

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY  
(A COMPONENT UNIT OF THE COUNTY OF BERGEN)  
REPORT OF AUDIT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2021 AND 2020**

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

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**INDEPENDENT AUDITOR'S REPORT**

Honorable Chairman and Members of the  
Northwest Bergen County Utilities Authority  
County of Bergen  
Waldwick, New Jersey

**Report on the Financial Statements**

***Modified Opinion***

We have audited the accompanying statements of net position of the Northwest Bergen County Utilities Authority as of December 31, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the "*Basis for Modified Opinion*" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Northwest Bergen County Utilities Authority as of December 31, 2021, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Modified Opinion***

Management has not updated the net other post-employment benefit obligation and net pension obligation, deferred outflow, accounts payable, and deferred inflow accounts to a measurement date acceptable under current accounting standards for the year ended December 31, 2021. Government Accounting Standards Board Statements No. 68 and No. 75 require a state or local government employer to recognize a net pension liability and other post-employment benefit obligation measured as of a date no earlier than the end of its prior fiscal year. The amount by which this departure would affect the deferred outflows of resources, liabilities, deferred inflows of resources, net pension and net post-employment benefit obligation has not been determined. As discussed in Note 17, the financial statements as of December 31, 2020 have been updated to reflect the current measurement dates of the pension obligation as required by GASB 68 and the OPEB obligation as required by GASB 75.



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

Management is responsible for the preparation and fair presentation of the 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 misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Northwest Bergen County Utilities Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

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





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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, schedule of the Authority’s proportionate share of the net pension liability, schedule of funding progress for the OPEB plan, schedule of employer contributions to the OPEB plan, and schedule of Authority contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 the 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 opinions on the financial statements that collectively comprise the Authority’s basic financial statements. The supplementary information listed in the table of contents and the schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information listed in the table of contents and the schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Honorable Chairperson and Members of the  
Northwest Bergen County Utilities Authority  
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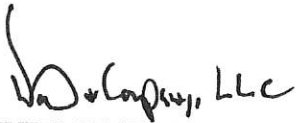
Management is responsible for the other information included in the annual report. The other information comprises the letter of comments and recommendations section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**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 Northwest Bergen County Utilities Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Northwest Bergen County Utilities Authority's internal control over financial reporting and compliance.

Very truly yours,



WIELKOTZ & COMPANY, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey

March 21, 2022



**Required Supplementary Information - Part I**



## **Management Discussion and Analysis**

## **NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

*As management of the Northwest Bergen County Utilities Authority, we offer the Authority's financial statements this narrative overview and analysis of the Authority's financial performance during the years ended December 31, 2021 and 2020. Please read this analysis in conjunction with the Authority's financial statements, which follow this section.*

#### **Financial Highlights**

- The Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$30,466,094 (net position) for the year reported. This compares to the previous period when assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$28,580,418, as restated.
- Total net position is comprised of the following:
  - (1) Net investment in capital assets of \$35,718,814 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  - (2) Restricted net position of \$10,610,288 are restricted by constraints imposed from outside the Authority such as debt covenants, grantors, laws, or regulations.
  - (3) Unrestricted net position of \$(15,863,008) represent the portion available to maintain the Authority's continuing obligations to citizens and creditors.
- Total liabilities of the Authority decreased by \$1,044,205 to \$49,537,704 during the year ended December 31, 2021.

#### **Overview of the Financial Statements**

This annual report includes this management discussion, the independent auditor's report and the basic financial statements of the Authority. The financial statements also include notes that explain in more detail some of the information in the financial statements.

#### **Required Financial Statements**

The financial statements of the Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The *Statement of Net Position* includes all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources, and provides information about the

## NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

### MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

nature and amounts of investments in resources (assets), the consumption of net position that is applicable to a future period (deferred outflows of resources), the acquisition of net position that is applicable to a future reporting period (deferred inflows of resources) and the obligations to Authority creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses and Changes in Net Position*. This statement measures the results of the Authority's operations over the past year and can be used to determine whether the Authority has recovered all its costs through user fees and other charges, operational stability and credit worthiness.

The final required financial statement is the *Statement of Cash Flows*. This statement reports cash receipts and cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as what operational sources provided cash, what was the cash used for, and what was the change in cash balance during the reporting period.

#### Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the financial statements. The notes to the financial statements begin immediately following the basic financial statements.

#### Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information. This supplementary information follows the notes to the financial statements.

#### **Financial Analysis of the Authority**

One of the most important questions asked about the Authority's finances is "Is the Authority as a whole better able to fulfill its mission as a result of this year's activities?" The *Statement of Net Position* and the *Statement of Revenues, Expenses and Changes in Net Position* report information about the Authority's activities in a way that will help answer this question. These two statements report net position of the Authority and the changes in those assets. The reader can think of the Authority's net position – the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources – as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider the non-financial factors such as changes in economic conditions, population growth, development, and new or changed government regulation.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

(continued)

**Net Position**

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the Authority as a whole.

The Authority's net position at December 31, 2021 was \$30,466,094. This is a \$1,885,676 increase over last period's restated net position of \$28,580,418. A summary of the Authority's statement of net position is presented in the following table:

**Condensed Statement of Net Position**

	<u>Dec. 31, 2021</u>	<u>Restated Dec. 31, 2020</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current Assets	22,706,847	22,150,307	556,540	2.51
Non-Current Assets	<u>62,573,575</u>	<u>62,133,986</u>	<u>439,589</u>	0.71
Total Assets	<u>85,280,422</u>	<u>84,284,293</u>	<u>996,129</u>	1.18
Deferred Outflows of Resources	<u>5,001,161</u>	<u>5,044,485</u>	<u>(43,324)</u>	(0.86)
Current Liabilities	10,683,437	15,561,794	(4,878,357)	(31.35)
Non-Current Liabilities	<u>38,854,267</u>	<u>35,020,115</u>	<u>3,834,152</u>	10.95
Total Liabilities	<u>49,537,704</u>	<u>50,581,909</u>	<u>(1,044,205)</u>	(2.06)
Deferred Inflows of Resources	<u>10,277,785</u>	<u>10,166,451</u>	<u>111,334</u>	1.10
Net Investment in Capital Assets	35,718,814	35,989,172	(270,358)	(0.75)
Restricted	10,610,288	9,798,913	811,375	8.28
Unrestricted	<u>(15,863,008)</u>	<u>(17,207,667)</u>	<u>(13,618,793)</u>	79.14
Total Net Position	<u>30,466,094</u>	<u>28,580,418</u>	<u>1,885,676</u>	6.60



**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

(continued)

**Net Position (Continued)**

A summary of the Authority's prior year statement of net position is presented with comparative FY 2020 balances in the following table. This comparison has not been restated to reflect the changes required by GASB Statement No. 68 or 75.

**Condensed Statement of Net Position**

	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current Assets	22,150,307	24,342,142	(2,191,835)	(9.00)
Non-Current Assets	<u>62,133,986</u>	<u>59,035,003</u>	<u>3,098,983</u>	5.25
Total Assets	<u>84,284,293</u>	<u>83,377,145</u>	<u>907,148</u>	1.09
Deferred Outflows of Resources	<u>2,328,254</u>	<u>2,371,577</u>	<u>(43,323)</u>	(1.83)
Current Liabilities	15,488,920	14,275,299	1,213,621	8.50
Non-Current Liabilities	<u>32,339,011</u>	<u>34,402,485</u>	<u>(2,063,474)</u>	(6.00)
Total Liabilities	<u>47,827,931</u>	<u>48,677,784</u>	<u>(849,853)</u>	(1.75)
Deferred Inflows of Resources	<u>10,520,873</u>	<u>10,545,988</u>	<u>(25,115)</u>	(0.24)
Net Investment in Capital Assets	35,989,172	36,016,710	(27,538)	(0.08)
Restricted	9,798,913	8,966,144	832,769	9.29
Unrestricted	<u>(17,524,342)</u>	<u>(18,457,904)</u>	<u>(13,618,793)</u>	73.78
Total Net Position	<u>28,263,743</u>	<u>26,524,950</u>	<u>1,738,793</u>	6.56

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

(continued)

**Net Position (Continued)**

While the *Statement of Net Position* shows the change in financial position of net position, the *Statement of Revenues, Expenses and Changes in Net Position* provides answers as to the nature and source of these changes.

**Condensed Statement of Revenues, Expenses  
And Changes in Net Position**

	<u>Dec. 31, 2021</u>	<u>Restated Dec. 31, 2020</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	15,834,660	14,780,411	1,054,249	7.13
Non-operating Revenues	<u>96,308</u>	<u>177,516</u>	<u>(81,208)</u>	(45.75)
Total Revenues	<u>15,930,968</u>	<u>14,957,927</u>	<u>973,041</u>	6.51
Depreciation	2,524,722	2,136,143	388,579	18.19
Other Operating Expense	11,131,487	10,767,672	363,815	3.38
Other Non-operating Expense	<u>389,083</u>	<u>315,319</u>	<u>73,764</u>	23.39
Total Expenses	<u>14,045,292</u>	<u>13,219,134</u>	<u>826,158</u>	6.25
Change in Net Position	1,885,676	1,738,793	146,883	8.45
Net Position, January 1	<u>28,580,418</u>	<u>26,841,625</u>	<u>1,738,793</u>	6.48
Net Position, December 31	<u>30,466,094</u>	<u>28,580,418</u>	<u>1,885,676</u>	6.60

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

(continued)

**Net Position (Continued)**

A summary of the Authority's prior year statement of revenues, expenses and change in net position is presented with comparative 2019 figures in the following table. This comparison has not been restated to reflect the changes required by GASB Statement No. 68 or 75.

**Condensed Statement of Revenues, Expenses  
And Changes in Net Position**

	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	14,780,411	15,412,567	(632,156)	(4.10)
Non-operating Revenues	<u>177,516</u>	<u>303,996</u>	<u>(126,480)</u>	(41.61)
Total Revenues	<u>14,957,927</u>	<u>15,716,563</u>	<u>(758,636)</u>	(4.83)
Depreciation	2,136,143	2,145,675	(9,532)	(0.44)
Other Operating Expense	10,767,672	10,483,548	284,124	2.71
Other Non-operating Expense	<u>315,319</u>	<u>342,010</u>	<u>(26,691)</u>	(7.80)
Total Expenses	<u>13,219,134</u>	<u>12,971,233</u>	<u>247,901</u>	1.91
Change in Net Position	1,738,793	2,745,330	(1,006,537)	(36.66)
Net Position, January 1	<u>26,524,950</u>	<u>23,779,620</u>	<u>2,745,330</u>	11.54
Net Position, December 31	<u>28,263,743</u>	<u>26,524,950</u>	<u>1,738,793</u>	6.56

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(continued)**

**Budgetary Highlight**

The State of New Jersey requires local authorities to prepare and adopt annual budgets in accordance with the Local Authorities Fiscal Control Law and regulations adopted by the Local Finance Board pursuant to this statute and codified as N.J.A.C. 5:31-1 et seq. The statutory budget was designed to demonstrate to the Bureau of Authority Regulation of the Division of Local Government Services that the cash flows of the Authority for the coming year will be sufficient to cover operating expenses, interest accruing on bonded indebtedness and cash payments of maturing bond and loan principal.

The following tables provides a budget comparison:

**Budget vs. Actual - 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Operating	14,723,465	15,834,660	1,111,195
Non-Operating	<u>40,000</u>	<u>37,930</u>	<u>(2,070)</u>
	<u>14,763,465</u>	<u>15,872,590</u>	<u>1,109,125</u>
Expenses:			
Operating	11,914,175	11,198,913	715,262
Non-Operating	<u>2,849,290</u>	<u>2,842,830</u>	<u>6,460</u>
	<u>14,763,465</u>	<u>14,041,743</u>	<u>721,722</u>
Income Before Depreciation	<u>0</u>	<u>1,830,847</u>	<u>1,830,847</u>

**Budget vs. Actual - 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Operating	14,476,012	14,780,411	304,399
Non-Operating	<u>40,000</u>	<u>121,194</u>	<u>183,435</u>
	<u>14,516,012</u>	<u>14,901,605</u>	<u>385,593</u>
Expenses:			
Operating	11,753,355	10,822,197	931,158
Non-Operating	<u>2,762,657</u>	<u>2,745,676</u>	<u>16,981</u>
	<u>14,516,012</u>	<u>13,567,873</u>	<u>948,139</u>
Income Before Depreciation	<u>0</u>	<u>1,333,732</u>	<u>1,333,732</u>



**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(continued)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At December 31, 2021, the Authority had invested \$122,182,867 in capital assets. The Authority's net property, plant and equipment at fiscal year end was \$62,573,575. This is an increase of \$439,589 over last year's net property, plant and equipment of \$62,133,986. A summary of the Authority's capital assets is presented in the following table:

	<b>Capital Assets</b>		
	<u>Dec. 31, 2021</u>	<u>Dec. 31, 2020</u>	<u>Dollar Change</u>
Land	1,372,226	1,372,226	0
Treatment Plant and Collection System Plant and Equipment	104,580,298 <u>16,230,343</u>	94,683,748 <u>14,669,628</u>	9,896,550 <u>1,560,715</u>
Total Property, Plant and Equipment	122,182,867	110,725,602	11,457,265
Less: Accumulated Depreciation	<u>(74,721,579)</u> 47,461,288	<u>(72,196,857)</u> 38,528,745	<u>(2,524,722)</u> 8,932,543
Construction in Progress	<u>15,112,287</u>	<u>23,605,241</u>	<u>(8,492,954)</u>
Net Property, Plant and Equipment	<u>62,573,575</u>	<u>62,133,986</u>	<u>439,589</u>

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

(continued)

The Authority's ongoing capital plan is reviewed each year by the Authority's consulting engineer. Notable future capital improvements are listed below:

Wastewater Treatment:

Wastewater Pump Station Improvements (S340700-15)	\$2,300,000
Upgrade Operating Building Interior	660,000
Incinerator Repairs	700,000
Collection System Gravity Main Repairs (S340700-19)	1,000,000
Collection System Expansion	10,000,000
Fiber Optic Pump Station Installations	441,000
Upgrade Mission and Phoenix Alarm Systems/ Wet Well Dissolved O2 Systems/ New Pump for HHPS	350,000
Replace Federal Electric Sub-Panels left throughout Plant	75,000
Upgrade and Replace PLCs and CCS in Primary Building, Simplify Wiring	90,000
Vehicle Replacement (2 Ford Explorers)	90,000
Replace Aeration Gallery PLCs, wiring, and transmission data systems	150,000
Roof Replacement and Repair of Grit Building and Disinfection Building (incl. epoxy coating of interior walls grit bldg)	200,000
WWTP Gate Valves and Actuator Replacement Upgrade (Inlet Bldg and secondary crossover channel incl. electric)	800,000
Replace BFP#2 Schwing Pump	400,000
Vehicle Storage Building	600,000
Cake Receiving Facility	1,000,000
Pump Station PLC Replacement	120,000
Upgrade Polymer Room Electrical Cabinets, Automate Polymer System	25,000
Thickener Scrubber Upgrade to Fully Automated and Winterize	30,000
Upgrade Pump Station Lighting Including Wet Wells	35,000
Chapel Road Manhole Replacement	1,883,970
Darlington Force Main Repairs	68,306
Wastewater Treatment Plant Gravity Main Repairs (S340700-19)	780,502
Wastewater Treatment Plant Improvements (S340700-16)	234,651
Aeration Blower Replacement & Waste Activated Sludge (S340700-13)	186,463
Replace Plant Water Pumps VFD, Upgrade Transformers	<u>15,000</u>
	<u>\$22,234,892</u>

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(continued)**

**Debt Administration**

At December 31, 2021, the Authority had outstanding New Jersey Infrastructure Bank bonds and revenue refunding bonds in the amount of \$19,211,785. The debt service schedules goes out to 2041. Full details of the specific bond issues outstanding are found in Note 6 to the financial statements and the supplementary schedules. The Authority also had \$7,365,829 in temporary financing through the New Jersey Infrastructure Bank (formally the "NJEIT").

