

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)

Annual Comprehensive Financial Report

For the years ended May 31, 2022 and 2021

(With Independent Auditor's Report thereon)

Prepared by Old Bridge Municipal Utilities Authority
Business Office
Michelle Smith, CPA
Comptroller

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INTRODUCTORY SECTION

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September 28, 2022

Members of the Old Bridge Municipal Utilities Authority Middlesex County, New Jersey

The Annual Comprehensive Financial Report of the Old Bridge Municipal Utilities Authority (the Authority) for the period ended May 31, 2022, is submitted herewith pursuant to the Service Agreement with the Township of Old Bridge, the Indenture of Trust on outstanding Revenue Bonds, and the provisions of Chapter 5A of Title 40A of the New Jersey Statutes Annotated, entitled "Local Authorities Fiscal Control Law". Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. This Annual Comprehensive Financial Report was prepared by the staff of the Authority's Department of Finance. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Authority and that all disclosures necessary to enable the readers to gain the maximum understanding of the Authority's financial activity have been included.

The Authority's financial statements have been audited by Holman, Frenia, Allison P.C., a firm of licensed certified public accountants and registered municipal accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the period ended May 31, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Authority's financial statements for the period ended May 31, 2022, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the report of the independent auditors. The Authority implemented the Government Accounting Standards Board (GASB) Statement 34, with the May 31, 2003 financial statements. GASB 34 is a dramatic change in governmental financial reporting. We believe this new presentation will provide better information to the users of the Annual Comprehensive Financial Report.

The Authority implemented the Government Accounting Standards Board (GASB) Statement 68, with the May 31, 2016 financial statements. GASB 68 improves accounting and financial reporting for pensions.

The Authority implemented the Government Accounting Standards Board (GASB) Statement 74, with the May 31, 2018 financial statements. GASB 74 improves financial reporting for Postemployment Benefits Other Than Pensions.

The Authority implemented the Government Accounting Standards Board (GASB) Statement 75, with the May 31, 2019 financial statements. GASB 75 improves accounting and financial reporting for Postemployment Benefits Other Than Pensions.

THE REPORTING UNIT

CREATION. POWERS AND RESPONSIBILITIES

The Authority was created on November 4, 1985, by an ordinance of the Township of Old Bridge. The Authority resulted from consolidation of The Old Bridge Township Sewerage Authority (“OBTSA”) and the former Old Bridge Municipal Utilities Authority (“OBMUA”), which was responsible for wastewater treatment and collection and water treatment and distribution, respectively. The combining of these operations has resulted in improved efficiency and cost- effectiveness of their operations under the Act, specifically N.J.S.A. 40:14-20, The Authority has certain powers, including but not limited to the ability:

To sue and to be sued;

To acquire, rent, uses and dispose of its service charges and other revenues and other monies;

To acquire, rent, hold, lease as lessor, use and dispose of personal property for the purpose of the Authority;

To acquire by purchase, gift, condemnation or otherwise, or lease as lessee, real property and easements therein, necessary or useful and convenient for the purposes of the authority;

To produce, develop, purchase, accumulate, distribute and sell water and water services, facilities and products within or without the Authority service area, provided that no water shall be sold at retail in any municipality outside the service area unless the governing body of such municipality shall have adopted a resolution requesting the authority to sell water at retail in such municipality, and the State Board of Public Utilities shall have approved such resolutions as necessary and proper for the public convenience;

To provide for and secure the payment of any bonds and the rights of the holders thereof, and to purchase, hold and dispose of any bonds;

To make and enforce by-laws or rules and regulations for the management and regulation of its business and affairs; and

To do and perform any acts and things authorized by the Act under, through or by means of its own officers, agents and employees, or by contract with any person.

COMPONENT UNIT STATUS

The Authority is considered to be a “Component Unit” of the Township of Old Bridge under GAAP, based upon the oversight responsibilities of the Township, which include:

- Appointment of the Members of the Authority
- Approval of projects requiring the issuance of debt by the Authority, and
- Service Agreement provisions, which require the Township to finance any deficits of the Authority, effectively providing a guarantee of the Authority’s debt service requirements.

The Township of Old Bridge follows a regulatory basis of accounting for financial statement preparation, which differs, significantly from GAAP. Of particular interest is the absence of reporting on component units based upon the separate legal status of these units. As such, the Township does not include the Authority as a component unit in its financial statements.

THE SYSTEM

The Water System Overview

The Authority is the only purveyor of water in the Township and provides, as of June 1, 2022, approximately 28,886 equivalent domestic consumer units in the Township with water service representing approximately 98% of users in the Township. The remainder of the residents of the Township obtains water from private wells. The Authority's water facilities (collectively, the "Water System") were principally constructed during the years 1955 through 1965 and 1983 through 2014. The overall condition of the facilities may be classified as good, and the Authority has an ongoing capital program for those of its facilities that are currently in need of rehabilitation.

Although the Authority has jurisdiction for supply of potable water to the residents of the Township, on June 17, 1988, the Authority also entered into an agreement with the Township of Aberdeen to sell that municipality up to 3.0 million gallons per day ("mgd") of finished water. The agreement provides for a minimum purchase of 0.7 mgd on a take-or-pay basis.

Water System Facilities

The Authority's present Water System facilities consist of eight wells, two water treatment plants (Browntown and Old Bridge), eight available storage tanks and three pressure booster stations. All water supply service areas, which cover approximately three-quarters of the area available for development in the Township, are interconnected via an extensive distribution system consisting primarily of six-inch to twenty-inch water mains.

The rated capacities of the Authority's two water treatment plants are 5.0 mgd for the Browntown plant and 3.0 mgd for the Old Bridge plant. However, due to backwashing requirements, the maximum usable production from the two plants is approximately 7.5 mgd. On November 17, 1986, the Authority entered into an agreement with the Middlesex Water Company ("MWC") for the purchase of up to 9.0 mgd of finished water. Additionally, the Authority has emergency interconnections with Perth Amboy, Monroe, Aberdeen and the Marlboro Municipal Utilities. On June 17, 1988, the Authority entered into an agreement with the Township of Aberdeen to purchase finished water from time to time through the interconnection.

The treatment plants treat raw water withdrawn from the Authority's eight wells. The Authority's New Jersey Department of Environmental Protection ("NJDEP") permit allows it to withdraw up to 1,542.06 million gallons ("mg") per year, which corresponds to an average rate of 4.22 mgd. The maximum monthly allocation is limited to 222.5 mg, or an average rate of 7.3 mgd. In addition, the Authority currently purchases between 2.0 and 8.0 mgd from MWC.

Peak demands are met by the utilization of storage facilities. The Authority has 20.75 mg of storage capacity in eight elevated and/or ground storage tanks.

Water consumption in 2021 was 2.265 billion gallons, or a daily average of 6.20 mgd. Maximum water use occurs during the summer months as a result of increased demand for lawn watering, filling pools and other outdoor uses. The month with the highest usage in 2021 was June with a total use of 243.476 million gallons with the daily average being 8.12 mgd. Withdrawals from storage are required during periods of maximum use.

In 2001 the Authority commenced installation of a radio read meter reading system to replace the time-consuming practice of physically reading consumer water meters. Since the inception of this program to completion, the Authority connected all customer accounts to radio read meters using Authority forceaccount employees. This completes the meter installation program where all 28,886 EDCU's are now radio reads. A comparison of water uses during calendar years, 2012-2021 is presented below:

| <u>Year</u> | <u>Yearly Average Flow, mgd.</u> | <u>Maximum Monthly Flow, mgd.</u> |
|-------------|--------------------------------------|---------------------------------------|
| 2012 | 6.67 | July (10.93) |
| 2013 | 6.32 | July (8.06) |
| 2014 | 6.17 | July (10.07) |
| 2015 | 6.51 | Aug (9.08) |
| 2016 | 6.43 | Aug (8.63) |
| 2017 | 5.81 | July (7.45) |
| 2018 | 6.33 | Sep (9.27) |
| 2019 | 5.97 | July (8.03) |
| 2020 | 6.22 | July (8.99) |
| 2021 | 6.20 | June (8.12) |

Browntown Water Treatment Plant

The Browntown Water Treatment Plant is located at the intersection of Route 9 South and Throckmorton Lane. The plant has a rated capacity of 5.0 mgd. The plant is serviced by four wells, which pump groundwater to the two forced draft aerators. The aerators are used for iron conversion and hydrogen sulfide removal. Flow from the aerators enters a 78-foot diameter clarifier rated at 5.0- mgd capacity. Coagulating chemicals are added to the clarifier for removal of iron and turbidity via settling of the treated water. After clarification, the water is pumped to five pressure filters, which remove turbidity and small floc containing residual iron. A backwash holding tank is used to recover backwash water from the filters and also to remove the solids from the recycled backwash water. Iron sludge from the clarifier and backwash detention tank is discharged into the Authority's sanitary sewer system.

Five service pumps are used to distribute water to the distribution system. Prior to the filtration, the treated water is disinfected with chlorine and pumped to either the 0.5 million gallons clear well or directly to the distribution system.

Old Bridge Water Treatment Plant

The Old Bridge Water Treatment Plant has a rated capacity of 3.0 mgd and is served by four wells. The original plant pumped the water from the filters directly to the distribution system. In April 1996 the plant configuration was changed to encompass Oak Street Station as part of the Old Bridge Plant. The filters now pump the water to the two million-gallon tank on Oak Street, which water is then pumped out through the Oak Street Booster Station. A 2.5-mgd pump was also added to the Oak Street Station to give the station a total capacity of 6.0 mgd.

The reason for the plant improvement was to prevent the pressure from the pumps at the Old Bridge Plant from working against the pressures from the pumps in the Oak Street Station, and also to maintain a more consistent pressure in the South Old Bridge area.

Raw water is treated via forced draft aeration, clarification, filtration and disinfection prior to entering the 2.0-million-gallon tank on Oak Street. Two pressurized filters, each rated at 1.5 mgd, are installed at the plant.

Pressure Booster Stations

The Oak Street Booster Station contains four pumps, two each rated at 1,800 gallons per minute (“gpm”), one at 1,500 gpm and one at 900 gpm. The station is used in conjunction with the Oak Street Water Storage Tank to pump water into the Water System during periods of low pressure.

The Cheesequake Booster Station has four pumps that are capable of pumping 3,500 gpm to the Cheesequake area of the Township. Three pressure reducing valves, installed in early 1986, are used in conjunction with the Booster Station to provide adequate water pressure to the Cheesequake Section of the Township.

The Perrine Road Booster Station contains five pumps rated at 1,800 gpm, 1,600 gpm 1,600 gpm 1,500 gpm and 1,200 gpm. The station is used in conjunction with the Perrine Road Water Tank and the Sayrewoods Elevated Water Storage Tank to supply water into the system to supplement the Authority’s groundwater supplies.

Water Tanks

The Authority has eight available water tanks with a total capacity of 20.75 mg.

| <u>Location</u> | <u>Capacity (millions gallons)</u> | <u>Type</u> |
|----------------------------|---|--------------------|
| Perrine Road | 10.00 | Ground |
| Higgins Road | 3.00 | Ground |
| Oak Street | 2.00 | Ground |
| Browntown Plant | 0.50 | Ground |
| Route 516 | 2.00 | Ground |
| Sayrewoods | 1.00 | Elevated |
| Marlboro Road | 2.00 | Elevated |
| Route 35 (Laurence Harbor) | 0.25 | Elevated |

Interconnection with Middlesex Water Company

In accordance with the conditions of the Authority’s Water Supply Allocation Permit No. 5340 dated November 26, 2001, and the authority granted to NJDEP under the Water Supply Management Act of 1981 (N.J.S.A. 58:1A-1 et seq.), the Authority is under ongoing regulatory mandate to reduce its dependence on groundwater supplies.

The Old Bridge wells are in the State's Critical Area No. 1 and as such, must reduce withdrawals of groundwater by 40-50 percent based on actual use in 1983. In order to accomplish these groundwater supply reductions, the Authority entered into an agreement (the "MWC Agreement") for a term of twenty years with the MWC to supply up to 9.0 mgd of surface water. The MWC Agreement was signed on November 17, 1986, as amended April 21, 1999 and May 7, 2003. The Township began taking water under such MWC Agreement in May 1988. A new MWC Agreement was entered into on July 27, 2011. The term of this Agreement is twelve years, with the option to renew for an additional twenty years from the date of expiration.

In accordance with the Authority's NJDEP Permit (W.S. Permit No. 5340), the Authority was permitted to divert 222.5 million gallons per month (an average of mgd) of groundwater from their supply wells at a maximum rate of 6,000 gallons per minute. Beginning in May 1988, the effective date of use of water from the MWC, the Authority's allocation was reduced to 1,428.58 million gallons annually or an average of 3.9 mgd.

These cutbacks, which were in accordance with the requirements for reduction of groundwater withdrawals imposed by NJDEP, required that groundwater withdrawals from all wells in Critical Area No. 1 (which includes the Township) be reduced by 40 to 50 percent of 1983 use.

In 1995 the Authority purchased Diversion Rights from South Amboy increasing the groundwater withdrawal amount up to the current 1,542.06 million gallons or an average of .42 mgd.

In accordance with the MWC Agreement, the Authority is obligated to take-or-pay a minimum of 2.0 mgd. This minimum commitment will increase as the average and peak use of MWC water by the Township increases. The present rate of water purchased from MWC is \$3,951.22 per million gallons.

The Authority's 2021 average daily water supply demand was 6.20 mgd, and such demand is currently projected to increase up to 11.1 mgd by 2028. In order to meet these projected demands, the Authority must increase its dependence on surface water supplies or supplies from non-critical areas. At the present time, it is contemplated that these supplies will be provided by MWC. The contract with MWC provides for up to 9.0 mgd of supply.

The Sewer System Overview

The Authority serves, as of June 1, 2022, approximately 27,951 equivalent domestic consumer units with sewage disposal services and provides such services throughout the Township. The majority of the pumping stations as well as much of the piping conveyance facilities (collectively, the "Sewer System") were constructed by private developers and subsequently accepted by the Authority. The Authority conducts an ongoing maintenance program on the Sewer System, including inspections, testing, flushing, repairs and replacements.

The Authority's Sewer Division has the responsibility for accomplishing, by all reasonable and economic means, the relief of the waters in and bordering the State from pollution arising from causes within the Township and the consequent improvement of conditions affecting the public health. The Authority has exclusive responsibility for sewage disposal development within the Township, and the establishment of competitive sewerage facilities is prohibited by the Act.

Sewage Disposal Facilities

The Sewer System consists of two major components: the piping conveyance facilities and pumping stations. The Sewer System serves the seven main drainage areas of the Township. The Iresick, Tennents Brook, Deep Run, Pricketts Brook and Matchaponix drainage areas represent approximately eighty percent (80%) of the area of the Township and are sewered by Authority trunk sewers tributary to the South River Interceptor of the Middlesex County Utilities Authority (“MCUA”). This sewage flow is metered by two metering/sampling chambers and is treated at the MCUA’s secondary treatment plant.

The Lake Lefferts and Raritan Bay drainage areas represent approximately the remaining twenty- percent (20%) of the Township and are sewered by Authority trunk sewers tributary to the South Bay Interceptor. This sewage flow is metered by a metering/sampling chamber located in Cliffwood Beach and is treated at the MCUA’s secondary treatment plant.

MCUA Treatment

Under an ongoing agreement between the Authority and MCUA (“MCUA Agreement”), the MCUA is responsible to treat sewage collected within the Township and discharged by the Authority to the MCUA. The MCUA imposes charges therefore at the same rates as for other customers for treatment services. Under the MCUA Agreement, the Authority discontinued treatment and conveys all sewage collected by it to the MCUA for treatment.

The Sewage Collection System

The Authority owns and maintains an extensive system of force main, gravity, collector and trunk sewers comprising approximately 200 miles of pipe, which serves all seven drainage areas of the Township. The Authority has four major trunk sewers, which are fed by many smaller collector systems. Gravity sewers range in size from 6 to 42 inches in diameter and force mains range between 3 and 20 inches in diameter.

