employee Benefits:					
Social Security Tax	32,500.00		32,500.00	31,082.30	1,417.70
Unemployment and Disability Insurance	1,250.00		1,250.00	246.73	1,003.27
Public Employees Retirement System	40,000.00		40,000.00	27,882.13	12,117.87
Health Insurance	125,250.00		125,250.00	98,180.32	27,069.68
Dental Insurance	6,500.00		6,500.00	5,080.52	1,419.48
Prescription Plan	20,000.00		20,000.00	15,925.32	4,074.68
Uniforms	100.00		100.00	692.27	(592.27)
Total Employee Benefits	<u>225,600.00</u>	-	<u>225,600.00</u>	<u>179,089.59</u>	<u>46,510.41</u>
Other Expenses:					
Telephone	5,500.00		5,500.00	7,514.78	(2,014.78)
Electricity	6,500.00		6,500.00	2,610.22	3,889.78
Gas Heat	1,700.00		1,700.00	876.96	823.04
Vehicle, Gasoline	250.00		250.00		250.00
Vehicle, Maintenance	750.00		750.00		750.00
Maintenance of Building and Site	10,000.00		10,000.00	7,101.69	2,898.31
Equipment Maintenance	13,250.00		13,250.00	12,547.90	702.10
Insurance	24,000.00		24,000.00	23,672.71	327.29
Printing	7,000.00		7,000.00	5,450.37	1,549.63
Postage	17,500.00		17,500.00	13,826.50	3,673.50
Miscellaneous Supplies and Expenses	46,000.00		46,000.00	30,170.81	15,829.19
Safety Services	450.00		450.00	4,372.33	(3,922.33)
Engineer Fees	62,500.00		62,500.00	160,219.27	(97,719.27)

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Sewer Operations -- Revenues, Operating Appropriations,
 Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
 For the Year Ended December 31, 2020

	Adopted Budget	Transfers	Modified Budget	Actual	Variance Favorable / (Unfavorable)
Operating Appropriations (Cont'd):					
Administration (Cont'd):					
Other Expenses (Cont'd):					
Legal Fees	\$ 65,000.00		\$ 65,000.00	\$ 78,698.45	\$ (13,698.45)
Information Management	46,000.00		46,000.00	49,150.15	(3,150.15)
Auditor Fees	32,500.00		32,500.00	28,112.50	4,387.50
Trustee Fees	11,000.00		11,000.00	9,500.00	1,500.00
Consulting Fees	16,500.00		16,500.00	10,568.50	5,931.50
NJEIT Admin Fee	13,000.00		13,000.00	12,892.50	107.50
Total Other Expenses	379,400.00	\$ -	379,400.00	457,285.64	(77,885.64)
Total Administration	1,026,000.00	-	1,026,000.00	1,084,902.25	(58,902.25)
Cost of Providing Service:					
Salaries and Wages	944,000.00	-	944,000.00	689,192.86	254,807.14
Employee Benefits:					
Social Security Tax	73,000.00		73,000.00	54,153.40	18,846.60
Unemployment and Disability Insurance	2,200.00		2,200.00	572.62	1,627.38
Public Employees Retirement System	99,200.00		99,200.00	150,159.83	(50,959.83)
Health Insurance	428,000.00		428,000.00	284,280.82	143,719.18
Dental Insurance	18,500.00		18,500.00	10,779.66	7,720.34
Prescription Plan	64,000.00		64,000.00	34,167.34	29,832.66
Uniforms	7,800.00		7,800.00	6,911.94	888.06
Total Employee Benefits	692,700.00	-	692,700.00	541,025.61	151,674.39
Other Expenses:					
Telephone	19,100.00		19,100.00	17,639.26	1,460.74
Electricity	238,000.00		238,000.00	239,170.08	(1,170.08)
Gas Heat	28,000.00		28,000.00	10,714.45	17,285.55
Vehicles, Gasoline	12,000.00		12,000.00	7,131.21	4,868.79
Vehicles, Maintenance	15,000.00		15,000.00	15,977.03	(977.03)
Maintenance of Buildings and Sites	25,000.00		25,000.00	35,223.38	(10,223.38)
WRM Expenses				160,180.00	(160,180.00)
Equipment Maintenance	140,500.00		140,500.00	112,582.36	27,917.64
Insurance	140,000.00		140,000.00	161,712.38	(21,712.38)
System Maintenance	72,000.00		72,000.00	23,054.86	48,945.14
Miscellaneous Supplies and Expenses	38,000.00		38,000.00	25,854.12	12,145.88
Chemicals	88,400.00		88,400.00	65,227.39	23,172.61
Safety Services	9,900.00		9,900.00	9,294.45	605.55
Permits and Fees	87,400.00		87,400.00	45,253.72	42,146.28
Laboratory Tests and Analyses	33,000.00		33,000.00	50,370.05	(17,370.05)
Lab Supplies and Expenses	35,000.00		35,000.00	29,061.88	5,938.12
Sludge Disposal Fees	200,000.00		200,000.00	182,921.18	17,078.82
Total Other Expenses	1,181,300.00	-	1,181,300.00	1,191,367.80	(10,067.80)
Total Cost of Providing Service	2,818,000.00	-	2,818,000.00	2,421,586.27	396,413.73
Total Principal Payments on Debt in lieu of Depreciation	723,000.00	-	723,000.00	722,780.63	219.37
Total Operating Appropriations	4,567,000.00	-	4,567,000.00	4,229,269.15	337,730.85

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Sewer Operations -- Revenues, Operating Appropriations,
 Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
 For the Year Ended December 31, 2020