**Economic Factors, Future Years' Budgets and Rates**

The Commissioners and management of the Authority consider many factors when preparing each year's budget and annual charges. Two of the main factors are growth in the Authority's system and new regulations issued by the State and Federal governments.

**Contacting the Authority**

This financial report is designed to provide our customers and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the fees it receives. If you have any questions about this report or need additional information, contact the Northwest Bergen County Utilities Authority, 30 Wyckoff Avenue, P.O. Box 255, Waldwick, New Jersey 07463.

**Financial Statements**



**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**AS OF DECEMBER 31, 2021 AND 2020**

<u>ASSETS</u>	<u>2021</u>	<u>Restated 2020</u>
<b>Current Assets:</b>		
Unrestricted:		
Cash and Cash equivalents	\$ 9,958,527	\$ 8,642,375
Accounts Receivable	327,126	226,944
Intergovernmental Receivable	3,096	3,096
Inventory	894,439	827,013
Prepaid Items	125,393	137,033
Total Unrestricted Assets	<u>11,308,581</u>	<u>9,836,461</u>
Restricted:		
Project Construction Fund (NJIB)		
Loan Receivable-NJIB	674,519	2,395,328
Operation Account		
Cash and Cash Equivalents	3,072,409	2,978,544
Accrued Interest Receivable	2,402	-
Bond/Loan Service Account		
Cash and Cash Equivalents	1,047,255	1,057,591
Bond/Loan Reserve Account		
Cash and Cash Equivalents	720,100	876,802
Renewal and Replacement Account		
Cash and Cash Equivalents	<u>5,881,581</u>	<u>5,005,581</u>
Total Restricted Assets	<u>11,398,266</u>	<u>12,313,846</u>
Total Current Assets	<u>22,706,847</u>	<u>22,150,307</u>
<b>Capital Assets:</b>		
Land	1,372,226	1,372,226
Construction in Progress	15,112,287	23,605,241
Treatment Plant and Collection System	104,580,298	94,683,748
Property and Equipment	16,230,343	14,669,628
Less: Accumulates Depreciation	<u>(74,721,579)</u>	<u>(72,196,857)</u>
Total Capital Assets (net of accumulated depreciation)	<u>62,573,575</u>	<u>62,133,986</u>
<b>TOTAL ASSETS</b>	<u>85,280,422</u>	<u>84,284,293</u>

The accompanying "Notes to the Financial Statements" are an integral part of this report.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**AS OF DECEMBER 31, 2021 AND 2020**

	2021	Restated 2020
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred Savings on Refunding	\$ 129,970	\$ 173,294
Deferred Outflows Related to Pensions	1,590,214	1,590,214
Deferred Outflows Related to OPEB	3,280,977	3,280,977
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>5,001,161</b>	<b>5,044,485</b>
<b><u>LIABILITIES</u></b>		
<b>Current Liabilities:</b>		
Payable from Unrestricted Assets:		
Accounts Payable	\$ 476,174	\$ 331,865
Accounts Payable - Pension Related	645,168	645,168
Escrow Deposits Payable	5,000	5,000
Unearned Revenues	9,240	13,900
Other Liabilities	71,384	38,757
Total Current Liabilities Payable from Unrestricted Assets	1,206,966	1,034,690
Payable from Restricted Assets:		
Accounts Payable - Construction	204,765	1,217,230
Revenue Bonds and Loans Payable	1,792,418	1,696,625
NJIB/NJEIT Notes Payable	7,365,829	11,493,644
Accrued Interest on Bonds and Loans	113,459	119,605
Total Current Liabilities Payable from Restricted Assets	9,476,471	14,527,104
<b>Non-Current Liabilities</b>		
Revenue Bonds and Loans Payable	17,419,367	13,540,400
Accrued Compensated Absences	302,513	347,328
Net Pension Obligation	8,731,636	8,731,636
Net OPEB Obligation	12,400,751	12,400,751
Total Non-Current Liabilities	38,854,267	35,020,115
<b>TOTAL LIABILITIES</b>	<b>\$ 49,537,704</b>	<b>\$ 50,581,909</b>

The accompanying "Notes to the Financial Statements" are an integral part of this report.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY  
COMPARATIVE STATEMENT OF NET POSITION  
AS OF DECEMBER 31, 2021 AND 2020**

	2021	Restated 2020
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
<b>Deferred Inflows:</b>		
Deferred Savings on Refunding	\$ 126,631	\$ 140,009
Deferred Inflows Related to Pensions	3,886,399	3,886,399
Deferred Inflows Related to OPEB	5,514,515	5,514,515
Unamortized Premiums	750,240	625,528
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>10,277,785</b>	<b>10,166,451</b>
 <b>NET POSITION</b>		
Net Investment in Capital Assets	35,718,814	35,989,172
Restricted:		
Operating Reserve Fund	3,074,811	2,978,544
Bond / Loan Service Fund	933,796	937,986
Bond / Loan Reserve Fund	720,100	876,802
Renewal and Replacement Fund	5,881,581	5,005,581
Unrestricted		
Designated for Capital Improvements	4,042,347	2,757,937
Undesignated	(19,905,355)	(19,965,604)
<b>TOTAL NET POSITION</b>	<b>\$ 30,466,094</b>	<b>\$ 28,580,418</b>

The accompanying "Notes to the Financial Statements" are an integral part of this report.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>Restated 2020</u>
<b>Operating Revenue:</b>		
Member Service Fees	\$ 13,468,465	\$ 13,221,012
Sewer Connection Fees	549,997	320,819
Discharge Fees	2,700	1,800
Industrial Pretreatment Program	38,810	39,935
Outside Sludge	1,565,539	974,706
Collection System	106,333	78,216
Solar Renewable Energy Certificates	-	83,328
Miscellaneous	102,816	60,595
	<u>15,834,660</u>	<u>14,780,411</u>
<b>Total Operating Revenue</b>		
<b>Operating Expenses:</b>		
Administrative and Executive:		
Salaries & Wages	785,348	840,332
Fringe Benefits	434,641	397,870
Other Expenses	595,019	599,433
Cost of Services:		
Salaries & Wages	3,698,045	3,659,188
Fringe Benefits	2,160,343	2,052,892
Other Expenses	3,458,091	3,217,957
Depreciation Expense	2,524,722	2,136,143
	<u>13,656,209</u>	<u>12,903,815</u>
<b>Total Operating Expenses</b>		
Operating Income	<u>2,178,451</u>	<u>1,876,596</u>
<b>Non-Operating Revenue (Expenses):</b>		
Interest Income	37,930	121,194
Interest Expense	(270,205)	(302,049)
Amortization Expense	58,378	56,322
Costs of Issuance Expense	(118,878)	(13,270)
	<u>(292,775)</u>	<u>(137,803)</u>
<b>Non-Operating Income (Loss)</b>		
<b>Change In Net Position</b>	1,885,676	1,738,793
<b>Total Net Position - January 1,</b>	<u>28,580,418</u>	<u>26,841,625</u>
<b>Total Net Position - December 31,</b>	<u>\$ 30,466,094</u>	<u>\$ 28,580,418</u>

The accompanying "Notes to the Financial Statements" are an integral part of this report.



**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	Restated 2020
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Members	\$ 13,468,465	\$ 13,221,012
Cash Received from Other Operating Fees	2,158,537	1,591,652
Cash Paid to Suppliers	(6,526,944)	(6,451,054)
Cash Paid to Employees	(4,528,208)	(4,442,047)
Cash Received from Miscellaneous Fees	102,816	60,595
	4,674,666	3,980,158
<b>Cash Flow from Capital and Related Financing Activities:</b>		
Proceeds from NJEIT Loans Receivable	3,410,572	3,614,970
Bond Principal Paid	(1,696,625)	(1,662,627)
Payment of Debt Issuance Costs	(52,035)	-
Interest Paid - Bonds and Loans	(276,351)	(335,697)
Acquisition of Fixed Assets	(3,976,776)	(4,017,896)
	(2,591,215)	(2,401,250)
<b>Cash Flows from Investing Activities:</b>		
Interest Received	35,528	123,834
	35,528	123,834
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	2,118,979	1,702,742
<b>Cash and Cash Equivalents, January 1,</b>	18,560,893	16,858,151
<b>Cash and Cash Equivalents December 31,</b>	\$ 20,679,872	18,560,893
<b>Analysis of Balance at December 31,</b>		
Unrestricted - Cash and Cash Equivalents	9,958,527	8,642,375
Restricted - Cash and Cash Equivalents	10,721,345	9,918,518
	20,679,872	18,560,893

The accompanying "Notes to the Financial Statements" are an integral part of this report.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	Restated 2020
<b>Operating Income</b>	\$ 2,178,451	\$ 1,876,596
<b>Adjustments to Reconcile Operating Income to Net Cash</b>		
<b>Provided by Operating Activities</b>		
Depreciation Expense	2,524,722	2,136,143
(Increase)/Decrease in Accounts Receivable	(100,182)	79,848
(Increase)/Decrease in Inventory	(67,426)	(54,525)
(Increase)/Decrease in Prepaid Items	11,640	(20,642)
Increase/(Decrease) in Accounts Payable	144,309	(115,480)
Increase/(Decrease) in Accrued Compensated Absences	(44,815)	57,473
Increase/(Decrease) in Other Liabilities	32,627	7,745
Increase/(Decrease) in Unearned Revenue	(4,660)	13,000
<b>Total Adjustments</b>	2,496,215	2,103,562
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 4,674,666	\$ 3,980,158

The accompanying "Notes to the Financial Statements" are an integral part of this report.

**Notes to Financial Statements**

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**1. GENERAL**

The Northwest Bergen County Utilities Authority, successor agency to the Northwest Bergen County Sewer Authority, a public body corporate and politic of the State of New Jersey, was created pursuant to the laws of the State of New Jersey, Chapter 123, P.L. 1946 (as amended and supplemented by N.J.S.A. 40:14B-1) by virtue of a resolution of the Board of Chosen Freeholders of the County of Bergen (the "County") adopted July 23, 1952. The Authority commenced operations in 1969 by providing wastewater collection and treatment services to six municipalities. Currently, the Authority provides wastewater collection and treatment services to ten municipalities.

The Authority operates under the provisions of the Municipal and County Utilities Authorities Law (the "Act") and has broad powers under the Act including, among others, the following: to retain, operate and administer its property; to provide for bonds and to secure their payment and rights of holders thereof; to charge and collect service charges for the use of its facilities and to revise such service charges to ensure that the revenues of the Authority will at all times be adequate to pay all operating and maintenance expenses, including reserves, insurance, extensions and replacements, and to pay the principal of and the interest on any bonds or loans, and to maintain such reserves or sinking funds therefore as may be required by the terms of any contract of the Authority; and to make and enforce rules and regulations for the management of its business and affairs.

The Authority is governed by a Board of Commissioners (the "Board") consisting of nine members, each of whom is appointed by the Bergen County Executive with the advice and consent of the Board of Chosen Freeholders. The Act provides that alternate Commissioners may be appointed. In addition, the County Executive has veto power over the actions of the Board of Commissioners. An Executive Director is appointed by the Board and functions as Chief Executive Officer responsible for the daily operations of the Authority. The Authority would be includable as a component unit of the County of Bergen.

Component units are legally separate organizations for which the Authority is financially accountable or other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's board, and (1) the Authority is able to significantly influence the programs or services performed or provided by the organization; or (2) the Authority is legally entitled to or can otherwise access the organization's resources; the Authority is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Authority is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Authority in that the Authority approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the Authority has no component units.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

The financial statements of the Northwest Bergen County Utilities Authority have been prepared in accordance with generally accepted accounting principles (GAAP) applicable to enterprise funds of state and local governmental units. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and or net income is appropriate for capital maintenance, public policy, accountability or other purposes. The Governmental Accounting Standards Board GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The significant of the Authority's accounting policies are described below.

On January 1, 2013, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which amends the net asset reporting requirement of Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows from resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The classifications of net position are defined as follows:

- *Net Investment in Capital Assets* - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are any significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather that portion of the debt is included in the same net position component as the unspent proceeds.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**A. Basis of Presentation, (continued)**

- *Restricted* - This component of net position consists of constraints placed on net position used through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* - This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

**B. Basis of Accounting**

The Northwest Bergen County Utilities Authority prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Under the accrual basis of accounting, revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

**C. Grants**

Contributions received from Federal and State grants are recorded in the period received. Grants externally restricted for non-operating purposes are recorded as a change in invested in capital assets, net of related debt.