Four major trunk sewers, the Iresick, the Deep Run, the Runyon and the Laurence Harbor trunk sewers, serve the seven drainage basins. The Laurence Harbor trunk sewer line through the swamps by Margarets Creek was replaced in 2009 and is saving additional sums due to the reduction on inflow from the swamps.

The Authority owns, operates and maintains thirty-five sewage pumping stations which includes one ejector station.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when considered from the broader perspective of the environment within which the Authority provides service.

Local Economy

With over 66,000 people and a land area of approximately 40 sq. miles, Old Bridge is the third largest community in Middlesex County. When you think Old Bridge Township, your thoughts can be as diverse as the community itself. From the tranquility of the 1,569-acre Cheesequake State Park to the quaint bay front communities of Laurence Harbor and Cliffwood Beach; from rural farmlands to modern suburban neighborhoods; from lazy winding country roads to the lively activity of the Route 9 shopping corridor; Old Bridge continues to be a place where people can live, work and play in a manner suitable to their own unique needs.

Nestled in the southeast corner of Middlesex County, Old Bridge has experienced steady growth while maintaining its commitment to preserve open space. State, County and Municipal parks and recreation areas conveniently dot the community offering a respite from the everyday hustle and bustle of modern-day life. Whether you prefer a stroll on a sandy beach, a lakeside picnic, boating or a jog on a nature trail, Old Bridge continues to provide the perfect destination for enjoying nature's many gifts.

The Township's location makes it one of Central New Jersey's premier economic growth areas and economic development is a priority in Old Bridge. Traversed by the Garden State Parkway, Route 18, 9, 34 and 35, Old Bridge is fast becoming a place to grow a business or an industry. Whether your business or industry is local, state, national or international, Old Bridge offers easy access to major markets, a diverse workforce and a built-in consumer base. Its proximity to Newark International Airport, Port Elizabeth and the New Jersey Turnpike make getting your product to and from Old Bridge a "snap". Available sites zoned to welcome commercial, office and industrial uses together with a "business friendly" atmosphere make Old Bridge the right destination to develop, relocate or expand your business. Whether it's hi-tech, biotech, light industrial, pharmaceutical or professional office, you'll feel at home in Old Bridge.

New Business

The Authority continues to be customer and market driven. The FY 2022/2023 budget includes funds and programs to focus on customer service and the upgrading and improvement of both our Water & Sewer Division's infrastructure, to accommodate an ever-growing community.

Strategic Management Planning

The Authority's Strategic Plan continues to promote interdepartmental communication and cooperation, and encourages increased employee involvement in achieving company goals that support the Authority's Mission Statement. Staff updated the Board concerning key issues in a meeting in early March 2022 to determine future direction of the utility. That discussion is ongoing at this time.

The Authority's Key Result Areas as presented in the FY 2022 Strategic Plan are as follows:

Priority No. 1 - Customer Satisfaction and Expansion:

Customer Satisfaction, Ease of Acquiring Service, New or Rejuvenated Revenue Sources, Economic Development, Market Share, and New Opportunities.

Priority No. 2 - Corporate Culture:

Values, Performance Based Organization, Goals and Accountability, Training, Communications, and Safety Performance.

Priority No. 3 - Corporate Planning:

Facilities Master Planning and Long-Range Planning.

Priority No. 4 - Economic Decision Making:

Spending (Capital, Operations and Maintenance).

Priority No. 5 - Financial Performance:

Cost of Service.

Long Term Capital Planning

The Authority's capital renewal, expansion, and improvements continue. The multiplicity of requirements by regulatory agencies also demands much capital. Renewals and replacements are necessary due to the aging infrastructure currently under way. Most replacements are the result of redevelopment efforts, which increase our costs and provide no additional revenue. In an effort to strategically expend the Authority's limited resources, Department Heads meet approximately twice annually to discuss and update capital plans. This allows for coordination between the numerous agencies the Authority's staff interacts with to accomplish its plans.

Major Ongoing and Upcoming Projects Include:

- Laurence Harbor Water Main Reinforcements (\$1,750,000)
- Central Park Sewer Relining, Phase 2 (\$500,000)
- Rt 34 Water Tank Replacement and Land Acquisition (\$5,000,000)
- Cedar Ridge Pump Station Force Main (\$350,000)
- Rt. 34 Force Main Rehabilitation (\$750,000)
- Whispering Pines Sewer Relining, Phase 1 (\$500,000)

Since many of the projects rehabilitate deteriorating lines in the older sections of town, the impact on operating and maintenance expenses related to that rehabilitation is expected to be favorable. Due to the increased usage of low flow devices, there has been drop in the overall discharge of effluent to MCUA thereby saving the Authority additional fees in the treatment of our sewerage flow. The ongoing relining project has also had a huge impact on the reduction of infiltration and inflow to the Authority's lines, reducing operating costs on an ongoing basis. This has saved the authority approximately \$1.5 million per year in reduced processing fees. Current and future planned projects will increase this calculated savings.

Budgets

The Department of Finance prepares estimates for departmental review. Department Heads review and revise them where necessary and respective Directors sign off on these revised budgets.

The Budget Review Committee, consisting of the Executive Director, Chief Financial Officer and Internal Auditor, discusses the budgets with the respective Department Heads and revise as needed. The Authority's Board of Commissioners reviews and approves each of the two prefatory budgets (Operations Budget – Personnel and O&M combined, and Capital Budget).

With the implementation of SCADA (supervisory control and data acquisition) system, automating plant operations through consolidating control to the Browntown Plant, the upgrade of our meter reading system to radio reads, resulting in the elimination of meter reading positions, and the reassignment of responsibilities of the existing staff to cover the duties of employees who have resigned or retired to eliminate the need for replacement, there has been a reduction of 17 employees within the last 18 years.

The budget is prepared on the accrual basis, with modifications where required to comply with the governing regulations; accordingly, revenues and expenses are budgeted for specific periods of time and are recorded as incurred, along with acquired assets, without regard to the date of receipts or payment of cash.

The Authority is required by N.J.A.C. 5:31-2.1(j) and 5:31-2.3 to prepare, adopt, and provide an annual budget no later than 60 days prior to the beginning of its fiscal year. The annual budget and any amendments thereto shall not be in effect until approved by the Authority, and the Director of the Division of Local Government Services. Once approved, the Annual Budget becomes the basis for operating and for capital expenditures during the ensuing fiscal year. Budgetary control is provided by monthly revenue and expense reports. Monthly financial statements are provided to the Board of Commissioners for review in advance of a verbal presentation of financial activity at regularly scheduled Board meetings.

The statutory budget and the financial reporting thereon differ in certain respects from GAAP. A reconciliation of the reported results on the budgetary basis to GAAP is included as part of the other supplementary information schedules.

As part of the Fiscal Year Budget that started June 1, 2023 there was an increase in water rates of 5.5% on April 21, 2022 and an additional water rate increase of 2.5% will be implemented on January 02, 2023. These increases are directly resulting from the rate increase we received from Middlesex Water Company (MWC). MWC originally petitioned to the BPU to increase our rates by 53%. We fought that increase and were able to bring it down to a 35% increase implemented in 2 phases: the 1st phase, effective January 1, 2022 was a 24.53% increase, the 2nd phase, which will become effective January 1, 2023 is 8.87%. These increases to the Authority equate to a 5.5% and 2.5% increase to our ratepayers respectively. Previous to these increases, the Authority has not had a rate increase in user rates in 4 years. There are no anticipated increases in the Sewer Rates.

Internal Controls

The Authority operates within a system of internal accounting controls established and continually reviewed by management to provide reasonable assurance that assets are adequately safeguarded and transactions are recorded in accordance with Authority policies and procedures. When establishing and reviewing controls, management must consider the cost of the control and the value of the benefit derived from its utilization.

Management normally maintains or implements only those controls for which its value adequately exceeds its costs. Recent audits have not noted any weaknesses in internal controls.

Debt Management

At May 31, 2022, the Authority had outstanding insured revenue bonds in the amount of \$29,496,127 and a Construction Loan in the amount of \$2,700,000. Debt service schedules go out to 2040. Interest rates range from 0.0% on Bonds issued as part of the state sponsored New Jersey Wastewater Treatment Trust Fund and New Jersey Infrastructure Bank (NJIB) to 5.50% on the bonds. Use of the NJIB as the financing vehicle for OBMUA capital projects results in both lower over-all interest costs and a reduction in the costs associated with the issuance of debt. All outstanding bonds are insured and rated Aa1. Principal payments are due November 1 of each year. The principal for the bonds due November 1, 2022 is \$3,347,964. Management and the Authority's Financial Advisor constantly monitor market conditions to determine if interest rate declines present opportunities for savings through the refunding of outstanding debt.

The Authority has taken comprehensive actions to limit the costs in the current debt service maturity schedule. Utilization of the NJIB (formerly the NJ Environmental Infrastructure Trust) financing program for eligible capital projects over an eighteen-year period from 1993 through 2013 has resulted in interest savings to the Authority in excess of \$5.42 million.

Current and advance refunding's of existing debt in 2002, 2004, 2006, 2009, 2012, 2014 and 2016 based upon improving market conditions, resulted in additional aggregate savings to the Authority of \$6.32 million. Such refundings require the approval of the New Jersey Local Finance Board and generally must yield a net present value savings of at least 3% of debt service cash flows. Full details of the specific Bond Issues outstanding may be found in Note 5 and on Schedule 1 of the statistical section.

Service Agreement

SUMMARY OF CERTAIN PROVISIONS OF THE SERVICE AGREEMENT WITH THE TOWNSHIP OF OLD BRIDGE

The Agreement establishes conditions under which the Authority shall operate the System and from time to time enlarge, alter, renew and replace the same. The following is an outline of certain provisions of the Agreement, with various comments thereon, and does not purport to be a full and complete statement of the provisions of the Agreement, which should be read in full for a complete understanding thereof.

Establishment of Rates

The Agreement provides that the Authority will charge Service Charges in accordance with the Act at least to the extent required by the Agreement and at the rates established in accordance with the Agreement. In order to finance deficits, as described below, the Authority will charge the Township Annual Charges computed in accordance with the Agreement. The Annual Charges made by the Authority to be paid by the Township for or with respect to any Fiscal Year shall include and make provisions for all of the amounts (not actually paid from Service Charges, bond proceeds, insurance proceeds, interest income, contributions received by or for account of the Authority until after the payment in full of all other obligations of the Authority including its bonds, original or refunding or both, or reserves available at the beginning of such year) necessary (1) to pay or provide for the expenses of operation and maintenance of the System, including (without limitation) sewerage treatment charges, water purchases, water charges, insurance, renewals, replacements, extensions, enlargements, alterations and betterments, but excluding depreciation, (2) to pay or provide for principal or redemption price of and interest on outstanding bonds, notes or other evidences of indebtedness of the Authority becoming due during such Fiscal Year, (3) to pay or provide for any deficits of the Authority resulting from failure to receive sums payable to the Authority by the Township, any other municipality, any county or any person, or from any other cause, and (4) to maintain such reserve or sinking fund to provide for expenses of operation and maintenance of the System or for any interest on or principal or redemption price of bonds, notes or other evidences of indebtedness of the Authority or for any such deficits as may be required by the terms of any contract, indenture or bond resolution of the Authority or be deemed necessary or desirable by the Authority.

Payment of Annual Charges by Township

For or in connection with the sale and supplying of water and the treatment and disposal of sewage or other wastes in the Township by means of the System during each Fiscal Year, the Township shall pay to the Authority Annual Charges made and charged by the Authority to and payable by the Township for such Fiscal Year computed by the Authority as provided in this Article. Within thirty days after the end of each Fiscal Year, the Authority shall notify the Township of the estimated Annual Charges for the preceding Fiscal Year. Within sixty (60) days after the end of each Fiscal Year, the Authority will make and deliver to the Township its certificate stating the amount of the Annual Charges (if any) for such preceding Fiscal Year (the "Prior Annual Charges Deficiency Notice") computed in accordance with this Agreement accompanied by the written approval, signed by an Accountant, of the statements in such certificate.

The Annual Charges for each Fiscal Year, to the extent that any part thereof shall not have been theretofore paid, shall in all events be due and payable within forty-five (45) days of receipt by the Township of the Prior Annual Charges Deficiency Notice, but current provision for and payment of part of such Annual Charges on an annualized basis shall be made by the Township in accordance with the following paragraphs of this Section.

By the first business day of each Fiscal Year, the Authority will make an estimate of the amount of the Annual Charges which will become payable by the Township for such Fiscal Year and thereafter within thirty (30) days of the commencement of such Fiscal Year. In the event that any part of any Annual Charges theretofore becoming payable by the Township shall not have been paid, the Authority will include in such certificate an additional provision separately stating the amount of such unpaid part (hereinafter called the "Prior Annual Charges Deficiency).

The Township will in each year make all budgetary and other provisions or appropriations necessary to provide for and authorize the payment by the Township to the Authority during each Fiscal Year of the estimated amount of the Annual Charges Deficiency (if any) stated in the certificate delivered in such Fiscal Year to it by the Authority as aforesaid.

Within forty-five (45) days of receipt of any Prior Annual Charges Deficiency Notice, the Township will pay to the Authority the amount of the Prior Annual Charges Deficiency stated in the certificate delivered in such Fiscal Year to it by the Authority as aforesaid. The Township will pay to the Authority that part of the estimated amount of the Annual Charges stated in the certificate delivered in such Fiscal Year to it by the Authority as aforesaid in three equal installments on the first day of August, November and February of each Fiscal Year (in a Fiscal Year ending May 31) or the equivalent of the first day of the month sixty (60) days, one hundred fifty (150) days and two hundred forty (240) days following the receipt of any Prior Annual Charges Deficiency Notice.

In the event that the amount of the Annual Charges made and charged by the Authority to and payable by the Township for any Fiscal Year computed as provided in this Article shall be less than the estimated amount of such Annual Charges (as aforesaid) stated in the certificate delivered in such Fiscal Year to it by the Authority, the Authority will credit the difference between said amounts to the Township against the amount of the next payment becoming due to the Authority from the Township.

The Authority has agreed to repay to the Township all moneys paid to the Authority under the Agreement, except for Service Charges on property owned by the Township itself, within five years after such payment by the Township, without interest only from Surplus Revenues of the Authority.

Rates of Service Charges

The Service Charges to be prescribed, fixed and charged by the Authority pursuant to the Agreement shall be computed in accordance with and at the rates shown on the schedule of such charges annexed to the Agreement, which is the Authority's rate schedule as presently in effect. The Authority shall not without the written consent of the Township adopt or make any amendment to said schedule if (a) with respect to any Fiscal Year after the end of the second Fiscal Year after the date of the Agreement, there has been an Annual Charge payable in either of the two Fiscal Years next preceding the adoption of such amendment, (b) with respect to any Fiscal Year, the Authority anticipates that an Annual Charge will be payable or (c) at the time of the adoption of such an amendment there remains any Annual Charges that have not been repaid to the Township by the Authority.

However, the Authority may adopt or make any amendment to said schedule if such amendment (a) imposes or affects only a connection charge to be made to the Authority for or with respect to each making or discontinuing of a service connection to the System, or (b) is required by the terms of any final judgment or decree of a court of competent jurisdiction or (c) is required by any of the terms or provisions of, or any of the covenants made for the benefit of holders of Bonds.

Miscellaneous Provisions

In the Agreement the Township agrees not to construct or permit the construction of any water supply, distribution system, sewage disposal plant or sewers or other facilities for distribution of water within, or the collection, treatment or disposal of sewage originating in, the Township unless the Authority shall have given its written consent to such construction. The Agreement provides that Authority shall not construct or acquire any extension of any water main as an extension of the Water System or any extension of any sewer as an extension of the Sewerage System without a certificate of a consulting engineer stating the opinion that the estimated Service Charges to be collected with respect to the System, together with other available funds and revenues, other than Annual Charges, exceed the estimated operating expenses with respect to the System for a period of not less than three years after the time of placing in operation of such extension.