	Adopted Budget	Transfers	Modified Budget	Actual	Variance Favorable / (Unfavorable)
Non-Operating Appropriations					
Interest on Debt	\$ 137,000.00		\$ 137,000.00	\$ 129,493.55	\$ 7,506.45
Renewal and Replacement	906,000.00		906,000.00	52,681.19	853,318.81
Municipal Contributions	200,000.00		200,000.00	200,000.00	
Total Non-Operating Appropriations	1,243,000.00	\$ -	1,243,000.00	382,174.74	860,825.26
Total Operating, Principal Payments and Non-Operating Appropriations	5,810,000.00	-	5,810,000.00	4,611,443.89	1,198,556.11
Unreserved Net Position Utilized to Balance Budget	200,000.00	-	200,000.00	-	200,000.00
Net Total Appropriations	5,610,000.00	-	5,610,000.00	4,611,443.89	998,556.11
Excess Revenues over Expenditures	\$ 115,000.00	\$ -	\$ 115,000.00	\$ 1,409,264.37	\$ 1,294,264.37
Adjustments to Reconcile to GAAP Basis Change in Net Assets:					
Excess Revenues over Expenditures				\$ 1,409,264.37	
Employee Unemployment Compensation Deductions				1,064.40	
Bond Principal				722,780.63	
Depreciation Expense				(1,427,596.63)	
GASB 68 Adjustment				158,654.29	
GASB 75 Adjustment				(199,038.59)	
Cancellation of Loan Forgiveness				(44,594.00)	
Loss on Disposal of Assets				(45,938.26)	
Amortization of Premium on Bonds				11,333.00	
Amortization of Loss Amount on Refunding				(1,928.42)	
Total GAAP Basis Change in Net Position				<u>\$ 584,000.80</u>	

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Water Treatment Operations -- Revenues, Operating Appropriations,
 Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
 For the Year Ended December 31, 2020

	Adopted Budget	Transfers	Modified Budget	Actual	Variance Favorable / (Unfavorable)
Operating Revenues:					
Service Charges:					
Residential	\$ 4,841,000.00		\$ 4,841,000.00	\$ 5,451,488.28	\$ 610,488.28
Business and Commercial	700,000.00		700,000.00	693,121.20	(6,878.80)
Intergovernmental	883,000.00		883,000.00	1,148,525.88	265,525.88
	<u>6,424,000.00</u>	\$ -	<u>6,424,000.00</u>	<u>7,293,135.36</u>	<u>869,135.36</u>
Connection Fees	50,000.00	-	50,000.00	35,989.20	(14,010.80)
Other Operating Revenues:					
Fire Hydrants and Fire Service Lines	98,000.00		98,000.00	98,868.00	868.00
Elevated Tank Rentals	270,000.00		270,000.00	119,393.87	(150,606.13)
Turn Off/On Fees	58,500.00		58,500.00	11,675.00	(46,825.00)
Other Miscellaneous Revenue	171,500.00		171,500.00	95,170.95	(76,329.05)
	<u>598,000.00</u>	-	<u>598,000.00</u>	<u>325,107.82</u>	<u>(272,892.18)</u>
Total Operating Revenues	<u>7,072,000.00</u>	-	<u>7,072,000.00</u>	<u>7,654,232.38</u>	<u>582,232.38</u>
Non-Operating Revenues:					
Investment Income	30,000.00	-	30,000.00	46,271.04	16,271.04
Total Budget Revenues	<u>7,102,000.00</u>	-	<u>7,102,000.00</u>	<u>7,700,503.42</u>	<u>598,503.42</u>
Operating Appropriations:					
Administration:					
Salaries and Wages	421,000.00	-	421,000.00	448,527.02	(27,527.02)
Employee Benefits:					
Social Security Tax	32,500.00		32,500.00	31,082.29	1,417.71
Temporary Disability Insurance	1,250.00		1,250.00	246.73	1,003.27
Public Employees Retirement System	40,000.00		40,000.00	27,882.12	12,117.88
Health Insurance	125,250.00		125,250.00	98,180.32	27,069.68
Dental Insurance	6,500.00		6,500.00	5,080.52	1,419.48
Prescription Plan	20,000.00		20,000.00	15,925.32	4,074.68
Uniforms	100.00		100.00	692.27	(592.27)
Total Employee Benefits	<u>225,600.00</u>	-	<u>225,600.00</u>	<u>179,089.57</u>	<u>46,510.43</u>
Other Expenses:					
Telephone	5,500.00		5,500.00	7,514.78	(2,014.78)
Electricity	6,500.00		6,500.00	2,610.21	3,889.79
Gas Heat	1,700.00		1,700.00	876.96	823.04
Vehicle, Gasoline	250.00		250.00		250.00
Vehicle, Maintenance	750.00		750.00		750.00
Maintenance of Building and Site	10,000.00		10,000.00	7,101.69	2,898.31
Equipment Maintenance	13,250.00		13,250.00	12,547.89	702.11
Insurance	24,000.00		24,000.00	23,672.71	327.29
Printing	7,000.00		7,000.00	5,450.36	1,549.64
Postage	17,500.00		17,500.00	13,826.50	3,673.50
Miscellaneous Supplies and Expenses	46,000.00		46,000.00	30,170.80	15,829.20
Safety Services	450.00		450.00	4,372.33	(3,922.33)
Engineer Fees	62,500.00		62,500.00	160,219.26	(97,719.26)

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Water Treatment Operations -- Revenues, Operating Appropriations,
 Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
 For the Year Ended December 31, 2020