**D. Prepaid Items**

Certain payments to vendors affect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**E. Accounts Receivable**

All receivables are reported at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**F. Inventory**

The Authority utilizes the consumption method of accounting for inventories whereas they report the inventories they purchase as an asset and defer the recognition of an expenditure until the period in which the inventories are actually consumed.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

**(continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**G. Property, Plant and Equipment**

Property, plant and equipment is stated at cost which includes direct construction costs and other expenditures related to construction.

System construction costs are charged to construction in progress until such time as given segments of the system are completed and put into operation.

Depreciation is determined on a straight-line basis for all plant and equipment. Depreciation is provided over the following estimated useful lives:

Treatment Plant	40 years
Collection System	40 years
Pumping Stations	40 years
Machinery and Equipment	5-15 years
Vehicles	5 years

Depreciation on assets acquired with grants-in-aid and contributed capital assets is recorded as a reduction of net position.

**H. Restricted Accounts**

Under the Bond Resolution dated December 19, 1972 and the Trust Indenture dated September 1, 1984, the following funds are required to be created and held by the Authority's Trustee:

- A) Revenue Fund
- B) Operating Fund
- C) Bond Service Fund
- D) Bond (Loan) Reserve Fund
- E) Renewal and Replacement Fund
- F) General Fund
- G) Construction Fund

Each of the above funds represents separate accounts held by a trustee. In addition to the funds listed above, the Authority maintains an Operating Account and General Improvement Account, which is held by the Authority.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**H. Restricted Accounts, (continued)**

In accordance with the bond resolution, as amended and supplemented, the Authority has established the following cash and investment accounts for the deposit of all revenue received by the Authority:

*Project Construction Fund Account* – To account for all financial resources received by the Authority for the payment of costs related to the construction, acquisition or restoration of the systems. All moneys in the Construction Fund Account are hereby pledged pending their application to other purposes or disbursement or transfer to other funds, to secure the payment of the principal or redemption price of and interest on bonds.

*Operating Fund Account* – To account for the payment of all operating costs of the Authority.

*Bond/Loan Service Fund Account* – To account for the accumulation of resources for the payment of principal and interest due during the current fiscal year on outstanding bonds and loans.

*Bond/Loan Reserve Fund Account* – To account for funds held in accordance with the Bond Resolution to meet the Bond Reserve requirement, an amount which is equal to the maximum annual debt service on outstanding bonds. Also, New Jersey Wastewater Trust required an amount which is equal to the maximum annual debt service on outstanding loans.

*Renewal and Replacement Fund Account* – To account for the accumulation of resources to meet the renewal and replacement reserve requirement, as certified by the Authority's consulting engineers, in accordance with the Bond Resolution. The Trustee can withdraw from this fund, upon a certification of the consulting engineers, for the use of reasonable and necessary expenses of the Authority with respect to making of improvements, constructions, reconstructions, replacements, modifications, renewals, major repairs or maintenance or other items not recurring annually or at shorter intervals with respect to the system or any portion thereof. If on any payment date there are insufficient monies in the bond service account and the bond reserve account to pay interest or a principal installment on any bonds when due and the Authority has exhausted the General Account, the Authority has just cause to use monies from the Renewal and Replacement Fund sufficient to pay the interest and/or principal payments when due.

**I. Allowance for Doubtful Accounts**

The Authority has not established an allowance for doubtful accounts.



**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(continued)**

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**J. Operating Fund Budget**

The budget amounts included in the statement of budget revenues and statement of budget expenditures were approved in accordance with the requirements of the "Local Finance Board" of the State of New Jersey, and were adopted by the Authority after legal advertisement and public hearing.

**K. Use of Estimates**

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Authority uses estimates to determine the useful life of depreciable assets. Actual results could differ from those estimates.

**L. Deferred Outflows and Deferred Inflows of Resources**

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

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

**Defined Benefit Pension Plans** - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Authority's proportion of expenses and liabilities to the pension as a whole, differences between the Authority's pension contribution and its proportionate share of contributions, and the Authority's pension contributions subsequent to the pension valuation measurement date.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(continued)**

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**L. Deferred Outflows and Deferred Inflows of Resources, (continued)**

**Deferred Loss/Savings on Refunding of Bonds** - Deferred loss/savings on refunding arising from the issuance of revenue refunding bonds, is recorded as a deferred outflow/inflow of resources. The deferred loss/savings are amortized in a systematic and rational method as a component of interest expense.

**Bond Discounts/Bond Premiums** - Bond discounts/bond premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in a systematic and rational method, from the issue date to maturity as a component of interest expense.

**M. 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.

**N. 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.

**O. Net Position**

Net position represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are 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.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(continued)

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**P. Recent Accounting Pronouncements**

In May 2020, the Government Accounting Standards Board issued GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 83, *Certain Asset Retirement Obligations*; Statement No. 84, *Fiduciary Activities*; Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*; Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; Statement No. 90, *Majority Equity Interests*; Statement No. 91, *Conduit Debt Obligations*; Statement No. 92, *Omnibus 2020*; Statement No. 93, *Replacement of Interbank Offered Rates*; Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*; Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*; Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*; Implementation Guide No. 2019-2, *Fiduciary Activities*. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, *Leases*; Implementation Guide No. 2019-3, *Leases*. The requirements of this Statement are effective immediately. The Authority is still determining the effects, if any, this statement will have on future financial statements.

In May 2020, the Government Accounting Standards Board issued GASB 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 requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The Authority is still determining the effects, if any, this statement will have on future financial statements.

In June 2020, the Government Accounting Standards Board issued GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32. The primary objectives of this Statement

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**NOTES TO FINANCIAL STATEMENTS**  
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**(continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**P. Recent Accounting Pronouncements, (continued)**

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 requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The Authority is currently reviewing what effect, if any, this Statement might have on future financial statements.

In October 2021, the Government Accounting Standards Board issued GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym ACFR. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for fiscal years ending after December 15, 2021, though earlier application is encouraged. The Authority has reviewed this Statement and does not believe it will impact future financial reporting.

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**NOTES TO FINANCIAL STATEMENTS**  
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**(continued)**

**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents includes change funds, petty cash, amounts in deposits, and short term investments with original maturities of three months or less.

As of December 31, 2021 and 2020, cash and cash equivalents of the Northwest Bergen County Utilities Authority consisted of the following:

	<u>2021</u>	<u>2020</u>
Checking and Savings Accounts	\$6,835,193	\$6,138,321
Short Term Money Market Accounts	<u>13,844,679</u>	<u>12,422,572</u>
	<u>\$20,679,872</u>	<u>\$18,560,893</u>
Restricted Accounts	\$10,721,345	\$9,918,518
Unrestricted Accounts	<u>9,958,527</u>	<u>8,642,375</u>
	<u>\$20,679,872</u>	<u>\$18,560,893</u>

**Custodial Credit Risk – Deposits**

**Deposits**

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insures deposits.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The Authority's policy is based on New Jersey statutes requiring cash be deposited only in New Jersey based on banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in a qualified investment established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2021 and 2020, \$-0- of the Authority's bank balances were exposed to custodial risk.

**Investments**

The Authority is required by its Bond Resolutions and Trust Indenture to maintain each of its investments in the Fund (account) in which the investment is made. In all accounts, except the operating account, the securities and the underlying collateral are held by the Bond Trustees and are within their care, custody and control. The type, quality and length of time of investment are regulated by the Bond Resolution and Trust Indenture.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(continued)**

**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS, (continued)**

**Investments, (continued)**

Under the Authority's Bond Resolution and Trust Indenture, the following investments are permitted:

- (a) Any direct and general obligation of, or any obligation fully and unconditionally guaranteed by the United States of America;
- (b) Any bond, debenture, note or other evidence of indebtedness issued by any of the following Federal agencies: Government National Mortgage Association, Federal Home Loan Bank, Tennessee Valley Authority, Farmers Home Administration, Export-Import Bank, Federal Financing Bank and Student Loan Marketing Association;
- (c) Any other bond, debenture, note or other evidence of indebtedness issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association;
- (d) Any Public Housing Bond issued by any Public Housing Authority and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an Annual Contribution Contract or Contracts with the United States of America; or any Project Note issued by any Public Housing Authority or Local Public Agency, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;
- (e) Direct and general obligations of (i) the State of New Jersey, or (ii) of any state of the United States of America, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, provided that at the time of their purchase such obligations are rated in either of the two highest rating categories by a nationally recognized bond rating agency;
- (f) Interest-bearing time deposits or negotiable certificates of deposit issued by any bank, trust company, or savings and loan institution organized under the laws of the United States, any state of the United States of America, or any national banking association (including the Trustee), provided that such certificates of deposit shall be (1) continuously and fully insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation, or (2) at any one time do not exceed, in the aggregate, five percent (5%) of the total capital stock, surplus and undivided earnings of any such bank, trust company, national banking association, or savings and loan institution or (3) continuously and fully secured by such securities as are described above in clauses (a) through (d) which are legal for investment under the laws of the State of New Jersey for funds of the Authority, and

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**(continued)**

**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS, (continued)**

**Investments, (continued)**

which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Trustee, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit, and the bank, trust company or national banking association issuing each such certificate of deposit required to be so secured shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit and the Trustee Bonds shall be entitled to rely on each such undertaking; and

- (g) Any repurchase with (i) any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Trustee) or (ii) with a Government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which repurchase agreement is secured by any one or more of the securities described in clauses (a) through (c) above.

As of December 31, 2021 and 2020, the Authority had no investments.

**Custodial Credit Risk – Investments**

For an investment, this 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 held by an outside party. The Authority does not have a policy for custodial risk. As of December 31, 2021 and 2020, \$-0- of the Authority's investments were exposed to custodial credit risk.

**Interest Rate Risk**

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. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

**Credit Risk**

New Jersey Statutes 40A:5-15.1(a) limits municipal investment maturities to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or the local unit or school districts of which the local unit is part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; local government investment pools; or repurchase of fully collateralized securities.

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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
 (continued)

**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS, (continued)**

**Concentration of Credit Risk**

The Authority places no limit on the amount it may invest in any one issuer.

**4. NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST**

The Authority issued bonds through the New Jersey Environmental Infrastructure Trust to finance various improvements to facilities and infrastructure. The proceeds of these bonds are held by the Trust until the Authority expends funds on the respective project. The Authority then submits for reimbursement of these expenditures from the Trust. The following is the remaining amount of funds to be received by the Trust:

<u>2021</u>	<u>Balance Dec. 31, 2020</u>	<u>New Financing</u>	<u>Funds/Credits Received</u>	<u>Balance Dec. 31, 2021</u>
Series 2015:				
Trust Portion	90,763		90,763	0
Series 2018:				
Trust Portion	49,014		49,014	0
Fund Portion	147,040		147,040	0
Series 2019A:				
Trust Portion	488,643		345,014	143,629
Fund Portion	1,465,932		1,035,042	430,890
Series 2019C:				
Trust Portion	13,484	27,021	40,505	0
Fund Portion	40,452	81,062	121,514	0
Series 2019D:				
Trust Portion	50,000			50,000
Fund Portion	50,000	813,603	813,603	50,000
Series 2021A:				
Trust Portion	0	775,266	775,266	0
Fund Portion	<u>0</u>	<u>          </u>	<u>          </u>	<u>0</u>
	<u>\$2,395,328</u>	<u>\$1,696,952</u>	<u>\$3,417,761</u>	<u>\$674,519</u>



**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(continued)**

**4. NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST, (continued)**

<u>2020</u>	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>New</u> <u>Financing</u>	<u>Funds/Credits</u> <u>Received</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
Series 2015:				
Trust Portion	92,822		2,059	90,763
Fund Portion	278,462		278,462	0
Series 2018:				
Trust Portion	49,014			49,014
Fund Portion	147,040			147,040
Series 2019A:				
Trust Portion	1,110,481		621,838	488,643
Fund Portion	3,331,445		1,865,513	1,465,932
Series 2019B:				
Trust Portion	161,295		161,295	0
Fund Portion	483,885		483,885	0
Series 2019C:				
Trust Portion	132,035		118,551	13,484
Fund Portion	396,105		355,653	40,452
Series 2019D:				
Trust Portion	50,000			50,000
Fund Portion	<u>50,000</u>			<u>50,000</u>
	<u>\$6,282,584</u>	<u>\$0</u>	<u>\$3,887,256</u>	<u>\$2,395,328</u>

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(continued)**

**5. PROPERTY, PLANT AND EQUIPMENT**

Reference is made to Note 2 for information related to property. A summary of property, plant and equipment for the years ended December 31, 2021 and 2020 is as follows:

<u>2021</u>	<u>Balance Dec. 31, 2020</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Balance Dec. 31, 2021</u>
Capital Assets, Not Being Depreciated:				
Land	\$1,372,226	\$	\$	\$1,372,226
Construction in Progress	<u>23,605,241</u>	<u>2,964,311</u>	<u>11,457,265</u>	<u>15,112,287</u>
Total Capital Assets, Not Being Depreciated	<u>24,977,467</u>	<u>2,964,311</u>	<u>11,457,265</u>	<u>16,484,513</u>
Capital Assets, Being Depreciated:				
Treatment Plant and Collection System	94,683,748	9,896,550		104,580,298
Property and Equipment	<u>14,669,628</u>	<u>1,560,715</u>	_____	<u>16,230,343</u>
Total Capital Assets Being Depreciated	109,353,376	11,457,265	0	120,810,641
Less: Accumulated Depreciation	<u>(72,196,857)</u>	<u>(2,524,722)</u>	_____0	<u>(74,721,579)</u>
Total Capital Assets, Being Depreciated, Net	<u>37,156,519</u>	<u>8,932,543</u>	_____0	<u>46,089,062</u>
Capital Assets, Net	<u>\$62,133,986</u>	<u>\$11,896,854</u>	<u>\$ _____0</u>	<u>\$62,573,575</u>
<u>2020</u>	<u>Balance Dec. 31, 2019</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Balance Dec. 31, 2020</u>
Capital Assets, Not Being Depreciated:				
Land	\$1,372,226	\$	\$	\$1,372,226
Construction in Progress	<u>18,370,115</u>	<u>5,235,126</u>	_____	<u>23,605,241</u>
Total Capital Assets, Not Being Depreciated	<u>19,742,341</u>	<u>5,235,126</u>	_____0	<u>24,977,467</u>
Capital Assets, Being Depreciated:				
Treatment Plant and Collection System	94,683,748		0	94,683,748
Property and Equipment	<u>14,669,628</u>	_____	_____0	<u>14,669,628</u>
Total Capital Assets Being Depreciated	109,353,376	0	0	109,353,376
Less: Accumulated Depreciation	<u>(70,060,714)</u>	<u>(2,136,143)</u>	_____0	<u>(72,196,857)</u>
Total Capital Assets, Being Depreciated, Net	<u>39,292,662</u>	<u>(2,136,143)</u>	_____0	<u>37,156,519</u>
Capital Assets, Net	<u>\$59,035,003</u>	<u>\$3,098,983</u>	<u>\$ _____0</u>	<u>\$62,133,986</u>