Notwithstanding anything to the contrary, the Authority shall not enlarge, alter or improve the Water System or the Sewer System or renew or replace any part thereof which requires the issuance of debt by the Authority, unless the Township first receives a written notice of the Authority's intent to issue debt and estimated total debt to be issued from the Authority's Executive Director at least thirty (30) days prior to the issuance of debt.

In the Agreement the Authority may assign or pledge for the benefit and security of the holders of Bonds all of its rights under the provisions of the Agreement to receive payments from the Township and thereafter the Agreement may not be terminated, modified or changed by either the Authority or the Township except in the manner (if any) and subject to the conditions (if any) permitted by the terms and provisions of such assignment or pledge. The Agreement may be terminated by either party after such time that Bonds are no longer outstanding, but only upon two years' prior written notice to the other party.

AWARDS and ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Old Bridge Municipal Utilities Authority for its annual comprehensive financial report for the fiscal year ended May 31, 2021. This was the 18th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of achievement is valid for a period of one year only. We believe that our current annual financial comprehensive report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Authority's Department of Finance. I would like to express my appreciation to all members of the Department who assisted and contributed to its preparation.

I would also like to express my thanks to the to the Board of Commissioners, the Executive Director, our in-house Engineer, our in-house Accountant, and the entire Authority staff for their interest and support in planning and conducting the financial operations in a responsible and progressive manner. The staff especially appreciates the invaluable guidance and encouragement of the Authority's external auditor, Holman, Frenia, Allison P.C.

Respectfully submitted,

A handwritten signature in blue ink that reads "Michelle Smith". The signature is written in a cursive, flowing style.

Michelle Smith, Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Old Bridge Municipal Utilities Authority
New Jersey**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

May 31, 2021

Christopher P. Morill

Executive Director/CEO

DIRECTORY

Board Members

Bruce Walker, Chairman
Frank Weber, Vice Chairman
Mark Razzoli, Secretary
Dr. Anita Greenberg, Treasurer
John E. Murphy III, Commissioner
Thomas Galante, Commissioner
Edward Casserly, Commissioner

Management Team

Guy Donatelli, Executive Director/ Superintendent Water Division
Michelle Smith, CPA, Comptroller
Michael Roy, P.E.
Charles Winkler, Superintendent Sewer Collection
Robin Brooksbank, Office Manager
Jessica Sangiorgio, Internal Audit

General Counsel

James J. Cleary, Esquire
Matawan, New Jersey

Independent Certified Public Accountants/ Registered Municipal Accountants

Holman, Frenia, Allison, P.C.
Lakewood, New Jersey

Bond Counsel

Gibbons P.C.
Newark, New Jersey

Financial Advisor

ACACIA Financial Group, Inc.
Montclair, New Jersey

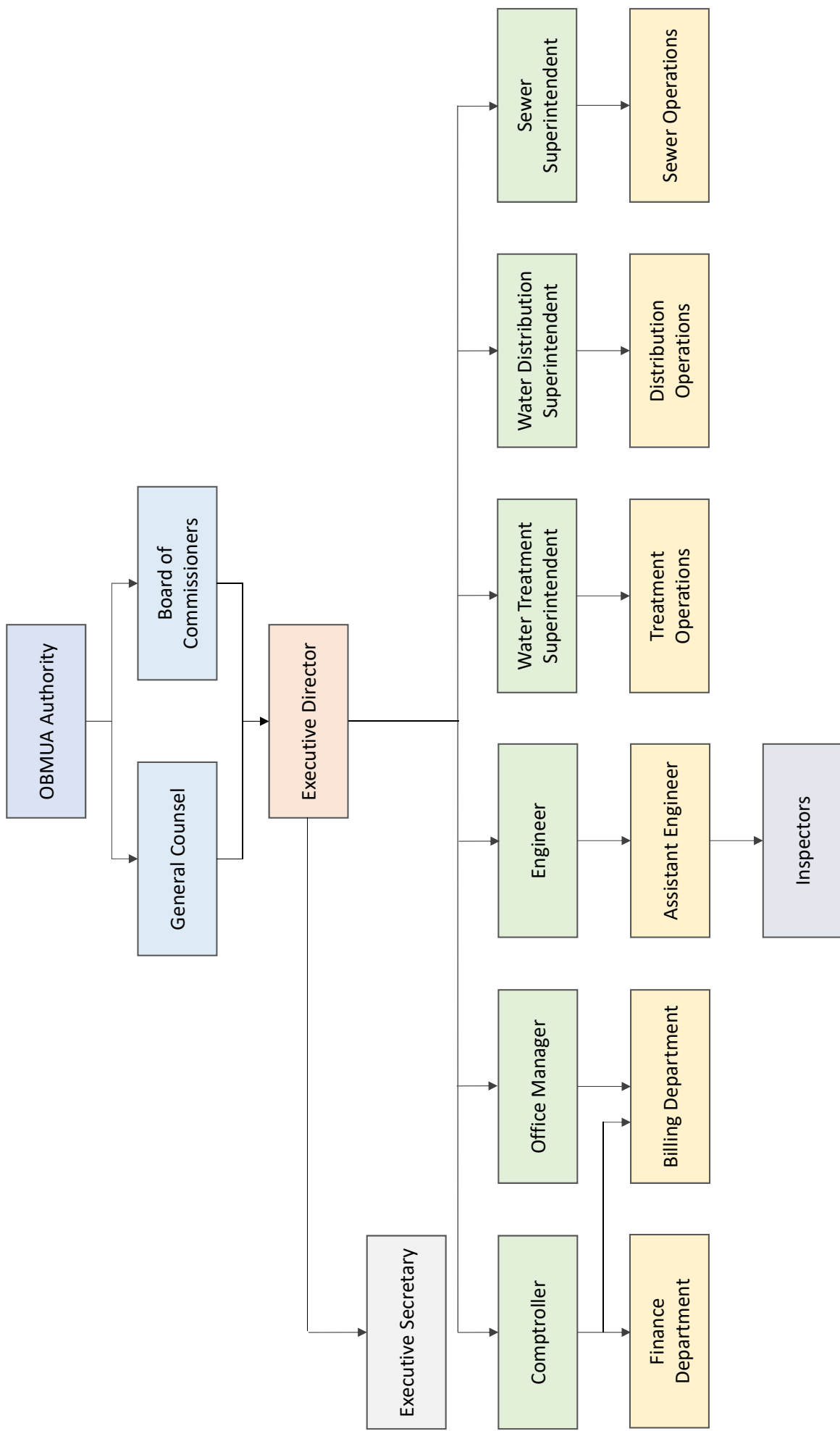
Consulting Engineers – Sewer Division

Alaimo Group Consulting Engineers
Mt Holly, New Jersey

Consulting Engineers – Water Division

C.M.E. Associates
Parlin, New Jersey

OBMUA Organizational Chart / Authority Overview



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members
of the Old Bridge Municipal Utilities Authority
County of Middlesex
Laurence Harbor, State of New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Old Bridge Municipal Utilities Authority (hereafter referred to as the Authority), a component unit of the Township of Old Bridge, County of Middlesex, State of New Jersey, as of and for the years ended May 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of May 31, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities 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 generally accepted auditing standards, *Government Auditing Standards* and audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey 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 generally accepted auditing standards, *Government Auditing Standards* and audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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 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 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 and budgetary comparison information 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 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 Supplementary 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 schedules of revenues and expenses compared to budget are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey 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 accompanying schedules of revenues and expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 introductory section and other supplementary information, such as the statistical information 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 not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or assurance on the information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

September 28, 2022
Lakewood, New Jersey

**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
Old Bridge Municipal Utilities Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Old Bridge Municipal Utilities Authority (hereafter referred to as the Authority), a component unit of the Township of Old Bridge, County of Middlesex, State of New Jersey, as of and for the year ended May 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 28, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 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* and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

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

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

September 28, 2022
Lakewood, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Old Bridge Municipal Utilities Authority's (the Authority) annual financial report presents the analysis of the Authority's financial performance during the fiscal year that ended on May 31, 2022. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Operating revenues for fiscal year 2022 were \$32.6 million, a \$1.7 million decrease over fiscal year 2021. This was primarily the result of a decrease in connection fees of \$2.2 million.
- Operating expenses for fiscal year 2022 were \$28.0 million, a \$.3 million (1%) increase over fiscal year 2021. The main increases in expenses over last year were from an increase in health benefits and contractual services and charges.
- Plant, Property, and Equipment, before depreciation for fiscal year 2022 increased \$.866 million over fiscal year 2021. This increase included capital expenditures to improve the Authority's sewer collection system and the water distribution and treatment facilities to make its infrastructure more reliable and resilient.
- The Authority made a funding contribution to its OPEB irrevocable trust increasing its Fiduciary Net Position for FY 2022 by \$.324 million over fiscal year 2021 raising Total Net Position to \$8.71 million.
- The Authority closed on a \$2.7 million low interest construction loan with the NJ Infrastructure Bank Program. This money is being used to replace approximately 10,500 linear feet of undersized 2" diameter water lines with larger existing water mains in the streets. This project will provide improved water pressure to those residents in the Laurence Harbor section of Old Bridge.
- Cash and Cash Equivalents for fiscal year 2022 increased \$3.35 million over fiscal year 2021. The main reason for this increase is the Authority received \$3.5 million in the current fiscal year from a developer to construct a 1-million-gallon on-site water storage tank to accommodate their proposed developments. This was the second and final payment made by this developer. Their first payment was for \$1.5 million which was received in Fiscal Year 2020. These payments were recorded as unearned revenues and will be recognized as revenue as construction on the tank progresses. As of the end of the current fiscal year, \$.278 million has been transferred to earned revenue.
- Net pension liability for fiscal year 2022 decreased \$3.45 million over fiscal year 2021. Deferred outflows related to pensions decreased \$1.31 million while deferred inflows related to pensions increased \$.43 million over fiscal 2021. (See Note 7).
- The Authority did a full GASB 74 valuation report and a GASB 75 roll forward valuation report this year. As a result, the net OPEB liability increased \$5.44 million in FY 2022 from \$23.95 million to \$29.39 million. Deferred Inflows decreased \$.035 million and deferred outflows increased \$3.72 million. The lookback methodology for the GASB 75 valuation for fiscal year 2022 was used to leverage the GASB 74 valuation results produced last year. Under the lookback methodology, the Measurement Date for the fiscal year ending May 31, 2022 is May 31, 2021. (see Note 9)

- The impact of the COVID-19 pandemic on the Authority has been minimal and based on our experience to date, management expects this to remain the case. The Authority continued its operations as usual and its employees have worked throughout this health-crisis. Per Executive Order 190, the Authority did not collect late fees during the Public Health Emergency which was extended until March 15, 2022. Under Executive Order 246, the Authority was required to offer interest-free payment plans to its customers prior to disconnecting service or imposing liens for non-payment of arrearages that had accrued since the beginning of the public health emergency. As a result of these Executive Orders, delinquent penalties revenues decreased by \$221,000 from fiscal year 2021 to 2022 and decreased \$165,000 from fiscal year 2020 to 2021. This decrease had minimal effect on its financial statements. The Authority will continue to monitor the effects COVID-19 may have on its financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority is a single enterprise fund even though it provides various utility services. The Authority also has a fiduciary fund to account for the funds held in trust for other postemployment benefit plans. The Annual Comprehensive Financial Report is presented in four sections: Introductory, Financial, Statistical, and General Comments and Recommendations. The Introductory section includes a letter of transmittal, the Authority's Organizational Chart, and a System Overview. The Financial section includes Management's Discussion and Analysis, Financial Statements with accompanying notes, Supplementary Information, and the Independent Auditor's Report. The Statistical section includes selected financial, operational, and demographic information, generally presented on a multi-year basis. The General Comments and Recommendations section presents required additional auditor reporting on New Jersey statutory compliance. The Authority adopted Governmental Accounting Standards Board (GASB) Statement 34 for the fiscal period ending May 31, 2003, Other Post-Employment Benefits GASB Statement 45 starting in fiscal year ended May 31, 2009, GASB Statement 65 starting in fiscal year ended May 31, 2014, GASB Statement 68 (Accounting and Financial Reporting for Pensions) in fiscal year ended May 31, 2016, GASB Statement 74 (Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, in fiscal year ended May 31, 2018, and GASB 75 (Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions) for the year ended May 31, 2019.

REQUIRED FINANCIAL STATEMENTS

The financial statements report information about 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 and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). It also provides the basis for computing rate of return, 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 success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges. This statement also measures the Authority's profitability and credit worthiness.

The other required financial statement is the *Statement of Cash Flows*. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities, and provides answers to such questions as "where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period?"

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

One of the most important questions asked about the Authority's finances is "Is the Authority, as a whole, better off or worse off as a result of the 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 the net position of the Authority, and changes in them. You can think of the Authority's net position – the difference between assets and liabilities – 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, you will need to also consider other non-financial factors such as changes in economic conditions, customer growth, and legislative mandates.

Net Position

The Authority's total government-wide net position increased from last year by \$3.9 million or 3.3%. The analysis which follows focuses on the Authority's net position (Table 1) and changes in net position (Table 2) during the year.

Table 1
Government-Wide Net Position
(Dollars in Thousands)

| | May 31, 2022 | May 31, 2021 | May 31, 2020 | 2022-2021 Increase/(Decrease) | | 2021-2020 Increase/(Decrease) | |
|---|--------------|--------------|--------------|----------------------------------|-------|----------------------------------|--------|
| | | | | \$ | % | \$ | % |
| Current and Other Assets | \$ 73,735 | \$ 63,776 | \$ 58,133 | \$ 9,959 | 15.6% | \$ 5,643 | 9.7% |
| Capital Assets | 131,953 | 134,724 | 136,863 | (2,771) | -2.1% | (2,139) | -1.6% |
| Total Assets | 205,688 | 198,500 | 194,996 | 7,188 | 3.6% | 3,504 | 1.8% |
| Deferred Outflows of Resources | 7,631 | 5,283 | 3,926 | 2,348 | 44.4% | 1,357 | 34.6% |
| Total Assets and Deferred Outflows of Resources | \$ 213,319 | \$ 203,783 | \$ 198,922 | \$ 9,536 | 4.7% | \$ 4,861 | 2.4% |
| Long-Term Liabilities | \$ 66,614 | \$ 65,076 | \$ 66,893 | \$ 1,538 | 2.4% | \$ (1,817) | -2.7% |
| Other Liabilities | 18,173 | 14,437 | 14,524 | 3,736 | 25.9% | (87) | -0.6% |
| Total Liabilities | 84,787 | 79,513 | 81,417 | 5,274 | 6.6% | (1,904) | -2.3% |
| Deferred Inflows of Resources | 5,823 | 5,432 | 4,986 | 391 | 7.2% | 446 | 8.9% |
| Net Investment in Capital Assets | 98,664 | 100,617 | 99,494 | (1,953) | -1.9% | 1,123 | 1.1% |
| Restricted Net Position | 11,936 | 8,964 | 9,072 | 2,972 | 33.2% | (108) | -1.2% |
| Unrestricted Net Position | 12,109 | 9,257 | 3,953 | 2,852 | 30.8% | 5,304 | 134.2% |
| Total Net Position | 122,709 | 118,838 | 112,519 | 3,871 | 3.3% | 6,319 | 5.6% |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 213,319 | \$ 203,783 | \$ 198,922 | \$ 9,536 | 4.7% | \$ 4,861 | 2.4% |

Changes in the Authority's net position can be determined by reviewing the following condensed Statement of Revenues, Expenses, and Changes in Net Position for the year.