	Adopted Budget	Transfers	Modified Budget	Actual	Variance Favorable / (Unfavorable)
Operating Appropriations (Cont'd):					
Administration (Cont'd):					
Other Expenses (Cont'd):					
Legal Fees	\$ 65,000.00		\$ 65,000.00	\$ 78,698.44	\$ (13,698.44)
Information Management	46,000.00		46,000.00	49,150.15	(3,150.15)
Auditor Fees	32,500.00		32,500.00	28,112.50	4,387.50
Trustee Fees	11,000.00		11,000.00	9,500.00	1,500.00
Consulting Fees	16,500.00		16,500.00	10,568.50	5,931.50
NJEIT Admin Fee	13,000.00		13,000.00	12,892.50	107.50
Total Other Expenses	379,400.00	\$ -	379,400.00	457,285.58	(77,885.58)
Total Administration	1,026,000.00	-	1,026,000.00	1,084,902.17	(58,902.17)
Cost of Providing Service:					
Salaries and Wages	1,304,000.00	-	1,304,000.00	1,247,505.44	56,494.56
Employee Benefits:					
Social Security Tax	101,000.00		101,000.00	93,478.26	7,521.74
Temporary Disability Insurance	1,900.00		1,900.00	7,738.22	(5,838.22)
Public Employees Retirement System	130,800.00		130,800.00	103,876.92	26,923.08
Health Insurance	450,400.00		450,400.00	311,610.12	138,789.88
Dental Insurance	29,300.00		29,300.00	18,656.62	10,643.38
Prescription Plan	79,600.00		79,600.00	53,593.22	26,006.78
Uniforms	14,900.00		14,900.00	10,405.45	4,494.55
Total Employee Benefits	807,900.00	-	807,900.00	599,358.81	208,541.19
Other Expenses:					
Telephone	25,800.00		25,800.00	27,316.16	(1,516.16)
Electricity	468,000.00		468,000.00	333,659.13	134,340.87
Gas Heat	15,000.00		15,000.00	21,235.42	(6,235.42)
Vehicles, Gasoline	41,600.00		41,600.00	16,012.51	25,587.49
Vehicles, Maintenance	41,200.00		41,200.00	15,594.21	25,605.79
Maintenance of Buildings and Sites	32,000.00		32,000.00	19,496.88	12,503.12
Equipment Maintenance	168,200.00		168,200.00	218,309.32	(50,109.32)
Insurance	174,100.00		174,100.00	233,027.79	(58,927.79)
System Maintenance	9,000.00		9,000.00	490.00	8,510.00
Miscellaneous Supplies and Expenses	76,200.00		76,200.00	98,798.10	(22,598.10)
Safety Services	7,300.00		7,300.00	4,922.66	2,377.34
Chemicals	225,100.00		225,100.00	205,227.30	19,872.70
Laboratory Tests and Analyses	29,000.00		29,000.00	22,607.10	6,392.90
Permits and Fees	35,000.00		35,000.00	36,176.79	(1,176.79)
Total Other Expenses	1,347,500.00	-	1,347,500.00	1,252,873.37	94,626.63
Total Cost of Providing Service	3,459,400.00	-	3,459,400.00	3,099,737.62	359,662.38
Total Principal Payments on Debt in lieu of Depreciation	1,369,000.00	-	1,369,000.00	1,368,919.75	80.25
Total Operating Appropriations	5,854,400.00	-	5,854,400.00	5,553,559.54	300,840.46
Non-Operating Appropriations					
Interest on Debt	158,000.00		158,000.00	134,685.00	23,315.00
Renewal and Replacement	1,089,600.00		1,089,600.00	76,747.31	1,012,852.69
Total Non-Operating Appropriations	1,247,600.00	-	1,247,600.00	211,432.31	1,036,167.69

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WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Water Treatment Operations -- Revenues, Operating Appropriations,
 Principal Payments and Non-Operating Appropriations Compared To Budget -- Non-GAAP Budgetary Basis
 For the Year Ended December 31, 2020

	<u>Adopted Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable / (Unfavorable)</u>
Total Operating, Principal Payments and Non-Operating Appropriations	\$ 7,102,000.00	\$ -	\$ 7,102,000.00	\$ 5,764,991.85	\$ 1,337,008.15
Excess Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,935,511.57</u>	<u>\$ 1,935,511.57</u>
Adjustments to Reconcile to GAAP Basis Net Income:					
Excess Revenues Over Expenditures				\$ 1,935,511.57	
Employee Unemployment Compensation Deductions				1,064.39	
Bond Principal				1,368,919.75	
Depreciation Expense				(1,382,486.02)	
GASB 68 Adjustment				101,434.71	
GASB 75 Adjustment				(237,934.16)	
Insurance Proceeds				65,601.63	
Cancellation of Loan Forgiveness				(116,091.00)	
Loss on Disposal of Assets				(4,199.56)	
Amortization of Premium on Bonds				85,294.45	
Amortization of Deferred Loss on Refunding				<u>(29,946.22)</u>	
Total GAAP Basis Change in Net Position				<u>\$ 1,787,169.55</u>	

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedules of Anticipated Revenues, Operating Appropriations, Principal Payments and
Non-Operating Appropriations Compared to Budget by Department--Budgetary Basis
For the Year Ended December 31, 2020

Reconciliation to Operating Income

Revenues Over Expenses and Other Costs			
Schedule 4 - Sewer Department	\$	1,409,264.37	
Schedule 5 - Water Department		1,935,511.57	
			\$ 3,344,775.95
Add:			
Debt Service Principal Payments		2,091,700.38	
Interest on Debt		264,178.54	
GASB 68 Adjustment		260,089.00	
Contribution to Willingboro Township Per N.J.S.A. 40A:5A-1		200,000.00	
			2,815,967.92
			6,160,743.87
Less:			
Investment Income		80,974.62	
GASB 75 Adjustment		436,972.74	
Depreciation		2,810,082.65	
			3,328,030.01
Operating Income (Exhibit B)			\$ 2,832,713.86

Reconciliation of Actual Expenditures

Cash Disbursements	\$	7,166,896.60
Accounts Payable		766,701.50
Change in Inventory		22,771.85
Change in Compensated Absences Payable		64,186.86
Debt Principal		2,091,700.38
Debt Interest		264,178.54
Total Sewer and Water Budgetary Appropriations	\$	10,376,435.73

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Analysis of Consumer Accounts Receivable
 For the Year Ended December 31, 2020