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(continued)**

**6. BONDS AND LOANS PAYABLE**

The Authority has the following bonds and loans outstanding as of December 31, 2021 and 2020:

	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Issued</u>	<u>Retirements/ Repayments</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
Series 2008 Utility System Revenue Bonds	\$159,774	\$	\$159,774	\$0
Series 2010B NJ Environmental Infrastructure Loan	1,792,049		167,000	1,625,049
Series 2012A NJ Environmental Infrastructure Loan	1,267,049		204,879	1,062,170
Series 2014A NJ Environmental Infrastructure Loan	347,571		29,619	317,952
Series 2015 NJ Environmental Infrastructure Loan	5,831,415		413,442	5,417,973
Series 2016A Utility System Revenue Refunding Bonds	2,600,000		615,000	1,985,000
Series 2018A NJ Environmental Infrastructure Loan	2,075,427		114,104	1,961,323
Series 2020C NJ Environmental Infrastructure Loan	1,163,740			1,163,740
Series 2021 A-2 NJ Environmental Infrastructure Bond	<u>\$0</u>	<u>\$5,678,578</u>	<u>\$0</u>	<u>\$5,678,578</u>
	<u>\$15,237,025</u>	<u>\$5,678,578</u>	<u>\$1,703,818</u>	<u>\$19,211,785</u>
Due Within One Year	1,696,625			1,792,418
Long-Term Debt	<u>13,540,400</u>			<u>17,419,367</u>
	<u>\$15,237,025</u>			<u>\$19,211,785</u>

Presented below is a summary of debt service requirements to maturity:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$1,792,418	\$296,521	\$2,088,939
2023	1,875,355	267,813	2,143,168
2024	1,919,218	224,268	2,143,486
2025	1,247,999	176,368	1,424,367
2026	1,261,700	157,968	1,419,668
2027-2031	6,257,056	517,192	6,774,248
2032-2036	3,168,767	165,825	3,334,592
2037-2041	<u>1,689,272</u>	<u>36,600</u>	<u>1,725,872</u>
	<u>\$19,211,785</u>	<u>\$1,842,555</u>	<u>\$21,054,340</u>

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

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**(continued)**

**6. BONDS AND LOANS PAYABLE, (continued)**

**Series 2008 Utility System Revenue Bonds**

The Series 2008 Utility System Revenue Bonds were issued for the purposes of (i) constructing and equipping the Solar Energy Project and (ii) paying for a portion of the related costs of issuance. At December 31, 2021, the Authority did not have any outstanding principal or interest due on these bonds.

**Series 2010B Environmental Infrastructure Bonds**

The Series 2010B Environmental Infrastructure Bonds were issued through the State of New Jersey Environmental Infrastructure Trust for the purpose of funding an incinerator upgrade. In 2015, the project was completed and the remaining portion of the loan was deobligated and used to defease or portion of the bonds payable. At December 31, 2021, the outstanding principal and interest on these bonds were as follows:

<u>Year</u>	<u>Trust Portion</u>		<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2022	82,000	41,805	90,000	213,805
2023	86,000	37,705	90,000	213,705
2024	86,000	33,405	90,000	209,405
2025	91,000	29,105	90,000	210,105
2026	96,000	24,555	90,000	210,555
2027	100,000	19,755	90,000	209,755
2028	109,000	15,255	90,000	214,255
2029	113,000	10,350	90,000	213,350
2030	<u>117,000</u>	<u>5,265</u>	<u>25,049</u>	<u>147,314</u>
	<u>\$880,000</u>	<u>\$217,200</u>	<u>\$745,049</u>	<u>\$1,842,249</u>

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**(continued)**

**6. BONDS AND LOANS PAYABLE, (continued)**

**Series 2012A Environmental Infrastructure Bonds**

The Series 2012A Environmental Infrastructure Bonds were issued through the State of New Jersey Environmental Infrastructure Trust for the purpose of funding the Franklin Lakes sewer project. On June 17, 2020, the Authority refunded \$1,225,000 of the 2012A Trust Portion of the bonds with the Series 2020C-R1 Environmental Infrastructure Refunding Bonds as described in Note 6. At December 31, 2021, the outstanding principal and interest on these bonds were as follows:

<u>Year</u>	<u>Fund Portion</u> <u>Principal</u>	<u>Total</u>
2022	109,880	109,880
2023	109,880	109,880
2024	109,880	109,880
2025	109,879	109,879
2026	109,880	109,880
2027	109,880	109,880
2028	109,880	109,880
2029	109,879	109,879
2030	109,879	109,879
2031	<u>73,253</u>	<u>73,253</u>
	<u>\$1,062,170</u>	<u>\$1,062,170</u>

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

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**(continued)**

6. **BONDS AND LOANS PAYABLE, (continued)**

**Series 2014A Environmental Infrastructure Bonds**

The Series 2014A Environmental Infrastructure Bonds were issued through the State of New Jersey Environmental Infrastructure Trust for the purpose of funding the Franklin Lakes sewer project. At December 31, 2021, the outstanding principal and interest on these bonds were as follows:

<u>Year</u>	<u>Trust Portion</u>		<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2022	15,000	6,975	14,619	36,594
2023	15,000	6,225	14,618	35,843
2024	15,000	5,475	14,619	35,094
2025	15,000	4,725	14,619	34,344
2026	15,000	4,275	14,618	33,893
2027	15,000	3,825	14,619	33,444
2028	15,000	3,375	14,619	32,994
2029	15,000	2,925	14,618	32,543
2030	20,000	2,475	1,003	23,478
2031	20,000	1,875		21,875
2032	20,000	1,275		21,275
2033	<u>20,000</u>	<u>650</u>		<u>20,650</u>
	<u>\$200,000</u>	<u>\$44,075</u>	<u>\$117,952</u>	<u>\$362,027</u>

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
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**(continued)**

**6. BONDS AND LOANS PAYABLE, (continued)**

**Series 2015 Environmental Infrastructure Bonds**

The Series 2015 Environmental Infrastructure Bonds were issued through the State of New Jersey Environmental Infrastructure Trust for Authority projects. At December 31, 2021, the outstanding principal and interest on these bonds were as follows:

<u>Year</u>	<u>Trust Portion</u>		<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2022	90,000	66,200	328,441	484,641
2023	95,000	61,700	328,442	485,142
2024	100,000	56,950	328,442	485,392
2025	105,000	51,950	328,441	485,391
2026	110,000	46,700	328,442	485,142
2027	115,000	41,200	328,442	484,642
2028	115,000	36,600	328,441	480,041
2029	120,000	32,000	328,442	480,442
2030	125,000	27,200	328,441	480,641
2031	130,000	22,200	328,441	480,641
2032	135,000	17,000	328,441	480,441
2033	140,000	11,600	275,117	426,717
2034	<u>150,000</u>	<u>6,000</u>	<u>-0-</u>	<u>156,000</u>
	<u>\$1,530,000</u>	<u>\$477,300</u>	<u>\$3,887,973</u>	<u>\$5,895,273</u>

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

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 (continued)

**6. BONDS AND LOANS PAYABLE, (continued)**

**Series 2016A Utility System Revenue Refunding Bonds**

The Series 2016A Utility System Revenue Refunding Bonds were issued to: (i) refund, on an advanced basis, the outstanding callable Utility System Revenue Bonds, Series 2009A, maturing on July 15, in each of the years 2020 through 2024, inclusive, in the aggregate principal amount of \$3,220,000; (ii) fund the Bond Reserve requirement, if any, and (iii) finance cost of issuance to be incurred in connection therewith through the issuance of its Utility System Revenue Refunding Bonds, 2016 Series A.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	635,000	81,900	716,900
2023	660,000	56,500	716,500
2024	<u>690,000</u>	<u>30,100</u>	<u>720,100</u>
	<u>\$1,985,000</u>	<u>\$168,500</u>	<u>\$2,153,500</u>

**Series 2018 Environmental Infrastructure Bonds**

The Series 2018 Environmental Infrastructure Bonds were issued through the New Jersey Infrastructure Bank (formerly the New Jersey Environmental Infrastructure Trust) for Authority projects. At December 31, 2021, the outstanding principal and interest on these bonds were as follows:

<u>Year</u>	<u>Trust Portion</u>		<u>Fund Portion</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>		
2022	20,000	22,200	86,911		129,111
2023	20,000	21,200	86,911		128,111
2024	25,000	20,200	86,911		132,111
2025	25,000	18,950	86,911		130,861
2026	25,000	17,700	86,911		129,611
2027	25,000	16,450	86,911		128,361
2028	30,000	15,200	86,911		132,111
2029	30,000	14,000	86,911		130,911
2030	30,000	12,800	86,911		129,711
2031	30,000	11,600	86,911		128,511
2032	35,000	10,400	86,911		132,311
2033	35,000	9,000	86,911		130,911
2034	35,000	7,600	86,911		129,511
2035	35,000	6,200	86,911		128,111
2036	40,000	4,800	86,910		131,710
2037	40,000	3,200	86,910		130,110
2038	<u>40,000</u>	<u>1,600</u>	<u>50,749</u>		<u>92,349</u>
	<u>\$520,000</u>	<u>\$213,100</u>	<u>\$1,441,323</u>		<u>\$2,174,423</u>



**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(continued)**

**6. BONDS AND LOANS PAYABLE, (continued)**

**Series 2020C-R1 Environmental Infrastructure Refunding Bonds**

The Series 2020C-R1 Environmental Infrastructure Refunding Bonds were issued to: (i) refund, on an advanced basis, the outstanding Series 2012A Environmental Infrastructure Bonds, maturing on July 15, in each of the years 2021-2031, inclusive, in the aggregate principal amount of \$1,225,000; (ii) fund the Bond Reserve requirement, if any, and (iii) finance costs of issuance to be incurred in connection therewith through the issuance of its Series 2020C-R1 Environmental Infrastructure Refunding Bonds. At December 31, 2021, the outstanding principal and interest on these bonds were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	98,436	40,220	138,656
2023	102,373	36,283	138,656
2024	106,235	32,188	138,423
2025	110,018	27,938	137,956
2026	113,718	23,537	137,255
2027	117,334	18,989	136,323
2028	122,020	15,469	137,489
2029	126,708	11,808	138,516
2030	131,238	8,007	139,245
2031	<u>135,660</u>	<u>4,069</u>	<u>139,729</u>
	<u>\$1,163,740</u>	<u>\$218,508</u>	<u>\$1,382,248</u>

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(continued)

**Series 2021 A-2 Utility System Subordinated Revenue Bonds**

The Series 2021 A-2 Utility System Subordinated Revenue Bonds were issued to: (i) undertake the Utilities System Project, and (ii) pay a portion of the costs of the authorization, issuance, sale and delivery of the 2021 Bonds. At December 31, 2021, the outstanding principal and interest on these bonds were as follows:

<u>Year</u>	<u>Trust Portion</u>		<u>Fund Portion</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2022		37,221	222,131	259,352
2023	45,000	48,200	222,131	315,331
2024	45,000	45,950	222,131	313,081
2025	50,000	43,700	222,131	315,831
2026	50,000	41,200	222,131	313,331
2027	55,000	38,700	222,131	315,831
2028	55,000	35,950	222,131	313,081
2029	65,000	33,200	222,131	320,331
2030	65,000	29,950	222,131	317,081
2031	70,000	26,700	222,131	318,831
2032	70,000	23,200	222,131	315,331
2033	75,000	20,400	222,131	317,531
2034	75,000	18,150	222,131	315,281
2035	75,000	15,900	222,131	313,031
2036	80,000	13,650	222,131	315,781
2037	80,000	11,250	222,131	313,381
2038	85,000	8,850	222,131	315,981
2039	90,000	6,300	222,131	318,431
2040	90,000	3,600	222,131	315,731
2041	90,000	1,800	148,089	239,889
	<u>\$1,310,000</u>	<u>\$503,871</u>	<u>\$4,368,578</u>	<u>\$6,182,449</u>

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(continued)**

**7. NOTES PAYABLE**

	Balance Dec. 31, 2020	Issued	Retirements/ Repayments	Balance Dec. 31, 2021
Temporary Financing S340700-18	\$1,080,036	\$142,794	\$1,222,830	\$0
Temporary Financing S340700-15	6,452,222			6,452,222
Temporary Financing S340700-16	3,861,386	740,555	4,601,941	0
Temporary Financing S340700-19	<u>100,000</u>	<u>813,607</u>	<u>          </u>	<u>913,607</u>
	<u>\$11,493,644</u>	<u>\$1,696,956</u>	<u>\$5,824,771</u>	<u>\$7,365,829</u>
Due Within One Year	0			6,452,222
Long-Term Debt	<u>11,493,644</u>			<u>913,607</u>
	<u>\$11,493,644</u>			<u>\$7,365,829</u>

**Temporary Financing S340700-18**

The Authority was granted temporary financing from the New Jersey Infrastructure Bank in the amount of \$1,080,036. In 2021, this loan was refunded with long-term bonds issued by the NJIB through the 2021 A-2 Utility System Subordinate Revenue Bonds.