Table 2
Statement of Revenues, Expenses,
and Changes in Net Position
(Dollars in Thousands)

While the Statements of Net Position show the change in financial position of net position, the Statements of Revenues, Expenses and Changes in Net Position, provide answers as to the nature and source of these changes. A closer examination of the individual categories affecting the source of changes in net position for the current fiscal year is discussed below.

| | | | | | 2022-2021 | | 2021-2020 | |
|---|-------------------|-------------------|-------------------|-----------------|---------------------|-----------------|---------------------|--|
| | May 31, 2022 | May 31, 2021 | May 31, 2020 | | Increase/(Decrease) | | Increase/(Decrease) | |
| | \$ | \$ | \$ | \$ | % | \$ | % | |
| <u>Operating Revenues</u> | | | | | | | | |
| Water Charges | \$ 14,635 | \$ 14,536 | \$ 14,172 | \$ 99 | 0.7% | \$ 364 | 2.6% | |
| Sewer Charges | 16,952 | 16,649 | 16,949 | 303 | 1.8% | (300) | -1.8% | |
| Connection Fees | 77 | 2,316 | 2,277 | (2,239) | -96.7% | 39 | 1.7% | |
| Other | 923 | 767 | 643 | 156 | 20.3% | 124 | 19.3% | |
| Non-Operating Revenues | | | | | | | | |
| Interest Income | 90 | 164 | 610 | (74) | -45.1% | (446) | -73.1% | |
| Miscellaneous | 7 | 13 | 22 | (6) | -46.2% | (9) | -40.9% | |
| Total Revenue | 32,684 | 34,445 | 34,673 | (1,761) | -5.1% | (228) | -0.7% | |
| <u>Operating Expenses</u> | | | | | | | | |
| Personnel Costs | 11,491 | 11,727 | 11,525 | (236) | -2.0% | 202 | 1.8% | |
| Administrative & Office | 1,942 | 1,681 | 1,910 | 261 | 15.5% | (229) | -12.0% | |
| Engineering | 55 | 42 | 44 | 13 | 31.0% | (2) | -4.5% | |
| Operatins and Maintenance | 2,717 | 2,999 | 2,998 | (282) | -9.4% | 1 | 0.0% | |
| Contractual Services & Charges | 8,110 | 7,478 | 8,218 | 632 | 8.5% | (740) | -9.0% | |
| Depreciation | 3,700 | 3,742 | 3,584 | (42) | -1.1% | 158 | 4.4% | |
| Interest/Issuance/Amortization | 550 | 456 | 605 | 94 | 20.6% | (149) | -24.6% | |
| Loss on Disposition of Assets | 508 | - | - | - | 100.0% | - | 0.0% | |
| Total Operating Expenses | 29,073 | 28,125 | 28,884 | 948 | 3.4% | (759) | -2.6% | |
| Net Income (Loss) Before Contributions, Transfers & Extraordinary Items | 3,611 | 6,320 | 5,789 | (2,709) | -42.9% | 531 | 9.2% | |
| Capital Contributions | 260 | - | 111 | 260 | 100.0% | (111) | -100.0% | |
| Change in Net Position | 3,871 | 6,320 | 5,900 | (2,449) | -38.8% | 420 | 7.1% | |
| Beginning Net Position | 118,838 | 112,518 | 106,618 | 6,320 | 5.6% | 5,900 | 5.5% | |
| Ending Net Position | <u>\$ 122,709</u> | <u>\$ 118,838</u> | <u>\$ 112,518</u> | <u>\$ 3,871</u> | 3.3% | <u>\$ 6,320</u> | 5.6% | |

Revenues:

Table 2 shows that “**Total Revenues**” decreased by \$1.761 million or 5.1% in Fiscal Year 2022 vs. Fiscal Year 2021. Connection fees accounted for the majority of this decrease. Last fiscal year connection fees were \$2.316 million and this fiscal year they were \$.077 million, a \$2.239 million (96.7%) decrease. Water and Sewer charges remained steady with only a net increase of \$.402 million or 1% over the previous year. Interest income decreased \$.074 million from the previous fiscal year while miscellaneous income increased \$.150 million (19%) over last fiscal year.

Expenses:

A further review of Table 2 reveals that “**Total Expenses**” increased by \$.948 million or 3.4% in Fiscal Year 2022 vs. expense decrease of \$.759 million or 2.6% in 2021 vs. 2020.

Operating Expenses:

In Reviewing “**Total Expenses**” in detail you notice that these expenses were \$29.1 million in Fiscal Year 2022 compared to \$28.1 million in Fiscal Year 2021. Personnel costs saw a decrease of \$.236 million in

the current year or 2.0%, partially due to retirements during the year. Administrative & Office had an increase of \$.262 million as a result of increased health benefits costs during the year. Operations and Maintenance had a decrease of \$.282 million due from a decrease in utilities and supplies. Contractual services of the Authority saw an increase of \$.632 million from previous year in which \$.272 million is due from the increase in rates charged by the Authority's outside water supplier and \$.359 million is due from the increased amount the Authority paid for the treatment of their waste water. Lastly, the Authority had as Loss on Disposition of Assets of \$.508 million in the current fiscal year.

Income:

In reviewing **"Income (Loss) before contributions and transfers"** you will notice that income decreased by \$2.709 million from the previous year. Fiscal Year 2022 income was \$3.611 million vs. \$6.320 million for Fiscal Year 2021.

Debt Forgiveness and Capital Contributions:

In the current fiscal year and last fiscal year, no money was received for debt forgiveness. The Authority received \$.260 million from Capital Contributions in the current year. Last year, the Authority did not receive any money in Capital Contributions. Capital Contributions represent water and sewer assets that have been built by developers and then turned over to the Authority. The amount of Capital Contributions is still minimal due to the continued economic slowdown.

STATUTORY OPERATING RESULTS

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. Page 1 of Supplementary Schedule VI shows that on a budgetary basis, the Authority as a whole realized a favorable variance of \$4.51 million on budgeted expenses of \$35.41 million for the fiscal period ended May 31, 2022.

The Authority revenues finished \$4.20 million under budgeted revenues of \$38.32 million for the fiscal year 2022. Budgetary revenues over expenses for fiscal year 2022 were \$3.21 million vs. \$8.33 million in fiscal year 2021. As shown by the reconciliation of the budgetary basis to GAAP on page 2 of the schedule, adjustments to the budgetary basis are required to:

- Eliminate Unrestricted Net Position Appropriated from Revenues
- Eliminate Maturing Bond Principal from Expenses
- Eliminate Fixed Capital Acquired through Budgeted Capital Outlay from Expenses
- Add Unrecorded Depreciation, Amortization, and Bond Issuance Expenses
- Add Unbudgeted Pension Expense-GASB 68
- Add Capital Contributions
- Add Loss on Disposition of Assets

Management meets at least monthly to review water consumption data and other significant revenue sources. In the event that current projected revenues lag behind budget amounts, adjustments to discretionary spending and/or rate impact analyses are performed. However, in order to present a true

budgetary comparison, the statutory budget is amended only in instances wherein planned spending will exceed legal appropriation amounts.

On January 1, 2022, the Authority's outside water supplier (Middlesex Water Company) increased the rate they charge the Authority for water purchased by 24.53%. In order to recoup this increase in water purchases expense, the Authority increased their water rates by 5.5% on April 22, 2022. There was no increase during the year in the sewer rates.

Readers should be cautioned that the Statutory Operating Results presented in supplementary schedule VI, Schedule of Revenues and Expenses Compared to Budget, are not intended to present and do not present financial results in accordance with GAAP.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At May 31, 2022, the Authority had \$202,022,296 invested in a broad range of utility capital assets, including its water treatment plant, water storage facilities, water mains, sewer collection system, pump stations, and related lands, facilities, and equipment. This amount represents an increase (net of increases and decreases) of \$.866 million or .4% over the amounts reported at May 31, 2021.

The following tables summarize the Authority's capital assets and changes therein, for the year ended May 31, 2022. These changes are presented in detail in Note 3 to the financial statements.

Table 3
Gross Capital Assets
(Dollars in Thousands)

| | May 31, 2022 | May 31, 2021 | May 31, 2020 | 2022-2021 Increase/(Decrease) | | 2021-2020 Increase/(Decrease) | |
|--|-------------------|-------------------|-------------------|----------------------------------|-------------|----------------------------------|-------------|
| | | | | \$ | % | \$ | % |
| Gross Utility Plant | | | | | | | |
| Land | \$ 6,847 | \$ 6,847 | \$ 6,847 | \$ - | 0.0% | \$ - | 0.0% |
| Diversions Rights | 300 | 300 | 300 | - | 0.0% | - | 0.0% |
| Transmission, Distribution & Collection Systems | 172,691 | 171,066 | 170,767 | 1,625 | 0.9% | 299 | 0.2% |
| Equipment | 7,601 | 7,495 | 7,060 | 106 | 1.4% | 435 | 6.2% |
| Structures and Improvements | 13,999 | 13,991 | 13,991 | 8 | 0.1% | - | 0.0% |
| Construction in Progress | 584 | 1,457 | 712 | (873) | -59.9% | 745 | 104.6% |
| Total Gross Utility Plant | <u>\$ 202,022</u> | <u>\$ 201,156</u> | <u>\$ 199,677</u> | <u>\$ 866</u> | <u>0.4%</u> | <u>\$ 1,479</u> | <u>0.7%</u> |

Capital additions funded through the operating budget during the fiscal period ending May 31, 2022 included:

Water System

| | | | |
|------------------------------|----|---------|---------|
| Wells | \$ | 57,850 | |
| Vehicles | | 7,464 | |
| Storage Tanks | | 112,454 | |
| Machinery & Equipment | | 10,295 | |
| Office Furniture & Equipment | | 30,887 | |
| | | | 218,950 |

Sewer System

| | | | |
|------------------------------|--|---------|---------------------|
| Collection System | | 755,941 | |
| Vehicles | | 11,667 | |
| Pump Equipment | | 43,577 | |
| Machinery & Equipment | | 71,072 | |
| Office Furniture & Equipment | | 45,813 | |
| | | | 928,070 |
| | | | <u>\$ 1,147,020</u> |

The Authority's FY 2022/23 capital budget plans for investing another \$4.64 million in capital expenditures and projects, which includes the following:

Water Division

| | | | |
|---|----|-----------|-----------|
| GIS of Water System & Model | \$ | 50,000 | |
| Rt. 34 Water Tank Replacement with Land | | 1,000,000 | |
| Old Bridge Plant MCC Upgrade | | 100,000 | |
| Vehicles | | 245,000 | |
| Well Development | | 150,000 | |
| Meters | | 732,605 | |
| Engineering Equipment | | 4,000 | |
| Subtotal Water Division | | | 2,281,605 |

Sewer System

| | | | |
|---|--|---------|---------------------|
| GIS of Sewer System & Model | | 50,000 | |
| Whispering Pines, Phase I | | 500,000 | |
| Relining Cental Park, Phase II | | 500,000 | |
| Cedar Ridge Pump Station Force Main Replacement | | 350,000 | |
| Rt. 34 Force Main Rehabilitation | | 75,000 | |
| Vehicles | | 450,000 | |
| Equipment Purchases | | 130,000 | |
| LH President Section Sewer Access Study | | 50,000 | |
| Maintenance Garage & Collection System | | 35,000 | |
| Land Acquisition - Cherry Creek Pump Station | | 200,000 | |
| Plant, Communication & Engineering Equipment | | 21,000 | |
| Subtotal Sewer Division | | | 2,361,000 |
| Total Authority | | | <u>\$ 4,642,605</u> |

The Authority plans on using existing cash as well as the NJ Infrastructure Bank Loans to fund the capital budget for the upcoming years, assuming that budgetary projections are realized and no disasters or emergencies occur. At May 31, 2022, the Authority had outstanding insured revenue bonds in the amount of \$29,496,127 and a construction loan in the amount of \$2,700,000. Debt Service Schedules go out through fiscal year 2040. Interest rates range from 0.0% on Bonds issued as part of the state sponsored Wastewater Treatment Trust Fund and New Jersey Infrastructure Bank (f/k/a New Jersey Environmental Infrastructure Trust) to 5.50% on regular bonds. All outstanding bonds are insured and rated Aa1. Principal payments are due November 1 of each year. The principal for the bonds due November 1, 2022, is \$3,347,964. Management and the Authority's Financial Advisor constantly monitor market conditions to determine if interest rate declines present opportunities for savings through the refunding of outstanding debt. Such refunding requires the approval of the Local Finance Board and generally yields a net present value savings of at least 3% of debt service cash flows. Full details of the specific Bond Issues outstanding may be found in Note 5 and the supplementary schedules.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority's FY 2022- 23 Budget will cover the fiscal year ending May 31, 2023. Based upon historical consumption data and the existing rate structure, projected revenues and unrestricted net position were sufficient to support budgeted expenses (budgetary basis) of \$35.4 million. A 2.5% water rate increase was adopted for the FY 2022-23 Budget which will go in effect January 1, 2023.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Authority's rate payers, creditors and bond holders with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Michelle Smith, the Authorities Chief Financial Officer at Old Bridge Municipal Utilities Authority, P.O. Box 1006, Laurence Harbor, NJ 08879-4006, or e-mail comptroller@obmua.com.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Statements of Net Position
May 31, 2022 and 2021

| <u>ASSETS</u> | <u>2022</u> | <u>2021</u> |
|---|---------------|---------------|
| Current Assets: | | |
| Unrestricted Assets: | | |
| Cash & Cash Equivalents | \$ 29,390,564 | \$ 28,038,213 |
| Investments | 7,914,189 | 7,895,492 |
| Petty Cash & Change Accounts | 160 | 160 |
| Customer Accounts Receivable, Net of Allowance for | | |
| Uncollectible Accounts of \$1,040,827 in 2022 and \$804,924 in 2021 | 6,518,346 | 5,784,987 |
| Miscellaneous Receivables | 773,969 | 282,117 |
| Accrued Interest Receivable | 6,884 | 5,551 |
| Inventory | 1,021,128 | 612,126 |
| Prepaid Expenses | 1,233,677 | 1,239,242 |
| Total Current Unrestricted Assets | 46,858,917 | 43,857,888 |
| Restricted Assets: | | |
| Customer Deposits: | | |
| Cash & Cash Equivalents | 97,851 | 83,506 |
| Escrow Deposits: | | |
| Cash & Cash Equivalents | 3,825,251 | 3,456,287 |
| Miscellaneous Receivables | 124,392 | 107,405 |
| Total Current Restricted Assets | 4,047,494 | 3,647,198 |
| Total Current Assets | 50,906,411 | 47,505,086 |
| Noncurrent Assets: | | |
| Restricted Assets: | | |
| Debt Service Account: | | |
| Cash & Cash Equivalents | 3,370,547 | 2,745,129 |
| Investments | 285,000 | 710,000 |
| Operating Account: | | |
| Cash & Cash Equivalents | 5,231,657 | 5,213,567 |
| Investments | 1,820,246 | 1,488,786 |
| Bond Service Reserve Account: | | |
| Cash & Cash Equivalents | 6,501 | 6,100 |
| Investments | 1,491,249 | 1,491,650 |
| Construction Account: | | |
| Cash & Cash Equivalents | 1,853 | 1,807 |
| Investments | 27,800 | 27,800 |
| State Loans Receivable | 3,100,606 | 458,484 |
| Accrued Interest Receivable | 611 | 671 |
| Renewal & Replacement Account: | | |
| Cash & Cash Equivalents | 895 | 928 |
| Investments | 3,157,316 | 3,199,072 |
| Oaks II Account: | | |
| Cash & Cash Equivalents | 641 | 111 |
| Investments | 4,333,161 | 927,000 |
| Total Restricted Assets | 22,828,083 | 16,271,105 |
| Noncurrent Assets: | | |
| Property, Plant and Equipment | 202,022,295 | 201,156,364 |
| Less: Accumulated Depreciation | (70,068,895) | (66,432,404) |
| Net Property, Plant and Equipment | 131,953,400 | 134,723,960 |
| Total Noncurrent Assets | 154,781,483 | 150,995,065 |
| Total Assets | 205,687,894 | 198,500,151 |

DEFERRED OUTFLOW OF RESOURCES

| | | |
|---|----------------|----------------|
| Deferred Outflows Related to Bond Refundings | 323,319 | 376,754 |
| Deferred Outflows Related to Pensions | 889,730 | 2,204,468 |
| Deferred Outflows Related to Other Post-Employment Benefits | 6,417,938 | 2,701,700 |
| Total Deferred Outflow of Resources | 7,630,987 | 5,282,922 |
| Total Assets and Deferred Outflow of Resources | \$ 213,318,881 | \$ 203,783,073 |