	<u>Sewer Department</u>	<u>Water Treatment Department</u>	<u>Total</u>
Balance Jan. 1, 2020	\$ 696,889.53	\$ 841,865.63	\$ 1,538,755.16
Increased by:			
Service Fees	4,793,148.65	6,144,609.48	10,937,758.13
Interest and Miscellaneous Fees	32,591.81	20,342.50	52,934.31
Fire Hydrants and Fire Service Liens		98,868.00	98,868.00
	<u>5,522,629.99</u>	<u>7,105,685.61</u>	<u>12,628,315.60</u>
Decreased by:			
Collections	3,713,441.28	4,849,328.15	8,562,769.43
Unearned Revenue Realized	344,674.85	453,842.82	798,517.67
Overpayments Applied	13,139.67	167,161.85	180,301.52
	<u>4,071,255.80</u>	<u>5,470,332.82</u>	<u>9,541,588.62</u>
Balance Dec. 31, 2020	<u>\$ 1,451,374.19</u>	<u>\$ 1,635,352.79</u>	<u>\$ 3,086,726.98</u>

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Schedule of Investment Income Receivable

For the Year Ended December 31, 2020

	Balance <u>Jan. 1, 2020</u>	Investment Income <u>Earned</u>	Investment Income <u>Collected</u>	Balance <u>Dec. 31, 2020</u>
Unrestricted Earnings:				
Operating Accounts	\$ 2,062.62	\$ 38,534.05	\$ 40,548.27	\$ 48.40
General Fund	4,525.34	11,599.24	15,954.56	170.02
	<u>6,587.96</u>	<u>50,133.29</u>	<u>56,502.83</u>	<u>218.42</u>
Restricted Earnings:				
Bond Reserve Fund	1,459.91	3,372.98	4,781.40	51.49
Bond Service Fund	884.06	22,948.65	23,799.91	32.80
Renewal and Replacement Fund	858.99	1,984.58	2,813.28	30.29
Other		2,535.12	2,535.12	
	<u>3,202.96</u>	<u>30,841.33</u>	<u>33,929.71</u>	<u>114.58</u>
	<u>\$ 9,790.92</u>	<u>\$ 80,974.62</u>	<u>\$ 90,432.54</u>	<u>\$ 333.00</u>
Sewer Department	\$ 5,515.05	\$ 34,703.58	\$ 40,036.86	\$ 181.77
Water Treatment Department	4,275.87	46,271.04	50,395.68	151.23
	<u>\$ 9,790.92</u>	<u>\$ 80,974.62</u>	<u>\$ 90,432.54</u>	<u>\$ 333.00</u>

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Analysis of Capital Assets
For the Year Ended December 31, 2020

	Balance Jan. 1, 2020	Additions	Deletions	Balance Dec. 31, 2020
Sewer Department:				
Plant:				
Buildings	\$ 14,777,013.46		\$ 18,285.00	\$ 14,758,728.46
Major Moveable Equipment	536,596.75			536,596.75
Vehicles	559,253.98	\$ 102,928.74	78,324.59	583,858.13
Infrastructure	20,556,788.09	67,602.30	27,290.00	20,597,100.39
	36,429,652.28	170,531.04	123,899.59	36,476,283.73
Administration:				
Buildings	157,045.25	2,913.98		159,959.23
Major Moveable Equipment	135,432.91			135,432.91
Vehicles	7,130.00			7,130.00
	299,608.16	2,913.98	-	302,522.14
Land:				
Plant	578,000.00			578,000.00
Administration	30,000.00			30,000.00
	608,000.00	-	-	608,000.00
	37,337,260.44	173,445.02	123,899.59	37,386,805.87
Less Depreciation	25,140,809.03	1,427,596.63	77,961.33	26,490,444.33
	\$ 12,196,451.41	\$ (1,254,151.61)	\$ 45,938.26	\$ 10,896,361.54

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Analysis of Capital Assets
For the Year Ended December 31, 2020

	Balance Jan. 1, 2020	Additions	Deletions	Balance Dec. 31, 2020
Water Treatment Department:				
Plant:				
Buildings	\$ 18,911,156.31	\$ 808,393.52	\$ 15,452.00	\$ 19,704,097.83
Major Moveable Equipment	673,673.70		55,189.41	618,484.29
Vehicles	1,084,056.69	48,020.26	164,383.68	967,693.27
Infrastructure	26,961,442.55			26,961,442.55
	<u>47,630,329.25</u>	<u>856,413.78</u>	<u>235,025.09</u>	<u>48,251,717.94</u>
Administration:				
Buildings	157,045.25	2,913.98		159,959.23
Major Moveable Equipment	135,432.92			135,432.92
Vehicles	7,130.00			7,130.00
	<u>299,608.17</u>	<u>2,913.98</u>	<u>-</u>	<u>302,522.15</u>
Land:				
Plant	892,698.44			892,698.44
Administration	30,000.00			30,000.00
	<u>922,698.44</u>	<u>-</u>	<u>-</u>	<u>922,698.44</u>
	48,852,635.86	859,327.76	235,025.09	49,476,938.53
Less Depreciation	<u>26,386,286.60</u>	<u>1,382,486.02</u>	<u>230,825.53</u>	<u>27,537,947.09</u>
	<u>\$ 22,466,349.26</u>	<u>\$ (523,158.26)</u>	<u>\$ 4,199.56</u>	<u>\$ 21,938,991.44</u>
Recap:				
Capital Assets	\$ 86,189,896.30	\$ 1,032,772.78	\$ 358,924.68	\$ 86,863,744.40
Less Depreciation	<u>51,527,095.63</u>	<u>2,810,082.65</u>	<u>308,786.86</u>	<u>54,028,391.42</u>
	<u>\$ 34,662,800.67</u>	<u>\$ (1,777,309.87)</u>	<u>\$ 50,137.82</u>	<u>\$ 32,835,352.98</u>
Transferred from Construction in Progress		<u>\$ 1,032,772.78</u>		

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY

Analysis of Construction in Progress
For the Year Ended December 31, 2020

Balance Jan. 1, 2020		\$ 2,812,292.09
Add:		
Disbursed	\$ 1,588,811.11	
Retainage Payable	5,764.00	
Accounts Payable	<u>83,374.30</u>	
		<u>1,677,949.41</u>
		4,490,241.50
Less:		
Transferred to Completed		<u>1,032,772.78</u>
Balance Dec. 31, 2020		<u><u>\$ 3,457,468.72</u></u>