**Temporary Financing S340700-15**

The Authority was granted temporary financing from the New Jersey Infrastructure Bank in the amount of \$6,452,222. This loan will be refunded with long-term bonds issued by the NJIB. This loan has an interest rate of 0.50% on the trust portion principal and 0.00% on the fund portion principal and matures on June 30, 2022.

**Temporary Financing S340700-16**

The Authority was granted temporary financing from the New Jersey Infrastructure Bank in the amount of \$3,861,386. In 2021, this loan was refunded with long-term bonds issued by the NJIB through the 2021 A-2 Utility System Subordinate Revenue Bonds.

**Temporary Financing S340700-19**

The Authority was granted temporary financing from the New Jersey Infrastructure Bank in the amount of \$913,607. This loan will be refunded with long-term bonds issued by the NJIB. This loan has an interest rate of 0.50% on the trust portion principal and 0.00% on the fund portion principal and matured on February 13, 2021.

The Temporary Financing for project S340700-19 was to mature on February 13, 2021. On February 12, 2021, the New Jersey Infrastructure Bank extended the maturity date to June 30, 2024. The interest rate will remain at 0.50% on the trust portion principal and 0.00% on the fund portion principal.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(continued)**

**8. PENSION**

**Description of Plan** - All required employees of the Authority are covered by the Public Employees' Retirement System which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate.

**Public Employees' Retirement System (PERS)** - Established in January 1955, under provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the state or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

**Defined Contribution Retirement Program (DCRP)** - Established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**Other Pension Funds**

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS is funded directly by the respective system and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasurey/pensions](http://www.state.nj.us/treasurey/pensions).

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(continued)**

**8. PENSION, (continued)**

**Basis of Accounting**

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

**Funding Status and Funding Progress**

The funded status and funding progress of the retirement system is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

**Employer and Employee Pension Contributions**

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The Authority's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(continued)**

**8. PENSION, (continued)**

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012 for PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. PERS employer contributions are made annually by the Authority to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2021, 2020 and 2019, the Authority was required to contribute for normal cost pension contributions accrued liability pension contributions, early retirement incentive program contributions, deferred pension obligation contributions, and non-contributory life insurance premiums the following amounts which equalized the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PERS</u>
2021	\$587,711
2020	533,898
2019	537,519

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68**

**Public Employees Retirement System (PERS)**

At December 31, 2021 and 2020, the Authority reported a liability of \$8,731,636 for its proportionate share of the net pension liability. 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 that date. The Authority has not updated the net pension obligation, pension-related deferred outflow, accounts payable – pension or pension-related deferred inflow accounts to a measurement date acceptable under current accounting standards for the period ended December 31, 2020. Government Accounting Standards Board Statement No. 68 requires a state or local government employer to recognize a net pension liability measured as of a date no earlier than the end of its prior fiscal year. The amount by which this departure would affect the deferred outflows of resources, liabilities, deferred inflows of resources and net position has not been determined. 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 governments, actuarially determined. At June 30, 2020, the Authority's proportion was 0.0535440591 percent, which was an increase of 0.0011276822 percent from its proportion measured as of June 30, 2019.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
 (continued)

8. **PENSION, (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)**

**Public Employees Retirement System (PERS), (continued)**

For the year ended December 31, 2021, the Authority recognized pension expense of \$241,061. At December 31, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>2021</u>	Restated <u>2020</u>
Deferred Outflows of Resources:		
Changes of assumptions	\$283,264	\$283,264
Net difference between projected and actual earnings on pension plan investments	457,443	457,443
Changes in proportion and differences between Authority contributions and proportionate share of contributions	204,339	204,339
Authority contributions subsequent to the measurement date	<u>645,168</u>	<u>645,168</u>
Total	<u>\$1,590,214</u>	<u>\$1,590,214</u>
Deferred Inflows of Resources:		
Net difference between projected and actual earnings on pension plan investments	3,686,899	3,686,899
Changes in proportion and differences between Authority contributions and proportionate share of contributions	244,036	244,036
Deferred pension adjustments	<u>(44,536)</u>	<u>(44,536)</u>
	<u>\$3,886,399</u>	<u>\$3,886,399</u>

The \$1,590,214 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date (i.e. for the fiscal year ending December 31, 2021 and 2020, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability in the year ended December 31, 2021 and 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

	<u>2021</u>	Restated <u>2020</u>
Year ended December 31:		
2021	\$(1,095,661)	\$(1,095,661)
2022	(998,909)	(998,909)
2023	(570,851)	(570,851)
2024	(230,843)	(230,483)
2025	(49,926)	(49,926)

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(continued)

8. **PENSION, (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)**

**Public Employees Retirement System (PERS), (continued)**

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

**Additional Information**

Local Group Collective balances net of nonemployer (State of New Jersey) balances at December 31, 2020 and June 30, 2019 are as follows:

	<u>Dec. 31, 2021</u>	<u>Dec. 31, 2020</u>
Collective deferred outflows of resources	N/A	\$2,347,583,337
Collective deferred inflows of resources	N/A	7,849,949,467
Collective net pension liability	N/A	16,435,616,426
Authority's Proportion		0.0535440591%

N/A - Actuary valuation was not available as of the date of these financial statements.

**Actuarial Assumptions**

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2020. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% (based on years of service)
Thereafter	3.00-7.00% (based on years of service)
Investment Rate of Return	7.00 Percent



**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(continued)**

8. **PENSION, (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)**

**Public Employees Retirement System (PERS), (continued)**

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

**Mortality Rates**

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 based on Scale MP-2020.

**Long-Term Rate of Return**

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

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(continued)**

8. **PENSION, (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)**

**Public Employees Retirement System (PERS), (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

**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 3.50% as of June 30, 2020 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 will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 78% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. 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 through 2057. Therefore, the long-term expected rate of return on 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.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
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**(continued)**

8. **PENSION, (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)**

**Public Employees Retirement System (PERS), (continued)**

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2020 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage-point higher than the current rate:

	<u>June 30, 2020</u>		
	<u>1%</u> Decrease <u>6.00%</u>	<u>At Current</u> Discount Rate <u>7.00%</u>	<u>1%</u> Increase <u>8.00%</u>
Authority's proportionate share of the pension liability	\$11,078,105	\$8,731,636	\$6,867,513

Information regarding collective net pension liability as of June 30, 2021 was not available during the audit.

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

9. **POST-RETIREMENT MEDICAL BENEFITS**

In addition to the pension benefits described in Note 7, the Authority provides post employment health care benefits in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, at its cost. On May 13, 2010, the Authority adopted the provisions of N.J.S.A. 52:14-17.38 and adhered to the rules and regulations promulgated by the State Health Benefits Commission to implement the provisions of that law. This resolution affects employees as shown in Chapter 48, P.L. 1999. It is effective on the 1<sup>st</sup> day of July, 2010.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(continued)

**9. POST-RETIREMENT MEDICAL BENEFITS, (continued)**

Chapter 48, P.L. 1999, provides eligible participating local employers considerable flexibility in managing their postretirement medical costs. It also brings State Health Benefits Program (SHBP) and School Employees' Health Benefits Program (SEHBP) eligibility standards for employer-paid coverage into alignment with local government laws.

Adoption of this Resolution does not free the Authority of the obligation to pay for postretirement medical benefits of retirees or employees who qualified for those payments under any Chapter 88 or Chapter 48 Resolution previously adopted by the governing body.

The Resolution will remain in effect until properly amended or revoked with the State Health Benefits Program. The Authority recognizes that, while it remains in the State Health Benefits Program, it is responsible for providing the payment for postretirement medical coverage as listed in the Chapter 48 Resolution Addendum for all employees who qualify for this coverage while this Resolution is in force.

**General Information about the OPEB Plan**

The State Health Benefit Local Government Retired Employees Plan (the Plan) 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) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the 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.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(continued)

9. **POST-RETIREMENT MEDICAL BENEFITS, (continued)**

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

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 provides 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.

**Total OPEB Liability**

At December 30, 2021 and 2020, the Authority had a liability of \$12,400,751 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability for 2021 was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability was based on a projection of the Authority's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers a in the plan. At June 30, 2020 the Authority's proportion was 0.069098 percent.

For the year ended June 30, 2020, the Authority recognized OPEB expense of \$150,625. At December 31, 2021 and 2020, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2021</u>	Restated <u>2020</u>
Deferred Outflows of Resources:		
Changes of assumptions	\$1,854,762	\$1,854,762
Change in Proportions	1,091,714	1,091,714
Net difference between projected and actual earnings on pension plan investments	<u>334,501</u>	<u>334,501</u>
Total	<u>\$3,280,977</u>	<u>\$3,280,977</u>
Deferred Inflows of Resources:		
Changes of assumptions	\$2,757,735	\$2,757,735
Net difference between projected and actual earnings on pension plan investments	2,309,251	2,309,251
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	<u>447,529</u>	<u>447,529</u>
Total	<u>\$5,514,515</u>	<u>\$5,514,515</u>

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(continued)**

**9. POST-RETIREMENT MEDICAL BENEFITS, (continued)**

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding changes in proportion) will be recognized in OPEB expense as follows:

	<u>2021</u>	Restated <u>2020</u>
Year ended June 30:		
2020	\$(666,062)	\$(666,062)
2021	(667,207)	(667,207)
2022	(668,184)	(668,184)
2023	(669,076)	(669,076)
2024	(456,225)	(456,225)
Thereafter	249,571	249,571

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 7.87, 8.05, 8.14 and 8.04 years for 2020, 2019, 2018 and 2017 amounts, respectively.

**Actual Assumptions and Other Inputs**

The total OPEB liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(continued)

9. **POST-RETIREMENT MEDICAL BENEFITS, (continued)**

Inflation rate	2.50%
Salary increases*:	
Public Employees' Retirement System (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 15.25%
Mortality:	
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

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

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

**Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend 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 2021 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.

**Discount Rate**

The discount rate for June 30, 2021 and 2020 was 2.21% and 3.50%, respectively. This represents the municipal bond return rate as chosen by the Division. 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.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(continued)

**9. POST-RETIREMENT MEDICAL BENEFITS, (continued)**

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

The following presents the Authority's proportionate share of the net OPEB liability as of June 30, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	<u>June 30, 2021</u>		
	<u>1%</u> <u>Decrease</u> <u>1.21%</u>	<u>At Current</u> <u>Discount Rate</u> <u>2.21%</u>	<u>1%</u> <u>Increase</u> <u>3.21%</u>
Authority's proportionate share of Net OPEB liability	\$14,660,307	\$12,400,751	\$10,612,106

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

The following presents the Authority's proportionate share of the net OPEB liability as of June 30, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	<u>June 30, 2021</u>		
	<u>1%</u> <u>Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rate</u>	<u>1%</u> <u>Increase</u>
Authority's proportionate share of Net OPEB liability	\$10,261,635	\$12,400,751	\$15,201,953

**10. COMPENSATED ABSENCES**

The Authority accounts for compensated absences (e.g., unused vacation sick leave) as directed by the Governmental Accounting Standards Board. A liability for compensated absences attributable to services 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 are granted varying amounts of vacation and sick leave in accordance with the Authority's personnel policy and union agreements. Upon termination, employees are paid for accrued vacation. The Authority's policy permits employees to accumulate unused sick leave and carry forward certain amounts to subsequent years. Upon retirement, employees shall be paid by the Authority for the unused sick leave in accordance with the Authority's agreements with the employee union.



**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(continued)**

**10. COMPENSATED ABSENCES, (continued)**

At December 31, 2021 and 2020, compensated absences accrued for Authority employees were \$302,513 and \$347,328, respectively.

**11. AMOUNTS REQUIRED BY BOND RESOLUTION AND LOAN AGREEMENTS**

The Authority's bond resolutions and loan agreements contain certain covenants that require certain funds to be restricted. The balances required at December 31, 2021 and 2020 were as follows:

**Operating Reserve**

The Authority's Bond Resolution requires that an operating reserve fund be established in an amount necessary for operating expenses which is consistent with the annual operating budget for the three-month period commencing on the last day of each quarter in any fiscal year and to be transferred within ten days thereafter to the operating account. At December 31, 2021 and 2020, the Authority's operating reserve was \$3,074,811 and \$2,978,544, respectively.

**Bond/Loan Service Fund**

The Authority's Bond Resolution requires a bond/loan service fund be established in an amount equal to the aggregate of (a) all interest payable on all outstanding bonds plus (b) the principal installment of all bonds outstanding in such a bond year. At December 31, 2021 and 2020, the Authority had reserved the following to meet this requirement:

	<u>2021</u>	<u>2020</u>
Bond Service Fund	\$933,796	\$937,986
Accrued Interest Payable	<u>113,459</u>	<u>119,605</u>
Cash, Cash Equivalents and Receivables - Reserved	<u>\$1,047,255</u>	<u>\$1,057,591</u>

**Bond/Loan Reserve**

The Authority's Bond Resolution requires a bond reserve fund be established in an amount equal to the Maximum Aggregate Debt Service, including bonds issued through the 1997 New Jersey Wastewater Trust. At December 31, 2021 and 2020, the Authority held cash, cash equivalents, investments and accrued interest receivable in the amounts of \$720,100 and \$876,802, respectively, to fund this bond/loan reserve requirement.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(continued)**

**11. AMOUNTS REQUIRED BY BOND RESOLUTION AND LOAN AGREEMENTS, (continued)**

**Renewal and Replacement Fund**

The Authority's Bond Resolution requires that a renewal and replacement reserve fund be established in an amount greater than \$250,000 or an amount certified by a Consulting Engineer in a written certificate filed with the Authority. At December 31, 2021 and 2020, the Authority's renewal and replacement reserve was \$5,881,581 and \$5,005,581, respectively.

**12. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Authority has obtained insurance coverage to guard against these events which will provide minimum exposure to the Authority should they occur.

**13. COMMITMENTS AND CONTINGENCIES**

The Authority's attorney has informed management that there are no material commitments or contingencies as of the date of this report.