The accompanying notes are an integral part of this statement.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Statements of Net Position (continued)
May 31, 2022 and 2021

| <u>LIABILITIES</u> | <u>2022</u> | <u>2021</u> |
|---|-----------------------|-----------------------|
| Current Liabilities Payable from Unrestricted Assets: | | |
| Accounts Payable | \$ 1,229,259 | \$ 1,095,559 |
| Unearned Revenues | 5,546,351 | 2,154,242 |
| Customer Overpayments | 202,339 | 182,353 |
| Accrued Expenses | 659,839 | 442,690 |
| Payroll Taxes Payable | 23,073 | 47,171 |
| Compensated Absences | 164,423 | 199,372 |
| Total Current Liabilities Payable from Unrestricted Assets | <u>7,825,284</u> | <u>4,121,387</u> |
| Current Liabilities Payable from Restricted Assets: | | |
| Reserve for Water Deposits | 97,851 | 83,506 |
| Reserve for Escrow & Inspection Deposits | 3,949,643 | 3,563,692 |
| Accrued Interest Payable on Revenue Bonds | 51,318 | 55,170 |
| Construction Loan Payable | 2,700,000 | 3,290,000 |
| Revenue Bonds Payable | 3,549,226 | 3,323,786 |
| Total Current Liabilities Payable from Restricted Assets | <u>10,348,038</u> | <u>10,316,154</u> |
| Total Current Liabilities | <u>18,173,322</u> | <u>14,437,541</u> |
| Noncurrent Liabilities: | | |
| Long-Term Revenue Bonds Payable | 27,363,730 | 27,869,451 |
| Net Other Post-Employment Benefits Liability | 29,390,024 | 23,950,600 |
| Compensated Absences | 743,196 | 686,189 |
| Net Pension Liability | 9,116,671 | 12,569,310 |
| Total Noncurrent Liabilities | <u>66,613,621</u> | <u>65,075,550</u> |
| Total Liabilities | <u>84,786,943</u> | <u>79,513,091</u> |
| <u>DEFERRED INFLOW OF RESOURCES</u> | | |
| Deferred Inflows Related to Pensions | 5,733,631 | 5,307,340 |
| Deferred Inflows Related to Other Post-Employment Benefits | 89,400 | 124,500 |
| Total Deferred Inflow of Resources | <u>5,823,031</u> | <u>5,431,840</u> |
| <u>NET POSITION</u> | | |
| Net Investment in Capital Assets | 98,663,763 | 100,617,477 |
| Restricted: | | |
| Operating | 7,051,903 | 6,702,353 |
| Capital Projects | 3,130,259 | 488,090 |
| Debt Service | 1,754,015 | 1,773,518 |
| Unrestricted | 12,108,967 | 9,256,704 |
| Total Net Position | <u>122,708,907</u> | <u>118,838,142</u> |
| Total Liabilities, Deferred Inflow of Resources, and Net Position | <u>\$ 213,318,881</u> | <u>\$ 203,783,073</u> |

The accompanying notes are an integral part of this statement.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Statements of Revenues, Expenses and Changes in Net Position
For the years ended May 31, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---|-----------------------|-----------------------|
| Operating Revenues: | | |
| Water Charges | \$ 14,634,840 | \$ 14,536,455 |
| Sewer Charges | 16,952,193 | 16,648,534 |
| Connection Fees | 77,016 | 2,316,058 |
| Other | 923,013 | 767,070 |
| Total Operating Revenues | <u>32,587,062</u> | <u>34,268,117</u> |
| Operating Expenses: | | |
| Personnel Costs | 11,491,237 | 11,727,079 |
| Administrative Expenses | 1,717,056 | 1,469,490 |
| Office Expenses | 225,074 | 211,430 |
| Engineering Expenses | 55,172 | 41,681 |
| Operations and Maintenance | 2,717,441 | 2,999,147 |
| Contractual Services and Charges | 8,109,593 | 7,478,260 |
| Depreciation Expense | 3,699,768 | 3,741,833 |
| Total Operating Expenses | <u>28,015,341</u> | <u>27,668,920</u> |
| Operating Income | 4,571,721 | 6,599,197 |
| Non-Operating Revenues (Expenses): | | |
| Interest Income | 89,842 | 163,908 |
| Interest Expense | (470,010) | (456,169) |
| Bond Issuance Expense | (79,960) | - |
| Loss on Disposition of Asset | (508,003) | - |
| Miscellaneous | 7,075 | 12,691 |
| Total Non-Operating Revenues (Expenses) | <u>(961,056)</u> | <u>(279,570)</u> |
| Net Income Before Contributions | 3,610,665 | 6,319,627 |
| Contributions: | | |
| Capital Contributions | 260,100 | - |
| Total Contributions | <u>260,100</u> | <u>-</u> |
| Net Income | 3,870,765 | 6,319,627 |
| Net Position, June 1, | <u>118,838,142</u> | <u>112,518,515</u> |
| Net Position, May 31, | <u>\$ 122,708,907</u> | <u>\$ 118,838,142</u> |

The accompanying notes are an integral part of this statement.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Statements of Cash Flows
For the years ended May 31, 2022 and 2021

| | 2022 | 2021 |
|---|-----------------------------|-----------------------------|
| Cash Flows from Operating Activities: | | |
| Cash Received from Service Users | \$ 29,051,411 | \$ 35,459,595 |
| Cash Paid to Suppliers And Employees | (20,816,784) | (24,003,226) |
| Amount Paid for Interest | (470,010) | (456,169) |
| Net Cash Flows from Operating Activities | <u>7,764,617</u> | <u>11,000,200</u> |
| Cash Flows from Investing Activities: | | |
| Purchase/Redemption of Investments (Net) | (3,289,161) | 725,000 |
| Acquisition and Construction of Capital Assets | (1,437,210) | (1,602,517) |
| Proceeds from Sale of Capital Assets | 7,075 | 12,691 |
| Net Cash Flows from Investing Activities | <u>(4,719,296)</u> | <u>(864,826)</u> |
| Cash Flows from Financing Activities: | | |
| Principal Repayment on Long-term Debt | (3,273,909) | (3,122,923) |
| Debt Issuance Costs | 104,058 | - |
| Issuance of Debt | 2,504,642 | - |
| Net Cash Flows from Financing Activities | <u>(665,209)</u> | <u>(3,122,923)</u> |
| Change in Cash and Cash Equivalents | 2,380,112 | 7,012,451 |
| Unrestricted and Restricted Cash and Cash Equivalents, June 1 | <u>39,545,808</u> | <u>32,533,357</u> |
| Unrestricted and Restricted Cash and Cash Equivalents, May 31 | <u><u>\$ 41,925,920</u></u> | <u><u>\$ 39,545,808</u></u> |
| Reconciliation to Statement of Net Position: | | |
| Current Unrestricted Assets: | | |
| Cash and Cash Equivalents | \$ 29,390,564 | \$ 28,038,213 |
| Petty Cash and Change Accounts | 160 | 160 |
| Current Restricted Assets: | | |
| Customer Deposits: | | |
| Cash and Cash Equivalents | 97,851 | 83,506 |
| Escrow Deposits: | | |
| Cash and Cash Equivalents | 3,825,251 | 3,456,287 |
| Noncurrent Restricted Assets: | | |
| Debt Service Account: | | |
| Cash and Cash Equivalents | 3,370,547 | 2,745,129 |
| Operating Account: | | |
| Cash and Cash Equivalents | 5,231,657 | 5,213,567 |
| Bond Service Reserve Account: | | |
| Cash and Cash Equivalents | 6,501 | 6,100 |
| Construction Account: | | |
| Cash and Cash Equivalents | 1,853 | 1,807 |
| Renewal and Replacement Account: | | |
| Cash and Cash Equivalents | 895 | 928 |
| Oaks II Account: | | |
| Cash and Cash Equivalents | 641 | 111 |
| Cash and Cash Equivalents, May 31 | <u><u>\$ 41,925,920</u></u> | <u><u>\$ 39,545,808</u></u> |

The accompanying notes are an integral part of this statement.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Statements of Cash Flows (continued)
For the years ended May 31, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|----------------------|
| Reconciliation of Operating Income to Cash Flows from Operating Activities: | | |
| Net Income | \$ 3,870,765 | \$ 6,319,627 |
| Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities: | | |
| Items Which Did Not Use Cash: | | |
| Depreciation | 3,699,768 | 3,741,833 |
| Amortization of Debt Issuance Costs | (151,637) | (140,384) |
| Gain on Sale of Capital Assets | (7,075) | (12,691) |
| Loss on Disposition of Asset | 508,003 | - |
| Unbudgeted Pension Expense (Credit) | (1,711,610) | (46,220) |
| Unbudgeted Other Postemployment Benefit Expense (Credit) | 1,688,086 | 608,300 |
| Working Capital Changes Which Provided (Used) Cash: | | |
| Accounts Receivable | (3,885,593) | 1,027,570 |
| Inventory | (409,002) | 5,277 |
| Prepaid Expenses | 5,565 | (389,046) |
| Accounts Payable and Other Current Liabilities | 4,100,340 | (92,429) |
| Reserve for Compensated Absences | 57,007 | (21,637) |
| Net Cash Flows from Operating Activities | <u>\$ 7,764,617</u> | <u>\$ 11,000,200</u> |

Noncash Investing, Capital, and Financing activities:

During the years ended May 31, 2022 and 2021, noncash capital contributions received were \$260,100 and \$0, respectively.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Statements of Fiduciary Net Position
OPEB Trust Fund
May 31, 2022 and 2021

| <u>ASSETS</u> | <u>2022</u> | <u>2021</u> |
|---|----------------------------|----------------------------|
| Restricted Assets: | | |
| Cash & Cash Equivalents | \$ 998 | \$ 939 |
| Investments: | | |
| Certificates of Deposit | 8,704,000 | 8,380,000 |
| Investment Income Receivable | 2,708 | 2,437 |
| Total Restricted Assets | <u>8,707,706</u> | <u>8,383,376</u> |
| Total Assets | <u><u>\$ 8,707,706</u></u> | <u><u>\$ 8,383,376</u></u> |
| <u>NET POSITION</u> | | |
| Net Position Restricted for Postemployment Benefits other than Pensions | <u>\$ 8,707,706</u> | <u>\$ 8,383,376</u> |
| Total Net Position | <u><u>\$ 8,707,706</u></u> | <u><u>\$ 8,383,376</u></u> |

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Statements of Changes in Fiduciary Net Position
OPEB Trust Fund
For the years ended May 31, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|------------------------------|----------------------------|----------------------------|
| Additions: | | |
| Employer Contributions | \$ 1,676,670 | \$ 1,557,725 |
| Investment Income - Interest | <u>12,874</u> | <u>34,973</u> |
| Total Additions | <u>1,689,544</u> | <u>1,592,698</u> |
| Deductions: | | |
| Benefit Payments | <u>1,365,214</u> | <u>1,052,354</u> |
| Total Deductions | <u>1,365,214</u> | <u>1,052,354</u> |
| Net Increase in Net Position | 324,330 | 540,344 |
| Net Position, June 1 | <u>8,383,376</u> | <u>7,843,032</u> |
| Net Position, May 31 | <u><u>\$ 8,707,706</u></u> | <u><u>\$ 8,383,376</u></u> |

The accompanying notes are an integral part of this statement.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Old Bridge Municipal Utilities Authority ("Authority") was created by an ordinance of the Township of Old Bridge, which was adopted on November 4, 1985. This ordinance provided for the consolidation of sewage and water services provided to the residents of the Township of Old Bridge. Prior to the creation of the consolidated Authority, sewage services were provided to residents by the Old Bridge Township Sewerage Authority, which was created by an ordinance of the Township adopted on May 17, 1954, and water services were provided by the former Old Bridge Municipal Utilities Authority, which was created by ordinance adopted on August 22, 1960. The Authority provides water service from ground water sources, to the extent permitted by law, and through contractual bulk purchases of surface water from a third-party supplier. Wastewater is transmitted through its collector system to the Middlesex County Utilities Authority (MCUA) for treatment. The MCUA bills participants for its operations and maintenance costs and debt service costs based on a combination of flow and pollutant loading.

New Jersey Statutes provide for the creation, dissolution and operations of separate bodies corporate and politic for the purpose of fostering the provision and distribution of an adequate supply of water and the collection, treatment, disposal and recycling of waste water and sewage sludge. These statutes were enacted as the "Municipal and Counties Utilities Authorities Act", and are codified in New Jersey Statutes Annotated as *N.J.S.A. 40:14B-1 et seq.* Additional statutory requirements relating to the financial operations of independent local authorities were established as the "Local Authorities Fiscal Control Law", which is codified as *N.J.S.A. 40A:5A-1 et seq.* The provisions of the Local Authorities Fiscal Control Law established the Local Finance Board and the Division of Local Government Services, in the Department of Community Affairs, State of New Jersey, as oversight agencies for the creation, project financing, budgeting and overall financial condition of local authorities.

The governing body of the Authority consists of five regular members and two alternates, who are appointed by the Municipal Council of the Township of Old Bridge and serve staggered five-year terms. Alternate members may participate in discussions of proceedings but may not vote except in the absence or disqualification of a regular member. The Authority bills and collects its revenue from the users of the systems. The Authority has entered into a service agreement with the Township of Old Bridge which requires the Authority to receive written consent from the Township for any projects which will require the issuance of debt by the Authority, and obligates the Township to pay to the Authority such sum or sums of money as may be necessary to provide for deficits (if any) resulting from the failure or disability of the Authority to derive adequate revenues from the operation of the system.

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles applicable to enterprise funds of governmental units.

Reporting Entity

The Authority is considered to be a "Component Unit" of the Township of Old Bridge under GAAP however, the Township of Old Bridge does not follow GAAP for accounting and financial reporting purposes rather it follows a regulatory basis of accounting, utilizing accounting principles which differ, in some cases significantly, from GAAP. Of particular note is the exclusion from the Township's financial statements of potential component units, based on the separate legal status of these units. Accordingly, the financial statements of the Township do not include the Authority as a component unit.

Basis of Presentation

The financial statements of the Authority have been prepared in accordance with GAAP applicable to enterprise funds of state and local governments. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, accountability or other purposes. The statement of net position displays the financial activities of the overall government, except fiduciary activities.

The Authority maintains one fiduciary fund, which is the OPEB trust fund. The OPEB trust fund is an irrevocable trust that was established for retirees of the Authority dedicated to paying retiree health plan benefit costs. OPEB trust funds are used to report resources that are required to be held in trust for the members and beneficiaries defined health benefit plans. The OPEB trust fund accounts for the Authority's contributions for healthcare benefits provided to qualified retirees.

Governmental Accounting Standards Board ("GASB") Statement No. 34

The Authority adopted the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* during the eight months ended May 31, 2003. Statement 34 establishes standards for external financial reporting for all state and local governmental entities, which includes a Management's Discussion and Analysis section, a Balance Sheet, a Statement of Revenues, Expenses and Change in Net Assets and a Statement of Cash Flows. It requires the classification of Net Assets into three components – Net Investment in Capital Assets; Restricted for Debt Service; and Unrestricted.

The adoption of Statement 34 had little effect on the basic financial statements except for the classification of net assets, the reflection of capital contributions as a change in net assets, presentation of the Statement of Cash Flows using the direct method, and the inclusion of Management's Discussion and Analysis (MD&A) section providing an analysis of the Authority's overall financial position and results of operations.

Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of 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.

Operating Revenues and Expenses

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Basis of Accounting

The Authority utilizes the accrual basis of accounting. Revenues are recognized when earned and measurable, and expenses are recognized when incurred, if measurable.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents include interest bearing accounts and short-term investments with a maturity of three months or less carried at cost, which approximates market.

Investments

Investments consist of direct obligations of the United States or obligations guaranteed by the United States, certificates of deposit and repurchase agreements collateralized by guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association ("GNMAs"). Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority determines the valuation policies utilizing information provided by the investment advisers, custodians and insurance company. See Note 2 for discussion of fair value measurements.

Inventory

Inventories of replacement parts, chemicals and supplies are maintained on a consumption basis of accounting. Expenses are recognized as the items are consumed. Inventories are stated at cost as determined utilizing the first-in, first-out valuation method. No determinations have been and no allowances have been recorded with respect to obsolete or surplus inventories.