Schedule 10**WILLINGBORO MUNICIPAL UTILITIES AUTHORITY**

Analysis of Accrued Interest Payable
For the Year Ended December 31, 2020

	<u>Sewer</u>	<u>Water Treatment</u>	<u>Total</u>
Balance Jan. 1, 2020	\$ 57,420.28	\$ 80,557.58	\$ 137,977.86
Increased by:			
Accrued	<u>129,493.55</u>	<u>134,685.00</u>	<u>264,178.54</u>
	186,913.83	215,242.58	402,156.40
Decreased by:			
Cash Disbursed	<u>136,612.16</u>	<u>157,681.60</u>	<u>294,293.76</u>
Balance Dec. 31, 2020	<u><u>\$ 50,301.67</u></u>	<u><u>\$ 57,560.98</u></u>	<u><u>\$ 107,862.64</u></u>
Analysis of Interest Expense:			
Accrued	\$ 129,493.55	\$ 134,685.00	\$ 264,178.54
Deferred Loss on Refunding	1,928.42	29,946.22	31,874.64
Premium on Bonds & Loans	<u>(11,333.00)</u>	<u>(85,294.45)</u>	<u>(96,627.45)</u>
Total Interest Expense	<u><u>\$ 120,088.96</u></u>	<u><u>\$ 79,336.77</u></u>	<u><u>\$ 199,425.73</u></u>

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Bonds Payable
 For the Year Ended December 31, 2020

<u>Purpose</u>	<u>Date</u>	<u>Original</u>	<u>Interest</u>	<u>Date</u>	<u>Maturities</u>	<u>Balance</u>	<u>Decreased</u>	<u>Balance</u>
		<u>Amount</u>			<u>Rate</u>			
2016 Series L Water & Sewer Revenue Refunding Bonds	3-1-2016	\$ 4,810,000.00	4.00%	1-1-2021	\$ 1,110,000.00	\$ 2,180,000.00	\$ 1,070,000.00	\$ 1,110,000.00
Premium on Bonds - Amortized						81,006.60	81,006.60	
						<u>\$ 2,261,006.60</u>	<u>\$ 1,151,006.60</u>	<u>\$ 1,110,000.00</u>
					Disbursed		\$ 1,070,000.00	
					Premium on Bonds - Amortized		<u>81,006.60</u>	
							<u>\$ 1,151,006.60</u>	

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Loans Payable
 For the Year Ended December 31, 2020

Purpose	Original		Interest Rate	Maturities		Balance Jan. 1, 2020	Decreased	Balance Dec. 31, 2020
	Date	Amount		Date	Amount			
New Jersey Environmental Infrastructure Trust Loan, Series 2008 (Non-Interest Bearing)	11-9-08	\$ 2,198,000.00	N/A	2-1-2021	\$ 18,785.59	\$ 1,017,607.39	\$ 114,011.74	\$ 903,595.65
				8-1-2021	94,260.07			
				2-1-2022	16,710.04			
				8-1-2022	95,203.50			
				2-1-2023	14,551.47			
				8-1-2023	99,082.89			
				2-1-2024	12,226.86			
				8-1-2024	99,777.25			
				2-1-2025	10,038.10			
				8-1-2025	103,626.45			
				2-1-2026	7,698.39			
				8-1-2026	104,305.72			
				2-1-2027	5,283.21			
				8-1-2027	107,928.50			
				2-1-2028	2,717.08			
8-1-2028	111,400.53							
				903,595.65				
New Jersey Environmental Infrastructure Trust Loan, Series 2008 (Interest Bearing)	11-9-08	2,230,000.00	5.50%	9-1-2021	125,000.00	1,325,000.00	120,000.00	1,205,000.00
			5.50%	9-1-2022	130,000.00			
			5.50%	9-1-2023	140,000.00			
			5.50%	9-1-2024	145,000.00			
			5.50%	9-1-2025	155,000.00			
			5.00%	9-1-2026	160,000.00			
			5.00%	9-1-2027	170,000.00			
			5.00%	9-1-2028	180,000.00			
				1,205,000.00				

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Loans Payable
 For the Year Ended December 31, 2020

<u>Purpose</u>	<u>Original</u>		<u>Interest</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2020</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
	<u>Date</u>	<u>Amount</u>		<u>Rate</u>	<u>Date</u>			
New Jersey Environmental Infrastructure Trust Loan, Series 2010 Clean Water (Non-Interest Bearing)	3-10-10	\$ 1,753,612.00	N/A	2-1-2021	\$ 31,314.50			
				8-1-2021	62,629.00			
				2-1-2022	31,314.50			
				8-1-2022	62,629.00			
				2-1-2023	31,314.50			
				8-1-2023	62,629.00			
				2-1-2024	31,314.50			
				8-1-2024	62,629.00			
				2-1-2025	31,314.50			
				8-1-2025	62,629.00			
				2-1-2026	31,314.50			
				8-1-2026	62,629.00			
				2-1-2027	31,314.50			
				8-1-2027	62,629.00			
				2-1-2028	31,314.50			
				8-1-2028	62,629.00			
				2-1-2029	31,314.50			
				8-1-2029	62,629.00			
					<u>845,491.50</u>	\$ 939,435.00	\$ 93,943.50	\$ 845,491.50
New Jersey Environmental Infrastructure Trust Loan, Series 2010 Clean Water (Interest Bearing)	3-10-10	1,785,000.00	2.00%	8-1-2021	100,000.00			
			2.00%	8-1-2022	100,000.00			
			2.00%	8-1-2023	105,000.00			
			2.00%	8-1-2024	110,000.00			
			2.00%	8-1-2025	60,000.00			
					<u>475,000.00</u>	570,000.00	95,000.00	475,000.00

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Loans Payable
 For the Year Ended December 31, 2020