**14. FEDERAL ARBITRAGE REGULATIONS**

The Authority is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. During 2009, the Authority had performed the initial 5-year calculation as required under the 1986 Tax Reform Act to determine if there were any estimated arbitrage earnings due to the IRS. Based upon the initial 5-year calculation performed for the computation period January 13, 2004 through December 31, 2008, there was a liability required to be rebated to the IRS in the amount of \$377,237, which includes \$20,311 of accrued interest liability. The \$377,237 due to the IRS was paid in full by the Authority in May, 2010. During 2013, the Authority had performed the second calculation as required under the 1986 Tax Reform Act to determine if there were any estimated arbitrage earnings due to the IRS. Based upon the second calculation performed for the computation period January 13, 2004 through July 15, 2013, there was a liability required to be rebated to the IRS in the amount of \$352,250. The \$352,250 due to the IRS was paid in full by the

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(continued)**

**14. FEDERAL ARBITRAGE REGULATIONS, (continued)**

Authority in September, 2013. During 2014, the Authority has performed the third calculation for the computation period December 4, 2008 through December 4, 2013 which resulted in a liability required to be rebated to the IRS in the amount of \$7,488, which includes \$219 of accrued interest liability. The \$7,488 due to the IRS was paid in full by the Authority in November, 2014. At December 31, 2021, the Authority had no arbitrage earnings due to the IRS.

**15. OTHER MATTERS**

On March 9, 2020, Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19) outbreak. At the time of this report, the overall effects of the COVID-19 pandemic are unknown. In efforts to reduce the spread of the virus, many companies and organizations have either reduced staff or closed down, thus creating a potential financial dilemma among many of the ratepayers in the municipalities serviced by the Northwest Bergen County Utilities Authority. The Authority has identified several risks as a result of this pandemic, including a possible delay in collection of administration fees and cash flow shortages as the result of these delayed collections. The Authority will continue to monitor the situation closely.

**16. SUBSEQUENT EVENTS**

The Authority has evaluated subsequent events through March 21, 2022, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(continued)**

**17. PRIOR PERIOD ADJUSTMENTS**

The Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement requires, among other things, the recognition of unfunded net pension obligations and related deferred outflows and inflows in the financial statements of an entity. As a result, the following prior period adjustments have been made on the 2020 financial statements:

	Balance 12/31/2020 as Previously <u>Reported</u>	Retroactive <u>Adjustments</u>	Balance 12/31/2020 as Restated
Deferred Outflows of Resources:			
Deferred Pension-Related Costs	\$2,147,876	(\$557,662)	\$1,590,214
Liabilities:			
Net Pension Liability	9,851,018	(1,119,382)	8,731,636
Accounts Payable - Pension-Related	572,295	72,873	645,168
Deferred Inflows of Resources:			
Deferred Pension-Related Inflows	3,638,613	247,786	3,886,399
Net Position:			
Unrestricted: Undesignated	(20,282,279)	241,060	(20,041,219)

On January 1, 2018, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement requires, among other things, the recognition of unfunded net OPEB obligations and related deferred outflows and inflows in the financial statements of an entity. As a result, the following prior period adjustments have been made on the 2020 financial statements:

	Balance 12/31/2020 as Previously <u>Reported</u>	Retroactive <u>Adjustments</u>	Balance 12/31/2020 as Restated
Deferred Outflows of Resources:			
Deferred OPEB-Related Costs	\$7,084	\$3,273,893	\$3,280,977
Liabilities:			
Net OPEB Liability	8,600,265	3,800,486	12,400,751
Deferred Inflows of Resources:			
Deferred OPEB-Related Inflows	6,116,723	(602,208)	5,514,515
Net Position:			
Unrestricted: Undesignated	(20,041,219)*	75,615	(19,965,604)

\*Carried over from above paragraph.

**Required Supplementary Information - Part II**

**SCHEDULE RSI-1**

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**  
**Required Supplementary Information**  
**Schedule of the Authority's Proportionate Share of the Net Pension Liability**  
**Public Employees' Retirement System (PERS)**  
**Last Seven Fiscal Years**

	Measurement Date Ending December 31.							
	<u>2021*</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability	N/A	0.0535440591%	0.05467174%	0.05381788%	0.0537226525%	0.0543910140%	0.0506942977%	0.0493138176%
Authority's Proportionate Share of the Net Pension Liability	N/A	\$8,731,636	\$9,851,018	\$10,596,472	\$12,505,775	\$16,109,058	\$11,379,854	\$9,232,895
Authority's Covered-Employee Payroll	\$	\$3,734,641	\$3,797,896	\$3,902,085	\$3,788,461	\$3,822,422	\$3,720,083	\$3,488,184
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	N/A	233.80%	259.38%	271.56%	330.10%	421.44%	305.90%	264.69%

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.

\*Actuary valuation at June 30, 2021 was not available at time of audit.

**SCHEDULE RSI-2**

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**  
**Required Supplementary Information**  
**Schedule of the Authority's Contributions**  
**Public Employees' Retirement System (PERS)**  
**Last Seven Fiscal Years**

	Fiscal Year ended December 31,							
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractual Required Contribution	\$587,711	\$533,898	\$537,519	\$512,532	\$484,956	\$435,835	\$406,536	\$368,940
Contributions in Relation to the Contractually Required Contribution	<u>(587,711)</u>	<u>(533,898)</u>	<u>(537,519)</u>	<u>(512,532)</u>	<u>(484,956)</u>	<u>(435,835)</u>	<u>(406,536)</u>	<u>(368,940)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered-Employee Payroll	\$3,757,876	\$3,734,641	\$3,797,896	\$3,902,085	\$3,788,461	\$3,822,422	\$3,720,083	\$3,488,184
Contributions as a Percentage of Authority's Covered-Employee Payroll	15.64%	14.30%	14.15%	13.13%	12.80%	11.40%	10.93%	10.58%

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.

**SCHEDULE RSI-3**

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**Required Supplementary Information  
Schedule of Changes in the Authority's Proportionate  
Share of the State OPEB Liability**

Last Four Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability:					
Service Cost	N/A	\$418,699	\$423,202	\$571,162	\$679,806
Interest	N/A	343,724	403,842	486,942	414,083
Changes of Assumptions	N/A	2,124,742	(1,038,528)	(1,474,842)	(1,652,602)
Changes of Benefit Terms	N/A	715	(1,209)		
Difference Between Expected and Actual Experience	N/A	374,170	(888,796)	(2,311,058)	
Benefit Payments	N/A	(322,148)	(298,512)	(268,695)	(266,608)
Contributions - Members	N/A	25,944	27,459	34,405	34,220
Change in Allocation	N/A	-	(38,354)	(27,024)	(776,746)
Net Change in Total OPEB Liability	N/A	2,965,846	(1,410,896)	(2,989,110)	(1,567,847)
Total OPEB Liability - Beginning	N/A	9,548,822	10,184,598	13,173,708	14,741,555
Total OPEB Liability - Ending	N/A	<u>\$12,514,668</u>	<u>\$8,773,702</u>	<u>\$10,184,598</u>	<u>\$13,173,708</u>
Plan Fiduciary Net Position:					
Contributions - Employer	N/A	202,046	219,935	268,423	243,826
Contributions - Non-Employer Contribution Entities	N/A	24,193	27,843	34,126	33,887
Contributions - Members	N/A	25,944	27,459	34,405	34,220
Net Investment Income	N/A	1,975	3,065	1,479	505
Benefit Payments	N/A	(322,148)	(298,512)	(268,695)	(266,608)
Administrative Expense	N/A	(6,850)	(6,018)	(5,226)	(5,680)
Change in Allocation	N/A	-	(753)	(279)	(5,342)
Net Change in Plan Fiduciary Net Position	N/A	(74,840)	(26,981)	64,233	34,808
Plan Fiduciary Net Position - Beginning	N/A	188,757	200,418	136,185	101,378
Plan Fiduciary Net Position - Ending	N/A	<u>113,917</u>	<u>173,437</u>	<u>200,418</u>	<u>136,186</u>
Authority's Net OPEB Liability	N/A	<u>\$12,400,751</u>	<u>\$8,600,265</u>	<u>\$9,984,180</u>	<u>\$13,037,522</u>

\*GASB requires that ten years of information be presented. However, since fiscal year 2017 was the first year of GASB 75 implementation, ten years is not presented. Each year thereafter, or additional year will be included until ten years of date is presented.



**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**  
**Notes to Required Supplementary Information**  
**For the Year ended December 31, 2021**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**

Changes of Benefit Terms

None

Changes in Assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date to the current measurement date resulting in a change in the discount rate from 6.28% to 7.00%. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 68.

**OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Changes of Benefit Terms

None

Changes in Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 9.

**Supplementary Schedules**

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

FOR YEAR ENDED DECEMBER 31, 2021

	Net Investment in Capital Assets	Restricted				Unrestricted		Total
		Operating Reserve	Bond / Loan Service	Bond / Loan Reserve	Renewal and Replacement	Designated for Construction Improvements	Undesignated	
<b>Operating Revenue:</b>								
Member Service Fees						13,468,465		13,468,465
Sewer Connection Fees						549,997		549,997
Discharge Fees						2,700		2,700
Industrial Pretreatment Program						38,810		38,810
Outside Sludge						1,565,539		1,565,539
Collection System						106,333		106,333
Solar Renewable Energy Certificates						-		-
Miscellaneous						102,816		102,816
Total Operating Revenue						15,834,660		15,834,660
<b>Operating Expense:</b>								
Administrative							1,815,008	1,815,008
Cost of Providing Services							9,316,479	9,316,479
Depreciation							2,524,722	2,524,722
Total Operating Expense	2,524,722						11,131,487	13,656,209
<b>Operating Income</b>	<b>(2,524,722)</b>						<b>4,703,173</b>	<b>2,178,451</b>
<b>Non-Operating Revenue (Expense):</b>								
Interest Income		2,402					35,528	37,930
Interest Expense	58,378						(270,205)	(270,205)
Amortization Expense	(66,843)						(52,035)	(58,378)
Costs of Issuance Expense							(286,712)	(292,775)
Total Non-Operating Revenue (Expense)	(8,465)	2,402					4,416,461	1,885,676
<b>Net Income (Loss) Before Transfers</b>	<b>(2,533,187)</b>	<b>2,402</b>						<b>1,885,676</b>
<b>Transfers:</b>								
Capital Expenditures	3,983,969						(1,680,077)	-
Budget Appropriations							(876,000)	-
Bond Principal Payments	1,696,625						(1,696,625)	-
NJEIT Receipts / Credits	(3,417,765)						3,417,765	-
Other Transfers		93,865	(4,190)	(156,702)	170,537		(103,510)	-
Total Transfers	(270,358)	96,267	(4,190)	(156,702)	876,000		1,284,410	1,885,676
<b>Increase/(Decrease) in Net Position</b>	<b>35,989,172</b>	<b>2,978,544</b>	<b>937,986</b>	<b>876,802</b>	<b>5,005,581</b>	<b>2,757,937</b>	<b>(19,965,604)</b>	<b>28,580,418</b>
<b>Net Position - January 1, 2021, Restated</b>	<b>35,718,814</b>	<b>3,074,811</b>	<b>933,796</b>	<b>720,100</b>	<b>5,881,581</b>	<b>4,042,347</b>	<b>(19,905,355)</b>	<b>30,466,094</b>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

SCHEDULE 2

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SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH

FOR THE YEAR ENDED DECEMBER 31, 2021

	Operating Accounts	Revenue Account	Bond/Loan Service Accounts	Bond/Loan Reserve Account
<b>Cash, Cash Equivalents and Investments - January 1, 2021</b>	4,978,582	5,765,761	(799,695)	680,698
<b>Cash Receipts:</b>				
Interest on Investments	35,528			
Member Service Fees		13,468,465		
Other Operating Fees		2,158,537		
Miscellaneous		102,816		
NJEIT Reimbursements Transfers	3,410,572			
<b>Total Cash Receipts</b>	<u>3,446,100</u>	<u>15,729,818</u>	-	-
<b>Cash and Investments Available</b>	<u>8,424,682</u>	<u>21,495,579</u>	<u>(799,695)</u>	<u>680,698</u>
<b>Cash Disbursements:</b>				
Operations	11,055,152			
Construction	3,976,776			
Debt Service Payments			1,972,976	
Other			52,035	
Transfers	876,000			
<b>Total Cash Disbursements</b>	<u>15,907,928</u>	-	<u>2,025,011</u>	-
<b>Cash, Cash Equivalents and Investments - December 31, 2021</b>	<u>(7,483,246)</u>	<u>21,495,579</u>	<u>(2,824,706)</u>	<u>680,698</u>
<b>Analysis of Balance:</b>				
Cash and Cash Equivalents	<u>(7,483,246)</u>	<u>21,495,579</u>	<u>(2,824,706)</u>	<u>680,698</u>
	<u>(7,483,246)</u>	<u>21,495,579</u>	<u>(2,824,706)</u>	<u>680,698</u>
Unrestricted	(7,483,246)	18,423,170	(3,871,961)	(39,402)
Restricted	-	3,072,409	1,047,255	720,100
	<u>(7,483,246)</u>	<u>21,495,579</u>	<u>(2,824,706)</u>	<u>680,698</u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

**SCHEDULE 2**

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SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH

FOR THE YEAR ENDED DECEMBER 31, 2021

	Renewal and Replacement Account	Construction Improvement Account	Total
<b>Cash, Cash Equivalents and Investments - January 1, 2021</b>	5,005,581	2,929,966	18,560,893
<b>Cash Receipts:</b>			
Interest on Investments			35,528
Member Service Fees			13,468,465
Other Operating Fees			2,158,537
Miscellaneous			102,816
NJEIT Reimbursements			3,410,572
Transfers	876,000		876,000
<b>Total Cash Receipts</b>	876,000	-	20,051,918
<b>Cash and Investments Available</b>	5,881,581	2,929,966	38,612,811
<b>Cash Disbursements:</b>			
Operations			11,055,152
Construction			3,976,776
Debt Service Payments			1,972,976
Other			52,035
Transfers			876,000
<b>Total Cash Disbursements</b>	-	-	17,932,939
<b>Cash, Cash Equivalents and Investments - December 31, 2021</b>	5,881,581	2,929,966	20,679,872
<b>Analysis of Balance:</b>			
Cash and Cash Equivalents	5,881,581	2,929,966	20,679,872
	5,881,581	2,929,966	20,679,872
Unrestricted	-	2,929,966	9,958,527
Restricted	5,881,581	-	10,721,345
	5,881,581	2,929,966	20,679,872