Capital Assets

Capital Assets are stated at cost, which includes direct construction and acquisition costs and other costs related to construction. Capital Assets are defined by the Authority as assets with an individual cost in excess of \$5,000. System construction costs are aggregated by individual project and considered Construction in Progress until such time as the project is deemed complete and placed in service. Depreciation is recorded on a straight-line basis for all plant and equipment. At May 31, 2022 and 2021, Capital Assets and the useful lives for determination of annual depreciation were as follows:

| | |
|---|--------------|
| Structures and Improvements | 30-70 years |
| Machinery and Equipment | 5-15 years |
| Transmission, distribution, and other collection plants | 40-100 years |

Customer Accounts Receivable

Customer accounts receivable, net of allowance for uncollectible accounts of \$1,040,827 and unbilled receivables of \$1,636,152 at May 31, 2022 totaled \$6,518,346, and consisted of billings for water usage and ancillary water system charges in the amount of \$4,151,427 and sewer user charges and related service and remediation charges in the amount of \$3,407,746.

Customer accounts receivable, net of allowance for uncollectible accounts of \$804,924 and unbilled receivables of \$1,570,895 at May 31, 2021 totaled \$5,784,987, and consisted of billings for water usage and ancillary water system charges in the amount of \$3,338,396 and sewer user charges and related service and remediation charges in the amount of \$2,446,591.

Unbilled service receivable represents the estimated amount of accounts receivable for services that have not been billed as of the balance sheet date. The amounts are a result of a timing difference between the end of the financial statement cycle (month end) and the billing cycle (various dates within the month for each billing period).

An aging of the reported customer accounts receivable, by fiscal year billed, is as follows:

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Customer Accounts Receivable (continued)

| Fiscal Year Ending | | |
|--|---------------------|---------------------|
| <u>May 31,</u> | <u>2022</u> | <u>2021</u> |
| 2022 | \$ 3,819,624 | \$ - |
| 2021 | 1,383,405 | 3,644,575 |
| 2020 | 481,850 | 1,059,683 |
| 2019 | 100,515 | 141,740 |
| 2018 | 39,456 | 35,644 |
| 2017 | 50,435 | 66,074 |
| 2016 | 5,639 | 19,623 |
| 2015 | 4050 | 5,155 |
| 2014 | 1,472 | 1,472 |
| 2013 | 4,054 | 12,529 |
| 2012 | 844 | 844 |
| 2011 | 801 | 801 |
| 2010 | 1,162 | 1,162 |
| 2009 | 893 | 893 |
| 2008 | 268 | 268 |
| 2007 | 257 | 257 |
| 2006 | 253 | 253 |
| 2005 | 238 | 238 |
| 2004 | 230 | 230 |
| 2003 | 216 | 216 |
| 2002 | 718 | 718 |
| 2001 | 882 | 882 |
| 2000 | 876 | 876 |
| 1999 | 391 | 391 |
| 1998 | 237 | 237 |
| 1997 | 778 | 778 |
| 1996 | 389 | 389 |
| 1995 | 279 | 279 |
| 1994 | 270 | 270 |
| 1993 | 232 | 232 |
| 1992 | 139 | 139 |
| 1991 | 126 | 126 |
| 1990 | 11,525 | 11,525 |
| 1989 | 4,222 | 4,222 |
| 1988 | 4,106 | 4,106 |
| 1984 | 2,189 | 2,189 |
| Add: Unbilled Receivables | 1,636,152 | 1,570,895 |
| Less: Allowance for Uncollectible Accounts | <u>1,040,827</u> | <u>804,924</u> |
| | <u>\$ 6,518,346</u> | <u>\$ 5,784,987</u> |

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
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Notes to Financial Statements (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Miscellaneous Accounts Receivable

Miscellaneous accounts receivable at May 31, 2022 totaled \$773,969 and consisted of water system charges of \$689,364 and sewer system charges of \$84,605 and at May 31, 2021 totaled \$282,117 and consisted of water system charges of \$178,105 and sewer system charges of \$104,012. Miscellaneous accounts receivable consists primarily of charges for water and sewer services, and are segregated solely to reflect special circumstances relating to billing cycles, bulk purchases or contractual terms.

Bond Discounts

Bond discounts are deferred and amortized over the term of the bonds using a straight-line method. Bond discounts are presented as a reduction of the face amount of the bonds payable.

Restricted Accounts

Pursuant to the provisions of the "Indenture of Trust Between Old Bridge Municipal Utilities Authority and Amboy-Madison National Bank, as Trustee", dated August 11, 1986, as amended and supplemented, the Authority has established the following cash and investment accounts for the deposit, in the order and priority as listed, of all revenues received:

Revenue Account – All revenues of the Authority, except for certain investment earnings on debt proceeds. Funds deposited to the Revenue Account shall be transferred to the following accounts:

Operating Account – The amount necessary to result in a balance equal to operating expenses for a three-month period projected by the annual budget. The use of this account is restricted to the payment of operating expenses.

Debt Service Account – The amount necessary to result in a balance equal to the Debt Service Requirement. Prior to May 1, the Debt Service Requirement is equal to the interest due (and past due and unpaid) on the next succeeding Interest Payment Date on all Bonds outstanding, plus one-third of the principal due (and past due and unpaid) on the next succeeding Principal Installment Date on all Bonds outstanding as of such date. On or after May 1, the Debt Service Requirement for principal due increases to the full amount of the principal due (and past due and unpaid) on the next succeeding Principal Installment Date. Funds on deposit in this account are restricted to the payment of the principal of and interest on outstanding bonds. Excesses in this account may be transferred, at the discretion of the Authority, to the General Account.

Any amount required to be held in the Debt Service Account at year end that is attributable to interest that will accrue in the subsequent fiscal year is reported as net position restricted for payment of future debt service.

Debt Service Reserve Account – The amount necessary to result in a balance equal to the maximum amount of Debt Service (cash basis) for the then current or any future Bond Year (12-month period ending October 31st) on the Bonds then outstanding. Funds in this account may only be transferred to the Debt Service Account. Pursuant to the terms of the Ninth Supplemental Indenture, dated August 1, 2002, Article V of the Prior Indenture was amended to permit the Debt Service Reserve Fund Requirement to be satisfied in full or in part by a Qualified Surety Bond ("QSB"). Any amounts released from the Debt Service Reserve Account through the substitution of a QSB may be used for any corporate purpose of the Authority, subject to receipt of an opinion from a nationally recognized Bond Counsel that such a release would not adversely affect the exclusion from gross income of the Holders of Bonds for federal income tax purposes. The Authority has not utilized a QSB for the purpose of funding any portion of its Debt Service Reserve Requirement at May 31, 2022.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Accounts (continued)

General Account – The balance of Revenues. Balances in the General Account shall be utilized first to make up deficiencies in any of the preceding accounts, and then for any lawful purpose.

Construction Account – Pursuant to the applicable Supplemental Indentures, proceeds from debt issued to finance System improvements, certain investment earnings on such proceeds, and grants-in-aid must be deposited to the Construction Account. These funds are restricted to the payment of costs of authorized system improvements. Excesses remaining in this account after completion of improvements and allocation of excess investment earnings, if any, must be transferred to the Debt Service Account or Debt Service Reserve Account if deficiencies exist. Any remaining amount may be used for the retirement of Bonds or other authorized system improvements, or may be transferred to the General Account.

Rebate Account (Component of Construction Account) – Amounts determined by the Authority as arbitrage earnings on debt proceeds and due to the United States government pursuant to applicable provisions of the Internal Revenue Code and regulations. These funds may be utilized only to make required rebates. Excesses in this account, which may result from negative arbitrage earnings for a period, revert to the Construction Account.

In addition to the restricted accounts required by the Indenture of Trust and the Supplemental Indentures, the Authority has established additional restricted use accounts as follows:

Customer Deposits Account – Advance payments required as a condition for approval for water users (generally, construction related) to obtain water directly from hydrants. These moneys are refunded to customers upon settlement of all water billings, or applied to these billings.

Escrow Account – Advance payments and deposits required as a condition for the Authority to commence engineering reviews and inspections on new development, and cash in lieu of bonds required by the Authority. Moneys held for reviews and inspections become earned revenues of the Authority as the services are performed, and amounts remaining at project completion, including a portion of interest earnings, are returned to the developer. Cash held in lieu of bonds is refunded in the same manner, and following the same procedures, as those for the release of bonds required by the Authority.

OPEB Account – Provide various welfare benefits for its current and past employees, and the Authority intends to facilitate the funding of other post-employment benefits by establishing the OBMUA Trust for OPEB for the benefit of certain former employees who shall qualify for benefits according to the terms of the Trust and any OPEB plans and as may hereafter be funded by the Authority. As of May 31, 2021, the OPEB account was accounted for in the fiduciary fund.

Deferred Amount from Refunding

During the year ended September 30, 1993, in accordance with the provisions of GASB Statement 23, the amount of \$794,275 was established upon the advance refunding and defeasance of \$4,855,000 of 1989 Current Interest Bonds through the issuance of \$5,570,000 1993 Series "B" Bonds. The amount deferred is being amortized over the life of the 1993 Series "B" Bonds using the straight-line method.

During the year ended May 31, 2004, in accordance with the provisions of GASB Statement 23, the amount of \$76,900 was established upon the advance refunding and defeasance of \$2,975,000 of 1993 Series A Bonds and \$4,715,000 of 1993 Series B Bonds through the issuance of \$8,055,000 2004 Revenue Refunding Series "A" Bonds. The amount deferred is being amortized over the life of the 2004 Revenue Refunding Series "A" Bonds using the straight-line method.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
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Notes to Financial Statements (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Amount from Refunding (continued)

During the year ended May 31, 2016, in accordance with the provisions of GASB Statement 23, the amount of \$614,926 was established upon the advance refunding and defeasance of \$5,450,000 of Series 2008C Bonds through the issuance of \$4,845,000 2016 Revenue Refunding Series "A" Bonds. The amount deferred is being amortized over the life of the 2002 Revenue Refunding Series "A" Bonds using the straight-line method.

Deferred Amounts from Refunding are presented in the financial statements as a reduction of the face amount of the bonds payable.

Impact of Recently Issued Accounting Policies

Recently Issued Accounting Pronouncements Not Yet Adopted

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

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 30, 2022. Management has not yet determined the potential impact on the Authority's financial statements.

Subsequent Events

The Authority has evaluated subsequent events occurring after May 31, 2022 through the date of September 28, 2022, which is the date the financial statements were available to be issued.

NOTE 2: DEPOSITS AND INVESTMENTS

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, or the State of New Jersey Cash Management Fund. *N.J.S.A. 17:9-42* requires New Jersey governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

- (a) The market value of the collateral must equal 5 percent of the average daily balance of public funds;
or
- (b) If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.
- (c) All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute one tenth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits (continued)

As of May 31, 2022 and 2021, cash and cash equivalents of the Authority consisted of the following:

| | <u>2022</u> | <u>2020</u> |
|-----------------------------|----------------------|----------------------|
| Cash Accounts | \$ 12,469,816 | \$ 11,893,948 |
| Change Funds (On-Hand) | 160 | 160 |
| Certificates of Deposit | <u>29,455,944</u> | <u>27,651,700</u> |
| Total proprietary fund cash | 41,925,920 | 39,545,808 |
| Fiduciary fund cash - OPEB | <u>998</u> | <u>939</u> |
| Total cash | <u>\$ 41,926,918</u> | <u>\$ 39,546,747</u> |

The carrying amount of the Authority's cash and cash equivalents at May 31, 2022 and 2021 was \$41,926,918 and \$39,546,747, respectively and the bank balance was \$42,022,615 and \$39,813,305, respectively. Of the bank balance, during May 31, 2022 and 2021, \$750,000 was covered by federal depository insurance and \$41,272,615 and \$39,063,305, respectively, was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Investments

New Jersey Statutes establish the following securities as eligible for the investment of Authority funds:

- (a) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, including securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the "Investment Company Act of 1940," 54 Stat. 847 (15 U.S.C. 80a-1 et seq.), purchased and redeemed only through the use of National or State banks located within this State, if the portfolio of that investment company or investment trust is limited to bonds or other obligations of the United States of America, bond or other obligations guaranteed by the United States of America and repurchase agreements fully collateralized by bonds or other obligations of the United States of America, which collateral shall be delivered to or held by the investment company or investment trust, either directly or through an authorized custodian;
- (b) Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal Land Bank, Federal National Mortgage Associates or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchases.
- (c) Bonds or other obligations, having a maturity date of not more than twelve months from the date of purchase, that are approved by the Division of Investment of the Department of the Treasury for investment by local units.
- (d) Effective January 18, 1992, qualified mutual funds with portfolios limited to:
 - (i) bonds or other obligations of, or guaranteed by, the United States of America; and
 - (ii) repurchase agreements fully collateralized by such obligations.

These investments must be transacted only through national or state banks located within New Jersey.

During the years ended May 31, 2022 and 2021, the Authority invested a portion of its idle funds in Long-term (Greater than 90 day term) Certificates of Deposit and GNMA Bonds.

GASB Statement No. 40 – *Deposit and Investment Risk Disclosures* requires the Authority to disclose its deposits and investment policies regarding certain type of investment risks.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 2: DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

As of May 31, 2022, based upon the insured balances as provided by FDIC and NJGUDPA coverage, no amount of the Authority's bank balance of \$42,022,615 was considered exposed to custodial risk.

Custodial Credit Risk – Investments – Custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The government does not have a deposit policy for custodial credit risk.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the market value of an investment. The longer the maturity an investment has the greater its market value has sensitivity to changes in market interest rates. The Authority's investment policy follows the Trust Indenture as it relates to limits on investment maturities as a means of managing exposure to market value losses arising from increasing interest rates.

Fair Value Measurement

The Authority categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level I – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Level II – Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level III – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The following methods and assumptions were used by the District in estimating the fair value of its financial instruments:

Certificates of Deposit – Valued at the net asset value (NAV) at year end when the NAV is valued at \$1 per unit.

There have been no changes in the methodologies used at May 31, 2022 and 2021.