<u>Purpose</u>	<u>Original</u>		<u>Interest</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2020</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
	<u>Date</u>	<u>Amount</u>		<u>Rate</u>	<u>Date</u>			
New Jersey Environmental Infrastructure Trust Loan, Series 2010 Drinking Water (Non-Interest Bearing)	3-10-10	\$ 619,370.00	N/A	2-1-2021	\$ 11,060.17			
				8-1-2021	22,120.35			
				2-1-2022	11,060.17			
				8-1-2022	22,120.35			
				2-1-2023	11,060.17			
				8-1-2023	22,120.35			
				2-1-2024	11,060.17			
				8-1-2024	22,120.35			
				2-1-2025	11,060.17			
				8-1-2025	22,120.35			
				2-1-2026	11,060.17			
				8-1-2026	22,120.35			
				2-1-2027	11,060.17			
				8-1-2027	22,120.35			
				2-1-2028	11,060.17			
				8-1-2028	22,120.35			
				2-1-2029	11,060.17			
				8-1-2029	22,120.64			
					298,624.97	\$ 331,805.49	\$ 33,180.52	\$ 298,624.97
New Jersey Environmental Infrastructure Trust Loan, Series 2010 Drinking Water (Interest Bearing)	3-10-10	630,000.00	2.00%	8-1-2021	35,000.00			
			2.00%	8-1-2022	35,000.00			
			2.00%	8-1-2023	35,000.00			
			2.00%	8-1-2024	5,000.00			
					110,000.00	145,000.00	35,000.00	110,000.00

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Loans Payable
 For the Year Ended December 31, 2020

<u>Purpose</u>	<u>Original</u>		<u>Interest</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2020</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
	<u>Date</u>	<u>Amount</u>		<u>Rate</u>	<u>Date</u>			
New Jersey Environmental Infrastructure Trust Loan, Series 2014 Clean Water (Non-Interest Bearing)	5-21-14	\$ 2,365,598.00	N/A	2-1-2021	\$ 40,094.88			
				8-1-2021	80,189.76			
				2-1-2022	40,094.88			
				8-1-2022	80,189.76			
				2-1-2023	40,094.88			
				8-1-2023	80,189.76			
				2-1-2024	40,094.88			
				8-1-2024	80,189.76			
				2-1-2025	40,094.88			
				8-1-2025	80,189.76			
				2-1-2026	40,094.88			
				8-1-2026	80,189.76			
				2-1-2027	40,094.88			
				8-1-2027	80,189.76			
				2-1-2028	40,094.88			
				8-1-2028	80,189.76			
				2-1-2029	40,094.88			
				8-1-2029	80,189.76			
				2-1-2030	40,094.88			
				8-1-2030	80,189.76			
				2-1-2031	40,094.88			
				8-1-2031	80,189.76			
				2-1-2032	40,094.88			
				8-1-2032	80,189.76			
				2-1-2033	40,094.88			
				8-1-2033	80,189.84			
					<u>1,563,700.40</u>	\$ 1,683,985.04	\$ 120,284.64	\$ 1,563,700.40

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Loans Payable
 For the Year Ended December 31, 2020

<u>Purpose</u>	<u>Original</u>		<u>Interest Rate</u>	<u>Maturities</u>		<u>Balance Jan. 1, 2020</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2020</u>
	<u>Date</u>	<u>Amount</u>		<u>Date</u>	<u>Amount</u>			
New Jersey Environmental Infrastructure Trust Loan, Series 2014 Clean Water (Interest Bearing)	5-21-14	\$ 770,000.00	5.00%	8-1-2021	\$ 35,000.00	\$ 625,000.00	\$ 35,000.00	\$ 590,000.00
			5.00%	8-1-2022	35,000.00			
			5.00%	8-1-2023	40,000.00			
			5.00%	8-1-2024	40,000.00			
			3.00%	8-1-2025	45,000.00			
			3.00%	8-1-2026	45,000.00			
			3.00%	8-1-2027	45,000.00			
			3.00%	8-1-2028	45,000.00			
			3.00%	8-1-2029	50,000.00			
			3.00%	8-1-2030	50,000.00			
			3.00%	8-1-2031	50,000.00			
			3.125%	8-1-2032	55,000.00			
			3.25%	8-1-2033	55,000.00			
New Jersey Environmental Infrastructure Trust Loan, Series 2014 Drinking Water (Non-Interest Bearing)	5-21-14	876,888.00	N/A	2-1-2021	14,862.50			
				8-1-2021	29,725.01			
				2-1-2022	14,862.50			
				8-1-2022	29,725.01			
				2-1-2023	14,862.50			
				8-1-2023	29,725.01			
				2-1-2024	14,862.50			
				8-1-2024	29,725.01			
				2-1-2025	14,862.50			
				8-1-2025	29,725.01			
				2-1-2026	14,862.50			
				8-1-2026	29,725.01			
				2-1-2027	14,862.50			
				8-1-2027	29,725.01			
2-1-2028	14,862.50							
8-1-2028	29,725.01							

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Loans Payable
 For the Year Ended December 31, 2020

<u>Purpose</u>	<u>Original</u>		<u>Interest</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2020</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
	<u>Date</u>	<u>Amount</u>		<u>Rate</u>	<u>Date</u>			
New Jersey Environmental Infrastructure Trust Loan, Series 2014 Drinking Water (Non-Interest Bearing) (Cont'd)	5-21-14	\$ 876,888.00	N/A	2-1-2029	\$ 14,862.50			
				8-1-2029	29,725.01			
				2-1-2030	14,862.50			
				8-1-2030	29,725.01			
				2-1-2031	14,862.50			
				8-1-2031	29,725.01			
				2-1-2032	14,862.50			
				8-1-2032	29,725.01			
				2-1-2033	14,862.50			
				8-1-2033	14,295.31			
					<u>564,207.93</u>	\$ 608,795.44	\$ 44,587.51	\$ 564,207.93
New Jersey Environmental Infrastructure Trust Loan, Series 2014 Drinking Water (Interest Bearing)	5-21-14	285,000.00	5.00%	8-1-2021	15,000.00			
			5.00%	8-1-2022	15,000.00			
			5.00%	8-1-2023	15,000.00			
			5.00%	8-1-2024	15,000.00			
			3.00%	8-1-2025	15,000.00			
			3.00%	8-1-2026	15,000.00			
			3.00%	8-1-2027	15,000.00			
			3.00%	8-1-2028	15,000.00			
			3.00%	8-1-2029	20,000.00			
			3.00%	8-1-2030	20,000.00			
			3.00%	8-1-2031	20,000.00			
			3.125%	8-1-2032	20,000.00			
			3.25%	8-1-2033	20,000.00			
					<u>220,000.00</u>	235,000.00	15,000.00	220,000.00