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**  
**SCHEDULE OF OPERATING REVENUE AND COSTS FUNDED**  
**BY OPERATING REVENUE COMPARED TO BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	FY 2021 Adopted Budget	FY 2021 Budget as Amended	Current Year Actual	Excess / (Deficit)	Prior Year Actual
<b>Revenues</b>					
Operating Revenues:					
Service Charges	13,468,465	13,468,465	13,468,465	-	13,221,012
Sewer Connection Fees	400,000	400,000	549,997	149,997	320,819
Outside Sludge	650,000	650,000	1,565,539	915,539	974,706
Discharge Fees	-	-	2,700	2,700	1,800
Industrial Pretreatment Program	25,000	25,000	38,810	13,810	39,935
Collection System	50,000	50,000	106,333	56,333	78,216
Solar Renewable Energy Certificates (SREC)	70,000	70,000	-	(70,000)	83,328
Miscellaneous	60,000	60,000	102,816	42,816	60,595
Non-Operating Revenues:					
Interest on Investments	40,000	40,000	37,930	(2,070)	121,194
<b>Total Revenues</b>	<b>14,763,465</b>	<b>14,763,465</b>	<b>15,872,590</b>	<b>1,109,125</b>	<b>14,901,605</b>
<b>Expenses</b>					
Operating Appropriations:					
Administration					
Personnel:					
Salaries and wages	735,400	735,400	785,348	(49,948)	840,332
Fringe Benefits	447,000	447,000	434,641	12,359	397,870
Other Expenses:					
Professionals	600,000	600,000	406,470	193,530	337,718
Communication	67,000	67,000	30,435	36,565	54,957
Executive	13,000	13,000	3,368	9,632	4,718
Management	263,000	263,000	154,746	108,254	202,040
	<u>2,125,400</u>	<u>2,125,400</u>	<u>1,815,008</u>	<u>310,392</u>	<u>1,837,635</u>
Cost of Producing Services					
Personnel:					
Salaries and wages	3,654,000	3,654,000	3,698,045	(44,045)	3,659,188
Fringe Benefits	2,221,775	2,221,775	2,160,343	61,432	2,052,892
Other Expenses:					
Utilities	1,182,000	1,182,000	1,142,468	39,532	989,452
Insurance	175,000	175,000	216,079	(41,079)	198,011
Vehicles	81,000	81,000	55,778	25,222	38,957
Collection System	500,000	500,000	260,909	239,091	371,045
Sewage Treatment & Laboratory	537,000	537,000	364,327	172,673	482,759
Solids Disposal	1,240,000	1,240,000	1,381,333	(141,333)	1,009,100
Buildings & Grounds/Road	198,000	198,000	104,623	93,377	183,158
	<u>9,788,775</u>	<u>9,788,775</u>	<u>9,383,905</u>	<u>404,870</u>	<u>8,984,562</u>
<b>Total Operating Appropriations</b>	<b>11,914,175</b>	<b>11,914,175</b>	<b>11,198,913</b>	<b>715,262</b>	<b>10,822,197</b>
Non-Operating Appropriations:					
Debt Service					
Bond and Loan Principal	1,696,626	1,696,626	1,696,625	1	1,662,627
Interest on Bonds and Notes	276,664	276,664	270,205	6,459	302,049
Renewal and Replacement Reserve	876,000	876,000	876,000	-	781,000
<b>Total Non-Operating Appropriations</b>	<b>2,849,290</b>	<b>2,849,290</b>	<b>2,842,830</b>	<b>6,460</b>	<b>2,745,676</b>
<b>Total Appropriations</b>	<b>14,763,465</b>	<b>14,763,465</b>	<b>14,041,743</b>	<b>721,722</b>	<b>13,567,873</b>

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY  
SCHEDULE OF OPERATING REVENUE AND COSTS FUNDED  
BY OPERATING REVENUE COMPARED TO BUDGET  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>FY 2021 Adopted Budget</u>	<u>FY 2021 Budget as Amended</u>	<u>Current Year Actual</u>	<u>Excess / (Deficit)</u>	<u>Prior Year Actual</u>
<b>Excess (Deficit) of Revenues Over Expenses</b>	-	-	1,830,847		1,333,732
<b>Reconciliation of Budgetary Basis to GAAP:</b>					
Accrued Principal on Bond/Loans Payable			1,696,625		1,662,627
Amortization Expense			58,378		56,322
Renewal and Replacement Reserve			876,000		781,000
Inventory Adjustments			67,426		54,525
Debt Issuance Cost Expense			(118,878)		(13,270)
Depreciation			(2,524,722)		(2,136,143)
<b>Change in Net Position</b>			<u>1,885,676</u>		<u>1,738,793</u>

## NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

**SCHEDULE OF CAPITAL BUDGET PROGRAM  
FUNDED BY FINANCING SOURCES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Project Number</b>	<b>FY 2021 Adopted Budget</b>	<b>FY 2021 Budget as Amended</b>	<b>Current Year Actual</b>	<b>Excess / (Deficit)</b>
<b>Financing Sources:</b>					
Unrestricted Net Position Utilized		995,000	1,100,515	660,419	440,096
Renewal and Replacement Reserve		876,000	876,000	170,537	705,463
Proceeds of NJEIT Loans		3,260,000	5,208,377	2,133,355	3,075,022
		<u>5,131,000</u>	<u>7,184,892</u>	<u>2,964,311</u>	<u>4,220,581</u>
<b>Capital Outlays:</b>					
Wastewater Pump Station Improvements (S340700-15) <sup>(3)</sup>	1126	1,000,000	2,300,000	1,358,939	941,061
Upgrade Operating Building Interior <sup>(2)</sup>	1145	660,000	100,000	106,816	(6,816)
Fiber Optic Pump Station Installations <sup>(2)</sup>		281,000	281,000		281,000
Upgrade Mission and Phoenix Alarm System/ Wet Well O2 System <sup>(1)(2)</sup>		310,000	350,000		350,000
Replace Federal Electric Sub-Panels Left Throughout Plant <sup>(2)</sup>		75,000	75,000		75,000
Upgrade and Replace PLCs and CSS in Primary Building <sup>(1)</sup>		90,000	-		-
Vehicle Replacement <sup>(1)</sup>		90,000	90,000		90,000
Replace Aeration Gallery PLCs, Wiring, and Transmission Data System <sup>(2)</sup>		150,000	-		-
Replace BFP#2 Schwing Pump <sup>(1)</sup>	1148	700,000	400,000	56,028	343,972
Vehicle Storage Building <sup>(3)</sup>	1146	600,000	10,000	9,643	357
Cake Receiving Facility <sup>(3)</sup>		1,000,000	125,000		125,000
Pump Station PLC Replacement <sup>(2)</sup>	1143	60,000	120,000	90,913	29,087
Upgrade Polymer Room Electrical Cabinets, Automate Polymer System <sup>(1)</sup>		25,000	25,000		25,000
Thickener Scrubber Upgrade to Fully Automated and Winterize <sup>(1)</sup>		30,000	30,000		30,000
Upgrade Pump Station Lighting Including Wet Wells <sup>(1)</sup>	1133	60,000	35,000	12,808	22,192
Replace Plant Water Pumps VFDs, Upgrade Transformers <sup>(1)</sup>	1133	-	15,000	25,306	(10,306)
Aeration Blower Replacement & Waste Activated Sludge <sup>(1)</sup>	1124		186,463	-	186,463
Wastewater Treatment Plant Improvements <sup>(1)</sup>	1128		234,651	234,651	-
WWTP Gravity Main Repairs <sup>(1)</sup>	1144		780,502	17,434	763,068
Darlington Repairs <sup>(1)</sup>	1133		68,306	68,306	-
Grit Building Roof Replacement <sup>(1)</sup>	1150		75,000	18,000	57,000
Chapel Road Manhole Replacement <sup>(1)</sup>	1151		1,883,970	824,897	1,059,073
Force Main Inspections <sup>(1)</sup>	1152			28,398	(28,398)
Pump Station PLC Replacement <sup>(1)</sup>	1140			112,172	(112,172)
<b>Total Capital Outlays</b>		<u>5,131,000</u>	<u>7,184,892</u>	<u>2,964,311</u>	<u>4,220,581</u>
<b>Total Costs Funded by Capital Revenue</b>		<u>5,131,000</u>	<u>7,184,892</u>	<u>2,964,311</u>	<u>4,220,581</u>
<b>Add: Excess</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>5,131,000</u>	<u>7,184,892</u>	<u>2,964,311</u>	<u>4,220,581</u>

<sup>(1)</sup> Funded by Unrestricted Net Position Utilized.<sup>(2)</sup> Funded by Renewal and Replacement Fund.<sup>(3)</sup> Funded by Proceeds of NJEIT Loans.



NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY  
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities December 31, 2021	Balance Jan. 1, 2021	2021 Issued	2021 Redeemed	Balance Dec. 31, 2021
Utility System Revenue Bonds, Series 2008				159,774		159,774	-
New Jersey Environmental Infrastructure Trust - Series 2010B Trust Portion							
		5.00%	82,000				
		5.00%	86,000				
		5.00%	86,000				
		5.00%	91,000				
		5.00%	96,000				
		5.00%	100,000				
		5.00%	109,000				
		5.00%	113,000				
		5.00%	117,000				
				957,000		77,000	880,000

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**  
**SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS**

Description	Date of Issue	Interest Rate	Outstanding Maturities December 31, 2021	Balance Jan. 1, 2021	2021 Issued	2021 Redeemed	Balance Dec. 31, 2021
New Jersey Environmental Infrastructure Fund - Series 2010B Fund Portion		n/a	90,000				
		n/a	90,000				
		n/a	90,000				
		n/a	90,000				
		n/a	90,000				
		n/a	90,000				
		n/a	90,000				
		n/a	90,000				
		n/a	90,000				
		n/a	25,049				
			835,049			90,000	745,049
New Jersey Environmental Infrastructure Trust - Series 2012A Trust Portion (Refunded with Series 2020C)							
				95,000		95,000	-

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY  
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities	Balance Jan. 1, 2021	2021 Issued	2021 Redeemed	Balance Dec. 31, 2021
New Jersey Environmental Infrastructure Loan - Series 2012A Fund Portion		n/a	2022				
		n/a	2023	109,880			
		n/a	2024	109,880			
		n/a	2025	109,879			
		n/a	2026	109,880			
		n/a	2027	109,880			
		n/a	2028	109,880			
		n/a	2029	109,879			
		n/a	2030	109,879			
		n/a	2031	73,253			
				1,172,049		109,879	1,062,170
New Jersey Environmental Infrastructure Trust - Series 2014A Trust Portion		3.49%	2022				
		3.36%	2023	15,000			
		3.22%	2024	15,000			
		3.05%	2025	15,000			
		3.05%	2026	15,000			
		3.06%	2027	15,000			
		3.07%	2028	15,000			
		3.08%	2029	15,000			
		3.09%	2030	20,000			
		3.13%	2031	20,000			
	3.19%	2032	20,000				
	3.25%	2033	20,000				
				215,000		15,000	200,000

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY  
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities December 31, 2021	Balance Jan. 1, 2021	2021 Issued	2021 Redeemed	Balance Dec. 31, 2021
New Jersey Environmental Infrastructure Loan - Series 2014 A Fund Portion		n/a	14,619				
		n/a	14,618				
		n/a	14,619				
		n/a	14,619				
		n/a	14,618				
		n/a	14,619				
		n/a	14,619				
		n/a	14,618				
		n/a	1,003				
				132,571		14,619	

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**  
**SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS**

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2021	2021 Issued	2021 Redeemed	Balance Dec. 31, 2021
			Date	Amount				
New Jersey Environmental Infrastructure Loan - Series 2015 Trust Portion		5.00%	2022	90,000				
		5.00%	2023	95,000				
		5.00%	2024	100,000				
		5.00%	2025	105,000				
		5.00%	2026	110,000				
		4.00%	2027	115,000				
		4.00%	2028	115,000				
		4.00%	2029	120,000				
		4.00%	2030	125,000				
		4.00%	2031	130,000				
		4.00%	2032	135,000				
		4.00%	2033	140,000				
		4.00%	2034	150,000				
						1,615,000	85,000	1,530,000

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY  
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Date	Outstanding Maturities		Balance Jan. 1, 2021	2021 Issued	2021 Redeemed	Balance Dec. 31, 2021
				December 31, 2021	Amount				
New Jersey Environmental Infrastructure Loan - Series 2015 Fund Portion		n/a	2022		328,441				
		n/a	2023		328,442				
		n/a	2024		328,442				
		n/a	2025		328,441				
		n/a	2026		328,442				
		n/a	2027		328,442				
		n/a	2028		328,441				
		n/a	2029		328,442				
		n/a	2030		328,441				
		n/a	2031		328,441				
		n/a	2032		328,441				
		n/a	2033		275,117				
							4,216,415		328,442

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY  
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2021	2021 Issued	2021 Redeemed	Balance Dec. 31, 2021
			Date	Amount				
Unity System Revenue Bonds, Series 2016A		4.00%	2022	635,000				
		4.00%	2023	660,000				
		4.00%	2024	690,000	2,600,000		615,000	1,985,000
New Jersey Environmental Infrastructure Loan - Series 2018A-2 Trust, Portion		5.00%	2022	20,000				
		5.00%	2023	20,000				
		5.00%	2024	25,000				
		5.00%	2025	25,000				
		5.00%	2026	25,000				
		5.00%	2027	25,000				
		4.00%	2028	30,000				
		4.00%	2029	30,000				
		4.00%	2030	30,000				
		4.00%	2031	30,000				
		4.00%	2032	35,000				
		4.00%	2033	35,000				
		4.00%	2034	35,000				
		4.00%	2035	35,000				
		4.00%	2036	40,000				
		4.00%	2037	40,000				
		4.00%	2038	40,000		540,000	20,000	520,000