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of May 31, 2022:

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 2: DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

| | Investments at Fair Value as of May 31, 2022 | | | |
|---------------------------------|---|------------------------|-------------------------|----------------------|
| | <u>Level I</u> | <u>Level II</u> | <u>Level III</u> | <u>Total</u> |
| Certificates of deposit | \$ 27,732,961 | \$ - | \$ - | \$ 27,732,961 |
| Total investments at fair value | <u>\$ 27,732,961</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 27,732,961</u> |

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of May 31, 2021:

| | Investments at Fair Value as of May 31, 2021 | | | |
|---------------------------------|---|------------------------|-------------------------|----------------------|
| | <u>Level I</u> | <u>Level II</u> | <u>Level III</u> | <u>Total</u> |
| Certificates of deposit | \$ 24,119,800 | \$ - | \$ - | \$ 24,119,800 |
| Total investments at fair value | <u>\$ 24,119,800</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 24,119,800</u> |

New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Commissioner regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of May 31, 2022 and 2021, the Authority had \$8,087 and \$8,076, on deposit with the New Jersey Cash Management Fund.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 3: CAPITAL ASSETS

At May 31, 2022 capital assets and their useful lives used for determination of annual depreciation, were as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Adjustments /Retirements</u> | <u>Ending Balance</u> |
|---|--------------------------|------------------|-------------------------------------|-----------------------|
| Business-type Activities: | | | | |
| Capital assets that are not being depreciated: | | | | |
| Land & easements | \$ 6,847,177 | \$ - | \$ - | \$ 6,847,177 |
| Diversion rights | 300,000 | - | - | 300,000 |
| Construction in progress | 1,456,652 | 973,968 | 1,846,343 | 584,277 |
| Total capital assets not being depreciated | 8,603,829 | 973,968 | 1,846,343 | 7,731,454 |
| Capital assets that are being depreciated: | | | | |
| Treatment plant | 17,075,066 | - | - | 17,075,066 |
| Pump equipment | 13,468,230 | 8,366 | - | 13,476,596 |
| Buildings & additions | 3,110,980 | 7,464 | - | 3,118,444 |
| Collection system | 73,355,903 | 1,298,069 | - | 74,653,972 |
| Vehicles | 4,476,440 | 11,667 | 63,277 | 4,424,830 |
| Office furniture & equipment | 832,212 | 76,701 | - | 908,913 |
| Machinery & equipment | 2,185,989 | 81,367 | - | 2,267,356 |
| Plant, other | 158,659 | - | - | 158,659 |
| Wells | 1,870,307 | 57,850 | - | 1,928,157 |
| Water mains | 26,959,727 | 136,471 | - | 27,096,198 |
| Fire hydrants | 1,971,606 | 10,623 | - | 1,982,229 |
| Structures & improvements | 10,880,321 | - | - | 10,880,321 |
| House connections | 4,107,188 | - | - | 4,107,188 |
| Valves & fittings | 2,733,809 | 13,005 | - | 2,746,814 |
| Meters | 1,475,709 | - | - | 1,475,709 |
| Standpipes & storage tanks | 16,088,501 | - | - | 16,088,501 |
| Pump stations - 2 Appurtenances | 11,801,888 | 100,000 | - | 11,901,888 |
| Totals at historical cost | 192,552,535 | 1,801,583 | 63,277 | 194,290,841 |
| Less: accumulated depreciation for: | | | | |
| Treatment plant | 6,696,842 | 401,559 | - | 7,098,401 |
| Pump equipment | 5,361,714 | 392,192 | - | 5,753,906 |
| Buildings & additions | 1,315,285 | 72,578 | - | 1,387,863 |
| Collection system | 22,232,114 | 995,387 | - | 23,227,501 |
| Vehicles | 3,624,812 | 369,031 | 63,277 | 3,930,566 |
| Office furniture & equipment | 579,647 | 50,005 | - | 629,652 |
| Computers & equipment | 41,172 | - | - | 41,172 |
| Machinery & equipment | 646,098 | 136,325 | - | 782,423 |
| Plant, other | 127,431 | 3,328 | - | 130,759 |
| Wells | 1,179,640 | 42,137 | - | 1,221,777 |
| Water mains | 4,720,674 | 270,962 | - | 4,991,636 |
| Fire hydrants | 808,570 | 37,565 | - | 846,135 |
| Structures & improvements | 5,225,810 | 155,432 | - | 5,381,242 |
| House connections | 2,371,440 | 57,404 | - | 2,428,844 |
| Valves & fittings | 1,581,426 | 86,075 | - | 1,667,501 |
| Meters | 678,415 | 25,710 | - | 704,125 |
| Standpipes & storage tanks | 4,772,168 | 339,592 | - | 5,111,760 |
| Pump stations-2 Appurtenances | 4,469,146 | 264,486 | - | 4,733,632 |
| Total accumulated depreciation | 66,432,404 | 3,699,768 | 63,277 | 70,068,895 |
| Total capital assets being depreciated (net of accumulated depreciation) | 126,120,131 | (1,898,185) | - | 124,221,946 |
| Capital assets, net | \$ 134,723,960 | \$ (924,217) | \$ 1,846,343 | \$ 131,953,400 |

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 3: CAPITAL ASSETS (continued)

At May 31, 2021 capital assets and their useful lives used for determination of annual depreciation, were as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Adjustments /Retirements</u> | <u>Ending Balance</u> |
|---|--------------------------|------------------|-------------------------------------|-----------------------|
| Business-type Activities: | | | | |
| Capital assets that are not being depreciated: | | | | |
| Land & easements | \$ 6,847,177 | \$ - | \$ - | \$ 6,847,177 |
| Diversion rights | 300,000 | - | - | 300,000 |
| Construction in progress | 712,247 | 858,507 | 114,102 | 1,456,652 |
| Total capital assets not being depreciated | 7,859,424 | 858,507 | 114,102 | 8,603,829 |
| Capital assets that are being depreciated: | | | | |
| Treatment plant | 17,075,066 | - | - | 17,075,066 |
| Pump equipment | 13,461,880 | 6,350 | - | 13,468,230 |
| Buildings & additions | 3,110,980 | - | - | 3,110,980 |
| Collection system | 73,355,903 | - | - | 73,355,903 |
| Vehicles | 4,178,023 | 421,821 | 123,404 | 4,476,440 |
| Office furniture & equipment | 704,611 | 127,601 | - | 832,212 |
| Machinery & equipment | 2,177,377 | 8,612 | - | 2,185,989 |
| Plant, other | 158,659 | - | - | 158,659 |
| Wells | 1,585,992 | 284,315 | - | 1,870,307 |
| Water mains | 26,959,727 | - | - | 26,959,727 |
| Fire hydrants | 1,971,606 | - | - | 1,971,606 |
| Structures & improvements | 10,880,321 | - | - | 10,880,321 |
| House connections | 4,107,188 | - | - | 4,107,188 |
| Valves & fittings | 2,733,809 | - | - | 2,733,809 |
| Meters | 1,475,709 | - | - | 1,475,709 |
| Standpipes & storage tanks | 16,079,089 | 9,412 | - | 16,088,501 |
| Pump stations - 2 Appurtenances | 11,801,888 | - | - | 11,801,888 |
| Totals at historical cost | 191,817,828 | 858,111 | 123,404 | 192,552,535 |
| Less: accumulated depreciation for: | | | | |
| Treatment plant | 6,295,284 | 401,558 | - | 6,696,842 |
| Pump equipment | 4,969,708 | 392,006 | - | 5,361,714 |
| Buildings & additions | 1,242,894 | 72,391 | - | 1,315,285 |
| Collection system | 21,254,035 | 978,079 | - | 22,232,114 |
| Vehicles | 3,316,680 | 431,536 | 123,404 | 3,624,812 |
| Office furniture & equipment | 528,473 | 51,174 | - | 579,647 |
| Computers & equipment | 41,172 | - | - | 41,172 |
| Machinery & equipment | 508,775 | 137,323 | - | 646,098 |
| Plant, other | 124,103 | 3,328 | - | 127,431 |
| Wells | 1,138,638 | 41,002 | - | 1,179,640 |
| Water mains | 4,451,077 | 269,597 | - | 4,720,674 |
| Fire hydrants | 771,217 | 37,353 | - | 808,570 |
| Structures & improvements | 5,070,377 | 155,433 | - | 5,225,810 |
| House connections | 2,314,036 | 57,404 | - | 2,371,440 |
| Valves & fittings | 1,495,344 | 86,082 | - | 1,581,426 |
| Meters | 652,705 | 25,710 | - | 678,415 |
| Standpipes & storage tanks | 4,432,576 | 339,592 | - | 4,772,168 |
| Pump stations-2 Appurtenances | 4,206,882 | 262,264 | - | 4,469,146 |
| Total accumulated depreciation | 62,813,976 | 3,741,832 | 123,404 | 66,432,404 |
| Total capital assets being depreciated (net of accumulated depreciation) | 129,003,852 | (2,883,721) | - | 126,120,131 |
| Capital assets, net | \$ 136,863,276 | \$ (2,025,214) | \$ 114,102 | \$ 134,723,960 |

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 3: CAPITAL ASSETS (continued)

Depreciation is recorded on a straight-line basis for all plant and equipment. Assets acquired through donation or with moneys received from donations and grants-in-aid are recorded with an offset to the Contributed Capital Account. Depreciation on assets with Contributed Capital is recorded as a reduction of Contributed Capital.

A. Loss on Disposition of Asset

The Authority recognized a loss on disposition of asset in the current year in the amount of \$508,002. This loss is due to the Aquifer Recharge Basin project no longer being pursued. This project was meant to fill several large basins with stormwater for the purpose of recharging the groundwater and getting groundwater allocation credit from the State Department of Environmental Protection (DEP). This additional groundwater allocation would have then been withdrawn from the Authority's existing wells and used at their two existing water treatment plants to make additional finished water. However, due to a new policy by the DEP, the Authority would now have to treat the stream water before putting the water into the basins. This change in policy now makes this project financially unfeasible since the Authority would have to treat the water twice.

NOTE 4: DEFERRED COMPENSATION PLAN

The Old Bridge Municipal Utilities Authority Deferred Compensation Plan was established pursuant to Section 457 of the Internal Revenue Code and under provisions of *N.J.S.A. 43:15B-1*. The Plan is an arrangement whereby a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations. Contributions are recognized when received by the Administrator, withdrawals and administrative fees when paid by the Administrator and earnings when the Administrator is notified by the company with which the funds are invested. Investments are managed by the Plan trustees under various investment options offered by the Variable Annuity Life Insurance Company ("VALIC").

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code as *N.J.A.C. 5:37*. The more significant of these provisions include no personal liability to the employer for negative return on investments, retention of assets by the employer, eligible investment types and the requirement for an independent review of all Plan funds if a private contractor is retained to administer the Plan.

The Small Business Job Protection Act of 1996 ("Act") requires plans created before August 20, 1996 to be held in trust for the exclusive benefit of participating employees and not be accessible by the Authority or its creditors by January 1, 1999. In addition, the Act permits certain in-service distributions of \$3,500 or less to Plan participants and provides the indexing of the previous \$7,500 annual contribution limit for inflation.

On January 28, 1998, the Authority established a Trustee Account for its Deferred Compensation Plan as required by Section 457 of the Internal Revenue Code of 1986, as amended.

NOTE 5: SHORT-TERM OBLIGATIONS

Short-term liability activity for the year ended May 31, 2022 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Amounts due within one year</u> |
|---------------------------|------------------------------|------------------|-------------------|---------------------------|--|
| Construction loan payable | \$ 3,290,000 | \$ 2,700,000 | \$ 3,290,000 | \$ 2,700,000 | \$ 2,700,000 |

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 5: SHORT-TERM OBLIGATIONS (continued)

Short-term liability activity for the year ended May 31, 2021 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Amounts due within one year</u> |
|---------------------------|------------------------------|------------------|-------------------|---------------------------|--|
| Construction loan payable | \$ 3,290,000 | \$ - | \$ - | \$ 3,290,000 | \$ 3,290,000 |

A. Construction Loan Payable

In order to fund the replacement of approximately 10,500 linear feet of undersized 2" diameter water lines with larger existing water mains in the streets in the Laurence Harbor section of Old Bridge, the Authority drew down \$2,700,000 on a construction loan granted by New Jersey Infrastructure Bank dated June 24, 2021. As of May 31, 2022, the entire amount of the loan is reflected as a current liability, however, once payment terms are identified, a portion of the loan will be reflected as long-term debt.

NOTE 6: LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended May 31, 2022 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Amounts due within one year</u> |
|---|------------------------------|------------------|-------------------|---------------------------|--|
| Bonds payable: | | | | | |
| General obligation debt | \$ 31,193,237 | \$ 3,198,700 | \$ 3,478,981 | \$ 30,912,956 | \$ 3,549,226 |
| Other liabilities: | | | | | |
| Compensated absences | 885,561 | 82,539 | 60,482 | 907,618 | 164,423 |
| Other post employment benefits | 23,950,600 | 6,804,638 | 1,365,214 | 29,390,024 | - |
| Net pension liability | 12,569,310 | - | 3,452,640 | 9,116,670 | - |
| Total other liabilities | 37,405,471 | 6,887,177 | 4,878,336 | 39,414,312 | 164,423 |
| Total bonds payable & other liabilities | \$ 68,598,708 | \$ 10,085,877 | \$ 8,357,317 | \$ 70,327,268 | \$ 3,713,649 |

Long-term liability activity for the year ended May 31, 2021 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Amounts due within one year</u> |
|---|------------------------------|------------------|-------------------|---------------------------|--|
| Bonds payable: | | | | | |
| General obligation debt | \$ 34,509,978 | \$ 3,132,433 | \$ 6,449,174 | \$ 31,193,237 | \$ 3,323,786 |
| Other liabilities: | | | | | |
| Compensated absences | 936,170 | 86,153 | 136,762 | 885,561 | 199,372 |
| Other post employment benefits | 21,482,300 | 3,520,654 | 1,052,354 | 23,950,600 | - |
| Net pension liability | 13,511,230 | - | 941,920 | 12,569,310 | - |
| Total other liabilities | 35,929,700 | 3,606,807 | 2,131,036 | 37,405,471 | 199,372 |
| Total bonds payable & other liabilities | \$ 70,439,678 | \$ 6,739,240 | \$ 8,580,210 | \$ 68,598,708 | \$ 3,523,158 |

A. New Jersey Infrastructure Bank Financing

The Authority issued 2003 Series A and B bonds, dated November 3, 2003, to the New Jersey Infrastructure Bank to securitize its participation in the state sponsored financing program to finance various water rehabilitation projects. The allowable costs for these projects total \$3,120,000 for the Series A bonds and \$2,787,329 for the Series B bonds. The total of all funds is \$5,907,329.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 6: LONG-TERM OBLIGATIONS (continued)

A. New Jersey Infrastructure Bank Financing (continued)

The maximum financing from the trust will not exceed the \$3,120,000 and repayment will commence on November 1, 2005 with final payment on November 1, 2022. The zero-interest financing from the State will not exceed \$2,787,329. The principal payment will commence on November 1, 2005 with final payment on November 1, 2022.

B. New Jersey Infrastructure Bank Financing

The Authority issued 2003 Series A and B bonds, dated November 3, 2003, to the New Jersey Infrastructure Bank to securitize its participation in the state sponsored financing program to finance various sewer rehabilitation projects. The allowable costs for these projects total \$1,000,000 for the Series A bonds and \$890,327 for the Series B bonds. The total of all funds is \$1,890,327.

The maximum financing from the trust will not exceed the \$1,000,000 and repayment will commence on November 1, 2004 with final payment on November 1, 2022. The zero-interest financing from the State will not exceed \$890,327. The principal payment will commence on November 1, 2004 with final payment on November 1, 2022.

C. Revenue Bonds (2004 Series A) and Refunding Revenue Bonds (2004 Series A)

On February 13, 2004, the Authority issued \$370,000 Revenue Bonds (2004 Series A). The Bonds, which were dated February 26, 2004, consisted of \$370,000 serial bonds which are due in various amounts from May 1, 2005 through 2014, and bear interest at various rates ranging from 2.00% on the earliest maturity to 4.25% on the ultimate maturity. The net proceeds of this issue are designated to be used to finance a portion of the costs of improvements to the system; make deposits to the Debt Service Reserve Fund as required by the Indenture of Trust; and pay the costs of issuance of the Bonds, including the premium for a municipal bond insurance policy.

On February 13, 2004, the Authority issued \$8,055,000 Revenue Refunding Bonds (2004 Series A). The Bonds were dated February 26, 2004 and consisted of \$8,055,000 serial bonds, which are due in various amounts on May 1, 2005 through 2023.

Interest on the 2004 Series A Bonds is payable on May 1, 2004 and semi-annually thereafter on each succeeding November 1 and May 1 until maturity or early redemption thereof.

2004 Series A Bonds maturing on or after November 1, 2015 are subject to redemption prior to maturity, at the option of the Authority as a whole at any time or in part on any interest payment date on or after November 1, 2014, in inverse order of maturity and within a maturity by lot or in any customary manner of selection as determined by the trustee, any such redemption to be made at the applicable redemption price expressed below as a percentage of the principal amount of the 2004 Bonds to be redeemed, plus interest accrued to the redemption date.

Defeasance of 1993 Bonds – Pursuant to an Escrow Deposit Agreement dated February 26, 2004, the Authority deposited \$7,921,763 of the proceeds of the 2004 Series A Refunding Bonds to advance refund the outstanding 1993 Bonds. The amount is net of accrued interest receivable of \$6,363 from November 1, 2003 through April 1, 2004. The amounts deposited with the trustee include \$76,900 of Bond premium and interest payable of \$161,176 due April 1, 2004. All funds so deposited were used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1993 Bonds. As a result, the 1993 Bonds are considered defeased and the liability for those bonds of \$7,690,000 has been removed from the Authority's balance sheet.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 6: LONG-TERM OBLIGATIONS (continued)

C. Revenue Bonds (2004 Series A) and Refunding Revenue Bonds (2004 Series A) (continued)

On May 4, 2014, The Authority issued Revenue Refunding Bonds, Series 2014C, which refund the 2004 Series A Bonds. See Note 5L for the description of the Refunding Revenue Bonds 2014C Series.