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Loans Payable
 For the Year Ended December 31, 2020

<u>Purpose</u>	<u>Original</u>		<u>Interest</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2020</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
	<u>Date</u>	<u>Amount</u>		<u>Rate</u>	<u>Date</u>			
New Jersey Environmental Infrastructure Trust Loan, Series 2015 Clean Water (Non-Interest Bearing)	5-28-15	\$ 1,176,180.00	N/A	2-1-2021	\$ 19,935.25			
				8-1-2021	39,870.50			
				2-1-2022	19,935.25			
				8-1-2022	39,870.50			
				2-1-2023	19,935.25			
				8-1-2023	39,870.50			
				2-1-2024	19,935.25			
				8-1-2024	39,870.50			
				2-1-2025	19,935.25			
				8-1-2025	39,870.50			
				2-1-2026	19,935.25			
				8-1-2026	39,870.50			
				2-1-2027	19,935.25			
				8-1-2027	39,870.50			
				2-1-2028	19,935.25			
				8-1-2028	39,870.50			
				2-1-2029	19,935.25			
				8-1-2029	39,870.50			
				2-1-2030	19,935.25			
				8-1-2030	39,870.50			
				2-1-2031	19,935.25			
				8-1-2031	39,870.50			
				2-1-2032	19,935.25			
				8-1-2032	28,054.25			
					<u>705,852.75</u>	\$ 897,086.50	\$ 191,233.75	\$ 705,852.75
New Jersey Environmental Infrastructure Trust Loan, Series 2015 Clean Water (Interest Bearing)	5-28-15	490,000.00	5.00%	8-1-2021	20,000.00			
			5.00%	8-1-2022	20,000.00			
			5.00%	8-1-2023	25,000.00			
			5.00%	8-1-2024	25,000.00			
			5.00%	8-1-2025	25,000.00			
			5.00%	8-1-2026	25,000.00			

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Loans Payable
 For the Year Ended December 31, 2020

<u>Purpose</u>	<u>Original</u>		<u>Interest</u>	<u>Maturities</u>		<u>Balance</u> <u>Jan. 1, 2020</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
	<u>Date</u>	<u>Amount</u>		<u>Rate</u>	<u>Date</u>			
New Jersey Environmental Infrastructure Trust Loan, Series 2015 Clean Water (Interest Bearing) (Cont'd)	5-28-15	\$ 490,000.00	4.00%	8-1-2027	\$ 30,000.00			
			4.00%	8-1-2028	30,000.00			
			4.00%	8-1-2029	30,000.00			
			4.00%	8-1-2030	30,000.00			
			4.00%	8-1-2031	35,000.00			
			4.00%	8-1-2032	35,000.00			
			4.00%	8-1-2033	35,000.00			
			4.00%	8-1-2034	35,000.00			
					<u>400,000.00</u>	\$ 420,000.00	\$ 20,000.00	\$ 400,000.00
New Jersey Environmental Infrastructure Trust Loan, Series 2015 Drinking Water (Non-Interest Bearing)	5-28-15	695,657.00	N/A	2-1-2021	11,790.79			
				8-1-2021	23,581.59			
				2-1-2022	11,790.79			
				8-1-2022	23,581.59			
				2-1-2023	11,790.79			
				8-1-2023	23,581.59			
				2-1-2024	11,790.79			
				8-1-2024	23,581.59			
				2-1-2025	11,790.79			
				8-1-2025	23,581.59			
				2-1-2026	11,790.79			
				8-1-2026	23,581.59			
				2-1-2027	11,790.79			
				8-1-2027	23,581.59			
				2-1-2028	11,790.79			
				8-1-2028	23,581.59			
				2-1-2029	11,790.79			
				8-1-2029	23,581.59			
				2-1-2030	11,790.79			
				8-1-2030	23,581.59			
				2-1-2031	11,790.79			
				8-1-2031	23,581.59			

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Loans Payable
 For the Year Ended December 31, 2020

<u>Purpose</u>	<u>Original</u>		<u>Interest Rate</u>	<u>Maturities</u>		<u>Balance Jan. 1, 2020</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2020</u>
	<u>Date</u>	<u>Amount</u>		<u>Date</u>	<u>Amount</u>			
New Jersey Environmental Infrastructure Trust Loan, Series 2015 Drinking Water (Non-Interest Bearing) (Cont'd)	5-28-15	\$ 695,657.00	N/A	2-1-2032	\$ 11,790.79	\$ 530,585.89	\$ 35,372.38	\$ 495,213.51
				8-1-2032	23,581.59			
				2-1-2033	11,790.79			
				8-1-2033	23,581.59			
				2-1-2034	11,790.79			
				8-1-2034	23,581.78			
					<u>495,213.51</u>			
New Jersey Environmental Infrastructure Trust Loan, Series 2015 Drinking Water (Interest Bearing)	5-28-15	290,000.00	5.00%	8-1-2021	15,000.00	250,000.00	10,000.00	240,000.00
				8-1-2022	15,000.00			
				8-1-2023	15,000.00			
				8-1-2024	15,000.00			
				8-1-2025	15,000.00			
				8-1-2026	15,000.00			
				8-1-2027	15,000.00			
				8-1-2028	15,000.00			
				8-1-2029	20,000.00			
				8-1-2030	20,000.00			
				8-1-2031	20,000.00			
				8-1-2032	20,000.00			
				8-1-2033	20,000.00			
				8-1-2034	20,000.00			
	<u>240,000.00</u>							