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY  
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Date	Outstanding Maturities		Balance Jan. 1, 2021	2021 Issued	2021 Redeemed	Balance Dec. 31, 2021
				December 31, 2021	Amount				
New Jersey Environmental Infrastructure Loan - Series 2018A-2 Fund Portion		n/a	2022		86,911				
		n/a	2023		86,911				
		n/a	2024		86,911				
		n/a	2025		86,911				
		n/a	2026		86,911				
		n/a	2027		86,911				
		n/a	2028		86,911				
		n/a	2029		86,911				
		n/a	2030		86,911				
		n/a	2031		86,911				
		n/a	2032		86,911				
		n/a	2033		86,911				
		n/a	2034		86,911				
		n/a	2035		86,911				
		n/a	2036		86,910				
		n/a	2037		86,910				
		n/a	2038		50,749				
						1,535,427		94,104	1,441,323



NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY  
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2021	2021 Issued	2021 Redeemed	Balance Dec. 31, 2021
			Date	Amount				
New Jersey Environmental Infrastructure Trust - Series 2020C Trust Portion (Refunded Series 2012A Trust Portion)		4.00%	2022	98,436				
		4.00%	2023	102,373				
		4.00%	2024	106,235				
		4.00%	2025	110,018				
		4.00%	2026	113,718				
		3.00%	2027	117,334				
		3.00%	2028	122,020				
		3.00%	2029	126,708				
		3.00%	2030	131,238				
		3.00%	2031	135,660				
						1,163,740		

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY  
SCHEDULE OF REVENUE AND REVENUE REFUNDING BONDS

Description	Date of Issue	Interest Rate	Outstanding Maturities		Balance Jan. 1, 2021	2021 Issued	2021 Redeemed	Balance Dec. 31, 2021
			Date	December 31, 2021 Amount				
New Jersey Environmental Infrastructure Trust - Series 2021A-2 Trust Portion		5.00%	2023	45,000				
		5.00%	2024	45,000				
		5.00%	2025	50,000				
		5.00%	2026	50,000				
		5.00%	2027	55,000				
		5.00%	2028	55,000				
		5.00%	2029	65,000				
		5.00%	2030	65,000				
		5.00%	2031	70,000				
		4.00%	2032	70,000				
		3.00%	2033	75,000				
		3.00%	2034	75,000				
		3.00%	2035	75,000				
		3.00%	2036	80,000				
		3.00%	2037	80,000				
		3.00%	2038	85,000				
		3.00%	2039	90,000				
	2.00%	2040	90,000					
	2.00%	2041	90,000		1,310,000	-	1,310,000	



**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**  
**ROSTER OF OFFICIALS AND REPORT ON SURETY BONDS**

The following officials were in office at December 31, 2021:

<u>Name</u>	<u>Office</u>	
Michael Kasparian	Chairman	Ho-Ho-Kus
Frank Kelaher	Vice Chairman	Ramsey
Dennis Bonagura	Commissioner	Franklin Lakes
Matthew Jordan	Commissioner	Allendale
Marianne Ortega	Commissioner	Walkdwick
Stephen L Iacono	Commissioner	Mahwah
Marion Plumley	Commissioner	Midland Park
James Rotundo	Executive Director	
Bern Root, LLC	Legal Counsel	
Wielkotz & Company, LLC	Auditors	

**Government Auditing Standards Report**



**WIELKOTZ & COMPANY** LLC  
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA  
MATTHEW B. WIELKOTZ, CPA, PSA  
PAUL J. CUVA, CPA, RMA, PSA  
JAMES J. CERULLO, CPA, RMA, PSA  
THOMAS M. FERRY, CPA, RMA, PSA

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OFFICE@W-CPA.COM

ROCKAWAY OFFICE  
100 ENTERPRISE DRIVE  
SUITE 301  
ROCKAWAY, NEW JERSEY 07866  
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**INDEPENDENT AUDITOR'S 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**

Honorable Chairman and Members of the  
Northwest Bergen County Utilities Authority  
County of Bergen  
Waldwick, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Northwest Bergen County Utilities Authority, as of and for the year ended December 31, 2021, and the related notes to the financial statements, and have issued our report thereon dated March 21, 2022.

***Internal Control Over Financial Reporting***

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

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



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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Northwest Bergen County Utilities Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

***Purpose of this Report***

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



WIELKOTZ & COMPANY, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey

March 21, 2022



**Single Audit Section**





**WIELKOTZ & COMPANY** LLC  
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE  
AND N.J. OMB CIRCULAR 15-08**

Honorable Chairman and Members of the  
Northwest Bergen County Utilities Authority  
County of Bergen  
Waldwick, New Jersey

**Report on Compliance for Each Major Federal and State Program**

**Opinion on Each Major Federal and State Program**

We have audited the Northwest Bergen County Utilities Authority's compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB)'s *Compliance Supplements* that could have a direct and material effect on each of the Northwest Bergen County Utilities Authority's major federal and state programs for the year ended December 31, 2021. The Northwest Bergen County Utilities Authority's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Northwest Bergen County Utilities Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2021.

**Basis for Opinion on Each Major Federal and State Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and N.J. OMB Circular 15-08. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.



We are required to be independent of the Northwest Bergen County Utilities Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Northwest Bergen County Utilities Authority's compliance with the compliance requirements referred to above.

### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Northwest Bergen County Utilities Authority's federal and state programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Northwest Bergen County Utilities Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance, and N.J. OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Northwest Bergen County Utilities Authority's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance, and N.J. OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Northwest Bergen County Utilities Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.





- Obtain an understanding of the Northwest Bergen County Utilities Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Northwest Bergen County Utilities Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



Honorable Chairman and Members of the  
Northwest Bergen County Utilities Authority  
Page 4.

**Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform  
Guidance and N.J. OMB Circular 15-08.**

We have audited the financial statements of the Northwest Bergen County Utilities Authority as of and for the year ended December 31, 2021, and have issued our report thereon dated March 21, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Uniform Guidance and N.J. OMB Circular 15-08 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information of the management and the New Jersey State Department of Community Affairs, other state and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.



WIELKOTZ & COMPANY, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey

March 21, 2022



**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title/Cluster Title	CFDA Number	State Agency Account Number	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	Cumulative Grant Expenditures
					From	To		
<b>U.S. Environmental Protection Agency:</b>								
<i>Pass Through New Jersey Department of Environmental Protection:</i>								
NJ Environmental Infrastructure Fund	66.458	042-4860-711-013	\$ 1,709,248	\$ 147,040	01/01/21	12/31/21	\$ 147,040	\$ 1,709,248
2018 Project (S340700-13)								
NJ Environmental Infrastructure Fund	66.458	042-4860-711-003	\$ 4,839,167	\$ 1,035,042	01/01/21	12/31/21	\$ 1,040,670	\$ 4,547,517
2019 Project (S340700-15)								
NJ Environmental Infrastructure Fund	66.458	042-4860-711-003	\$ 891,089	\$ 121,514	01/01/21	12/31/21	\$ 121,514	\$ 891,089
2019 Project (S340700-18)								
NJ Environmental Infrastructure Fund	66.458	042-4860-711-003	\$ 456,802	\$ 406,802	01/01/21	12/31/21	\$ 406,802	\$ 406,802
2019 Project (S340700-19)								
NJ Environmental Infrastructure Fund	66.458	42-4860-711-003/20	\$ 581,449	\$ 581,449	01/01/21	12/31/21	\$ 581,449	\$ 581,449
2021A-2 Project (S340700-16/18)								
<b>Total Federal Financial Awards</b>			<b>\$ 2,291,847</b>	<b>\$ 2,297,475</b>			<b>\$ 2,297,475</b>	<b>\$ 8,136,105</b>

See accompanying notes to schedule of expenditures of federal and state awards.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF STATE ASSISTANCE**

DECEMBER 31, 2021

State Funding Department	State Grant Account Number	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	Cumulative Grant Expenditures
				From	To		
<b>New Jersey Department of Environmental Protection:</b>							
NJ Environmental Infrastructure Grant 2015 Project (S340700-12)	042-4860-71I-009	\$ 1,970,650	\$ 90,763	01/01/21	12/31/21	\$ 55,538	\$ 1,970,650
NJ Environmental Infrastructure Grant 2018 Project (S340700-13)	042-4860-71I-013	\$ 569,750	\$ 49,014	01/01/21	12/31/21	\$ -	\$ 598,001
NJ Environmental Infrastructure Fund 2019 Project (S340700-15)	042-4860-71I-003	\$ 1,613,055	\$ 345,014	01/01/21	12/31/21	\$ 346,890	\$ 1,515,839
NJ Environmental Infrastructure Fund 2019 Project (S340700-18)	042-4860-71I-003	\$ 272,710	\$ 40,505	01/01/21	12/31/21	\$ 40,505	\$ 297,030
NJ Environmental Infrastructure Fund 2019 Project (S340700-19)	042-4860-71I-003	\$ 50,000	\$ 406,801	01/01/21	12/31/21	\$ 406,801	\$ 406,801
NJ Environmental Infrastructure Fund 2021A-2 Project (S340700-16/18)	042-4860-71I-003/20	\$ 406,801	\$ 193,817	01/01/21	12/31/21	\$ 193,817	\$ 193,817
<b>Total State Financial Assistance</b>		<u>\$ 1,125,914</u>				<u>\$ 1,043,551</u>	<u>\$ 4,982,138</u>

This schedule is presented for management purposes only and is not subject to single audit.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**NOTES TO THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS  
DECEMBER 31, 2021**

**NOTE 1. GENERAL**

The accompanying Schedule of Expenditures of Federal and State Awards present the activity of all federal and state award programs of the Northwest Bergen County Utilities Authority. The Authority is defined in Note 1 to the Authority's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state financial assistance passed through other government agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the accrual basis of accounting. These bases of accounting are described in Notes 2(A) to the Authority's basic financial statements. The information in this schedule is presented in accordance with the requirements of Uniform Guidance and Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Awards and financial assistance are reported in the Authority's basic financial statements on a GAAP basis as follows:

	New Jersey Environmental <u>Fund</u>	New Jersey Environmental <u>Trust</u>	<u>Total</u>
Balance - 12/31/20	\$1,703,424	\$691,904	\$2,395,328
Grants Awarded	894,665	802,287	1,696,952
Funds Received/Credits Applied	<u>(2,207,962)</u>	<u>(1,209,799)</u>	<u>(3,417,761)</u>
Balance - 12/31/21	<u>\$390,127</u>	<u>\$284,392</u>	<u>\$674,519</u>

**NOTE 4. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal financial reports.

**NOTE 5. INDIRECT COST RATE**

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

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**

*Section I - Summary of Auditor's Results*

**Financial Statements**

Type of auditor's report issued: Modified

Internal control over financial reporting:

1. Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes X none reported

2. Material weakness(es) identified? \_\_\_\_\_ yes X no

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes X no

**Federal Awards**

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes X none reported

2. Material weakness(es) identified? \_\_\_\_\_ yes X no

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

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Uniform Guidance? \_\_\_\_\_ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>66.458</u>	<u>Clean Water State Revolving Fund</u>

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes X no



**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**  
**(continued)**

*Section I - Summary of Auditor's Results, (continued)*

**State Awards**

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_yes  X no

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

Internal Control over major programs:

1. Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

2. Material weakness(es) identified? \_\_\_\_\_ yes  X  no

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 15-08? \_\_\_\_\_ yes  X  no

Identification of major programs:

**GMIS Number(s)**

**Name of State Program**

526-042-4860-510-017

N.J. Environmental Infrastructure Trust Fund

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**

(continued)

*Section II - Financial Statement Findings*

**FINDING: 2021-01\***

**STATEMENT OF CONDITION**

The Authority has not updated the net other post-employment benefit obligation, net pension obligation, pension-related deferred outflow, accounts payable – pension or pension-related deferred inflow accounts to a measurement date acceptable under current accounting standards.

**CRITERIA**

Government Accounting Standards Board (GASB) Statements No. 68 and No. 75 require a state or local government employer to recognize a net pension liability and other post-employment benefit obligation measured as of a date no earlier than the end of its prior fiscal year.

**EFFECT**

The amount by which this departure would affect the deferred outflows of resources, liabilities, deferred inflows of resources and net position has not been determined.

**CAUSE**

The Authority relies on valuations performed annually by an actuary hired by the State of New Jersey. As of the date of this report, there has been no indication as to when the actuary's valuation of the Public Employee's Retirement System (PERS) or State of New Jersey Health Benefit System would be complete.

**RECOMMENDATION**

The Authority should update all future financial statements to comply with GASB's No. 68 and No. 75 once the actuary's valuation reports are available.

**MANAGEMENT'S RESPONSE**

Calculation of the net other post-employment benefit obligations, net pension obligation, pension-related deferred outflow, accounts payable – pension and pension-related deferred inflow amounts are out of the Authority's control. In order to comply with the requirements of their 1984 Trust Indenture, management has opted to release the report without updating the figures in accordance with the measurement guidelines of GASB's No. 68 and No. 75.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**

(continued)

*Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs*

No matters were reported

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**

**Status of Prior Year Findings**

A review was performed on all prior year recommendations and corrective action was taken on all items, except those noted with an asterisk "\*".

**General Comments and Recommendations**

## GENERAL COMMENTS

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term 'competitive contracting', which is defined as "the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors' formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received."

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$44,000.00, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations."

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. "Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months."

The bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is \$44,000.00.

The governing body has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the opinion of the Authority's attorney should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. No violations were discovered.

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 40A:11-4.

Resolutions were adopted authorizing the awarding of contract or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

GENERAL COMMENTS, (CONTINUED)

Interaccount Advances

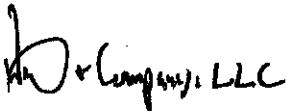
Advances between unrestricted accounts should be settled upon occurrence.

Miscellaneous

There were no problems and weaknesses noted in our review that were of such magnitude that they would effect our ability to express an opinion on the financial statements taken as a whole.

We desire to express appreciation for the assistance and courtesies rendered by the Commissioners and employees during the course of the examination.

Respectfully submitted,



WIELKOTZ & COMPANY, LLC  
Certified Public Accountants  
Pompton Lakes, New Jersey