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Loans Payable
 For the Year Ended December 31, 2020

<u>Purpose</u>	<u>Original</u>		<u>Interest Rate</u>	<u>Maturities</u>		<u>Balance Jan. 1, 2020</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2020</u>
	<u>Date</u>	<u>Amount</u>		<u>Date</u>	<u>Amount</u>			
New Jersey Environmental Infrastructure Trust Loan, Series 2017A-2 Drinking Water (Interest Bearing)	11/21/2017	\$ 2,115,000.00	5.00%	8-1-2021	\$ 85,000.00			
			5.00%	8-1-2022	90,000.00			
			5.00%	8-1-2023	90,000.00			
			5.00%	8-1-2024	95,000.00			
			5.00%	8-1-2025	100,000.00			
			5.00%	8-1-2026	105,000.00			
			2.125%	8-1-2027	110,000.00			
			2.375%	8-1-2028	115,000.00			
			2.500%	8-1-2029	115,000.00			
			2.625%	8-1-2030	120,000.00			
			2.750%	8-1-2031	125,000.00			
			2.750%	8-1-2032	125,000.00			
			2.875%	8-1-2033	130,000.00			
			2.875%	8-1-2034	135,000.00			
			3.00%	8-2-2035	135,000.00			
			3.00%	8-3-2036	140,000.00			
			3.00%	8-3-2037	145,000.00			
					<u>1,960,000.00</u>	\$ 2,040,000.00	\$ 80,000.00	\$ 1,960,000.00
New Jersey Environmental Infrastructure Trust Loan, Series 2017A-2 Drinking Water (Non-Interest Bearing)	11/21/2017	2,173,449.00	N/A	2-1-2021	36,838.11			
				8-1-2021	73,676.23			
				2-1-2022	36,838.11			
				8-1-2022	73,676.23			
				2-1-2023	36,838.11			
				8-1-2023	73,676.23			
				2-1-2024	36,838.11			
				8-1-2024	73,676.23			
				2-1-2025	36,838.11			
				8-1-2025	73,676.23			
				2-1-2026	36,838.11			
				8-1-2026	73,676.23			
				2-1-2027	36,838.11			

(Continued)

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
 Schedule of Revenue Loans Payable
 For the Year Ended December 31, 2020

Purpose	Original		Interest Rate	Maturities		Balance Jan. 1, 2020	Decreased	Balance Dec. 31, 2020
	Date	Amount		Date	Amount			
New Jersey Environmental Infrastructure Trust Loan, Series 2017A-2 Drinking Water (Non-Interest Bearing) (Cont'd)	11/21/2017	\$ 2,173,449.00	N/A	8-1-2027	\$ 73,676.23			
				2-1-2028	36,838.11			
				8-1-2028	73,676.23			
				2-1-2029	36,838.11			
				8-1-2029	73,676.23			
				2-1-2030	36,838.11			
				8-1-2030	73,676.23			
				2-1-2031	36,838.11			
				8-1-2031	73,676.23			
				2-1-2032	36,838.11			
				8-1-2032	73,676.23			
				2-1-2033	36,838.11			
				8-1-2033	73,676.23			
				2-1-2034	36,838.11			
				8-1-2034	73,676.23			
				2-1-2035	36,838.11			
				8-1-2035	62,527.22			
					1,646,566.09	\$ 1,989,258.43	\$ 342,692.34	\$ 1,646,566.09
Premium on Loans - Amortized						13,608,559.18	1,385,306.38	12,223,252.80
						243,160.35	15,620.85	227,539.50
						\$ 13,851,719.53	\$ 1,400,927.23	\$ 12,450,792.30
Disbursed							\$ 1,021,700.38	
Defeased							363,606.00	
							\$ 1,385,306.38	

**WILLINGBORO MUNICIPAL UTILITIES
AUTHORITY**

PART II

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Recommendations
For the Year Ended December 31, 2020

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. 2020-001

Criteria or Specific Requirement

Strong internal control practices dictate that bank accounts be reconciled accurately in a timely manner to prevent misappropriations of cash.

Condition

The Authority did not accurately reconcile their bank accounts in a timely manner.

Context

During our testing of the Authority's bank reconciliations, we noted that several reconciliations were not accurately prepared. It was also noted that reconciliations were not prepared timely.

Effect

There is an increased possibility of the misappropriation of Authority cash or errors not being detected in a timely manner.

Cause

The Authority did not maintain adequate oversight over the reconciliation process of the bank accounts.

Recommendation

The Authority should review their internal controls and establish procedures to ensure that all bank accounts are reconciled accurately in a timely manner.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Recommendations
For the Year Ended December 31, 2020

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2020-002

Criteria or Specific Requirement

Per N.J.S.A. 10:4-14, "Each public body shall keep reasonably comprehensible minutes of all its meetings showing the time and place, the members present, the subjects considered, the actions taken, the vote of each member, and any other information required to be shown in the minutes by law, which shall be promptly available to the public."

Condition

The Authority's official Board meeting minutes did not comply with N.J.S.A. 10:4-14 requirements.

Context

During the course of our audit, we encountered the following issues while reading the minutes:

- Board minutes indicated approval of resolutions, however signed copies were not available for audit.
- The recorded votes in the minutes included former board members.
- The approved minutes did not reflect the activities that occurred during the meeting.

Effect

An accurate, complete permanent record of the Authority meetings was not available.

Cause

The minutes were not maintained properly.

Recommendation

That the Authority's official Board meeting minutes comply with N.J.S.A. 10:4-14 requirements.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

WILLINGBORO MUNICIPAL UTILITIES AUTHORITY
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

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

None.

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APPRECIATION

We express our appreciation for the courtesies extended and assistance rendered to us during the course of this audit.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