D. New Jersey Infrastructure Bank Financing Bonds

The Authority issued 2005 Series A and B bonds, dated November 10, 2005, to the New Jersey Infrastructure Bank to securitize its participation in the state sponsored financing program to finance various water rehabilitation projects. The allowable costs for these projects total \$1,625,000 for the Series A bonds and \$1,530,940 for the Series B bonds. The total of all funds is \$3,155,940.

The maximum financing from the trust will not exceed the \$1,625,000 and repayment will commence on November 1, 2006 with final payment on November 1, 2024. The zero-interest financing from the State will not exceed \$1,530,940. The principal payment will commence on November 1, 2006 with final payment on November 1, 2024.

On April 28, 2011, the Authority received a letter from the State of New Jersey, Department of Environmental Protection reducing the amount of the Fund Loan Series B bonds from \$1,530,940 to \$1,384,425. The amount of deduction is \$146,515 and is based upon a reduction in the final project costs. Based on the revised repayment schedule, final payment will be on November 1, 2023.

E. New Jersey Infrastructure Bank Financing

The Authority issued 2006 Series A and B bonds, dated November 9, 2006, to the New Jersey Infrastructure Bank to securitize its participation in the state sponsored financing program to finance various sewer rehabilitation projects. The allowable costs for these projects total \$3,350,000 for the Series A bonds and \$3,167,000 for the Series B bonds. The total of all funds is \$6,517,000.

The maximum financing from the trust will not exceed the \$3,350,000 and repayment will commence on November 1, 2007 with final payment on November 1, 2025. The zero-interest financing from the State will not exceed \$3,167,000. The principal payment will commence on November 1, 2007 with final payment on November 1, 2025.

F. New Jersey Infrastructure Bank Financing

The Authority issued 2008 Series A and B bonds, dated November 6, 2008, to the New Jersey Infrastructure Bank to securitize its participation in the state sponsored financing program to finance various water rehabilitation projects. The allowable costs for these projects total \$1,950,000 for the Series A bonds and \$1,781,000 for the Series B bonds. The total of all funds is \$3,731,000.

The maximum financing from the trust will not exceed the \$1,950,000 and repayment will commence on November 1, 2010 with final payment on November 1, 2025. The zero-interest financing from the State will not exceed \$1,781,000. The principal payment will commence on November 1, 2010 with final payment on November 1, 2024.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 6: LONG-TERM OBLIGATIONS (continued)

G. Revenue Bonds (2008C Series)

On May 23, 2008, the Authority issued \$5,625,000 Revenue Bonds (2008C Series). The Bonds, which were dated May 23, 2008, consisted of \$5,625,000 serial bonds which are due in various amounts from November 1, 2009 through 2028, and bear interest at various rates ranging from 4.50% on the earliest maturity to 5.375% on the ultimate maturity. The net proceeds of this issue are designated to be used to reimburse the Authority for the costs of various water and sewer improvements with respect to Woodhaven Village and construction of a maintenance building; make an additional deposit to the Debt Service Reserve Fund as required in connection with the issuance of the 2008 Bonds; and pay the costs of issuance of the 2008 Bonds, including the premium for the hereinafter defined Policy (the "2008 Project").

On May 26, 2016, the Authority issued Revenue Refunding Bonds, Series 2016A, which refund the 2008 Series C Bonds. See Note 5O for the description of the Refunding Revenue Bonds 2016A Series.

H. New Jersey Infrastructure Bank Financing

The Authority issued 2010 Series A and B bonds, dated March 10, 2010 to the New Jersey Infrastructure Bank to securitize its participation in the state sponsored financing program to finance various sewer rehabilitation projects. The allowable costs for these projects total \$600,000 for the Series A bonds and \$625,033 for the Series B bonds. The total of all funds is \$1,225,033.

The maximum financing from the trust will not exceed the \$600,000 and repayment will commence on November 1, 2010 with final payment on November 1, 2020. The zero-interest financing from the State will not exceed \$625,033. The principal payment will commence on November 1, 2010 with final payment on November 1, 2020.

On July 9, 2012, the Authority received a letter from the State of New Jersey, Department of Environmental Protection reducing the amount of the Fund Loan Series B bonds from \$625,033 to \$217,665. The amount of deduction is \$407,368 and is based upon a reduction in the final project costs. Based on the revised repayment schedule, final payment was on November 1, 2016.

I. New Jersey Infrastructure Bank Financing

The Authority issued 2010 Series C and D bonds, dated May 2, 2010 to the New Jersey Infrastructure Bank to securitize its participation in the state sponsored financing program to finance various sewer rehabilitation projects. The allowable costs for these projects total \$1,690,000 for the Series C bonds and \$1,011,735 for the Series D bonds. The total of all funds is \$2,701,735.

The maximum financing from the trust will not exceed the \$1,690,000 and repayment will commence on November 1, 2011 with final payment on November 1, 2024. The zero-interest financing from the State will not exceed \$1,011,735. The principal payment will commence on November 1, 2011 with final payment on November 1, 2020.

J. New Jersey Infrastructure Bank Financing

The Authority issued 2012 Series A and B bonds, dated May 3, 2012 to the New Jersey Infrastructure Bank to securitize its participation in the state sponsored financing program to finance various sewer rehabilitation projects. The allowable costs for these projects total \$3,526,339 for the Series A bonds and \$10,579,015 for the Series B bonds. The total of all funds is \$14,105,354.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
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Notes to Financial Statements (continued)

NOTE 6: LONG-TERM OBLIGATIONS (continued)

J. New Jersey Infrastructure Bank Financing (continued)

The Authority is in the process of drawing down the financing proceeds as construction progresses. The maximum financing from the trust will not exceed the \$4,830,000 and repayment will commence on November 1, 2013 with final payment on November 1, 2030. The zero-interest financing from the State will not exceed \$7,079,015. The principal payment will commence on November 1, 2013 with final payment on November 1, 2030.

K. New Jersey Infrastructure Bank Financing

The Authority issued 2014 Series A and B bonds, dated May 21, 2014 to the New Jersey Infrastructure Bank to securitize its participation in the state sponsored financing program to finance various water rehabilitation projects. The allowable costs for these projects total \$1,573,882 for the Series A bonds and \$4,721,648 for the Series B bonds. The total of all funds is \$6,295,530.

The Authority is in the process of drawing down the financing proceeds as construction progresses. The maximum financing from the trust will not exceed the \$1,605,000 and repayment will commence on November 1, 2015 with final payment on November 1, 2032. The zero-interest financing from the State will not exceed \$4,721,648. The principal payment will commence on November 1, 2015 with final payment on November 1, 2031.

L. Refunding Revenue Bonds (2014C Series)

On May 4, 2014, the Authority issued \$3,360,000 Revenue Refunding Bonds (2014C Series). The Bonds were dated May 4, 2014 and consisted of \$3,360,000 serial bonds, which are due in various amounts on November 1, 2015 through 2023. The 2014 Bonds are being issued to provide funds to currently refund the Authority's \$3,700,000 outstanding Revenue Bonds (2004 Series) (the "Refunded Bonds") maturing on and after November 1, 2015 and pay the costs of issuance of the 2014 Bonds.

Interest on the 2014 Series Bonds is payable on May 1, 2015 and semi-annually thereafter on each succeeding November 1 and May 1 until maturity or early redemption thereof.

2014 Series Bonds are not subject to redemption prior to their stated maturities.

Defeasance of 2004 Bonds - Pursuant to an Escrow Deposit Agreement dated May 4, 2014, the Authority deposited \$3,854,128 of the proceeds of the 2014C Series Refunding Bonds to advance refund the outstanding 2004 Bonds. The amounts deposited with the trustee include \$328,169 of Bond premium. All funds so deposited were used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2004 Bonds. As a result, the 2004 Bonds are considered defeased and the liability for those bonds of \$3,700,000 has been removed from the Authority's balance sheet.

For the year ended May 31, 2015, the Authority in effect reduced its aggregate debt service payments over the next 9 years and obtained a gross savings of \$344,053 and a present value savings of \$210,747.

M. New Jersey Infrastructure Bank Financing (2015A and B Series)

The Authority issued 2015 Series A and B bonds, dated May 28, 2015 to the New Jersey Infrastructure Bank to securitize its participation in the state sponsored financing program to finance various water rehabilitation projects. The allowable costs for these projects total \$344,104 for the Series A bonds and \$1,032,312 for the Series B bonds. The total of all funds is \$1,376,416.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
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Notes to Financial Statements (continued)

NOTE 6: LONG-TERM OBLIGATIONS (continued)

M. New Jersey Infrastructure Bank Financing (2015A and B Series) (continued)

The Authority is in the process of drawing down the financing proceeds as construction progresses. The maximum financing from the trust will not exceed the \$325,000 and repayment will commence on November 1, 2015 with final payment on November 1, 2033. The zero-interest financing from the State will not exceed \$770,793. The principal payment will commence on November 1, 2015 with final payment on November 1, 2033.

N. New Jersey Infrastructure Bank Financing (2016 A & B Series)

The Authority issued 2016 Series A and B Bonds, 11-12, 1 & 13, dated May 26, 2016 to the New Jersey Infrastructure Bank to securitize its participation in the state sponsored financing program to finance various water and sewer rehabilitation projects. The allowable costs for these projects total \$958,061 for the Series A Bond 11-12, \$315,000 for the Series A Bond 1, and \$614,842 for the Series A Bond 13, and \$2,874,182 for the Series B Bond 11-12, \$945,000 for the Series B Bond 1 and \$1,844,526 for the Series B Bond 13. The total of all funds is \$7,551,611.

The Authority is in the process of drawing down financing proceeds and construction progresses. The maximum financing from the trust 11-12 will not exceed \$915,000 and repayment will commence on November 1, 2016 with final payment on November 1, 2034, the maximum financing from the trust 1 will not exceed \$300,000 and repayment will commence on November 1, 2016 with final payment on November 1, 2030, and the maximum financing from the trust 13 will not exceed \$595,000 and repayment will commence on November 1, 2016 with final payment on November 1, 2034. The zero interest financing from the State will not exceed \$2,840,432 for the 11-12 and the principal payment will commence on November 1, 2016 with final payment on November 1, 2034, the zero interest financing from the State will not exceed \$945,000 for the 1 and the principal payment will commence on November 1, 2016 with final payment on November 1, 2030, and the zero interest financing from the State will not exceed \$1,377,246 for the 13 and the principal payment will commence on November 1, 2016 with final payment on November 1, 2034.

O. Refunding Revenue Bonds (2016A Series)

On May 26, 2016, the Authority issued \$4,845,000 Revenue Refunding Bonds (2016A Series). The Bonds were dated May 26, 2016 and consisted of \$4,845,000 serial bonds, which are due in various amounts on November 1, 2024 through 2028. The 2016 Bonds are being issued to provide funds to currently refund the Authority's \$5,450,000 outstanding Revenue Bonds (2008C Series) maturing on and after November 1, 2020 and pay the costs of issuance of the 2016 Bonds.

Interest on the 2016A Series Bonds is payable on November 1, 2016 and semi-annually thereafter on each succeeding May 1 and November 1 until maturity or early redemption thereof. Interest rates range from 4.00% to 5.00%.

Defeasance of 2008 Bonds – Pursuant to an Escrow Deposit Agreement dated May 26, 2016, the Authority deposited \$6,210,181 of the proceeds of the 2016A Series Refunding Bonds to advance refund the outstanding 2008 Bonds. The amounts deposited with the trustee include \$1,255,325 of Bond premium. All funds so deposited were used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2008 Bonds. As a result, the 2008 Bonds are considered defeased and the liability for those bonds of \$5,450,000 has been removed from the Authority's balance sheet.

For the year ended May 31, 2016, the Authority in effect reduced its aggregated debt service payments over the next 13 years and obtained a gross savings of \$1,131,775 and a present value savings of \$875,121.

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Notes to Financial Statements (continued)

NOTE 6: LONG-TERM OBLIGATIONS (continued)

P. New Jersey Infrastructure Bank Financing (2019 Series)

The Authority issued Series 2019A-1 bonds, dated May 23, 2019 to the New Jersey Infrastructure Bank to securitize its participation in the state sponsored financing program to finance various water rehabilitation projects. The allowable costs for these projects total \$695,000 for the Series A bonds and \$2,131,091 for the Series B bonds. The total of all funds is \$2,826,091. The amounts deposited with the trustee include \$52,677 of Bond premium.

The Authority is in the process of drawing down the financing proceeds as construction progresses. The maximum financing from the trust will not exceed the \$695,000 and repayment will commence on November 1, 2019 with final payment on November 1, 2037. The zero-interest financing from the State will not exceed \$2,131,091. The principal payment will commence on November 1, 2019 with final payment on November 1, 2037.

Q. New Jersey Infrastructure Bank Financing (2021 Series)

The Authority issued Series 2021A-1 bonds, dated June 10, 2021 to the New Jersey Infrastructure Bank to securitize its participation in the state sponsored financing program to finance various sewer rehabilitation projects. The allowable costs for these projects total \$725,000 for the Series A bonds and \$2,369,642 for the Series B bonds. The total of all funds is \$3,094,648. The amounts deposited with the trustee include \$104,058 Bond premium.

The maximum financing from the trust will not exceed the \$725,000 and repayment will commence on November 1, 2021 with final payment on November 1, 2039. The zero-interest financing from the State will not exceed \$2,369,642. The principal payment will commence on November 1, 2021 with final payment on November 1, 2039.

R. Schedule of Debt Service Payments

Cash Basis Bonds Issued and Outstanding on May 31, 2022*

| <u>Fiscal Year</u> <u>Ending May 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|-------------------------|------------------------|----------------------|
| 2023 | \$ 3,347,964 | \$ 610,411 | \$ 3,958,375 |
| 2024 | 2,810,744 | 533,705 | 3,344,449 |
| 2025 | 2,916,944 | 466,199 | 3,383,142 |
| 2026 | 3,037,681 | 391,674 | 3,429,355 |
| 2027 | 2,746,815 | 308,236 | 3,055,052 |
| 2028-2032 | 11,264,625 | 555,834 | 11,820,459 |
| 2033-2037 | 2,697,813 | 88,088 | 2,785,900 |
| 2038-2040 | 673,541 | 8,000 | 681,541 |
| Total | <u>\$ 29,496,126</u> | <u>\$ 2,962,147</u> | <u>\$ 32,458,273</u> |

*Includes principal and interest of New Jersey Infrastructure Bank Financing. Principal does not include bond premium payable or unamortized bond discount.

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Notes to Financial Statements (continued)

NOTE 6: LONG-TERM OBLIGATIONS (continued)

S. Schedule of Debt Service Payments (continued)

Cash Basis Bonds Issued and Outstanding on May 31, 2021*

| <u>Fiscal Year</u> <u>Ending May 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|-------------------------|------------------------|----------------------|
| 2022 | \$ 3,124,191 | \$ 657,593 | \$ 3,781,784 |
| 2023 | 3,198,246 | 586,211 | 3,784,457 |
| 2024 | 2,656,026 | 510,755 | 3,166,781 |
| 2025 | 2,762,226 | 444,749 | 3,206,975 |
| 2026 | 2,882,963 | 371,724 | 3,254,687 |
| 2027-2031 | 12,340,487 | 745,189 | 13,085,676 |
| 2032-2036 | 2,404,706 | 80,369 | 2,485,075 |
| 2037-2038 | 306,549 | 4,350 | 310,899 |
| Total | <u>\$ 29,675,394</u> | <u>\$ 3,400,940</u> | <u>\$ 33,076,334</u> |

*Includes principal and interest of New Jersey Infrastructure Bank Financing. Principal does not include bond premium payable or unamortized bond discount.

NOTE 7: COMPENSATED ABSENCES

The Authority has adopted policies which sets forth the terms under which an employee may accumulate earned, but unused, vacation and sick leave, establishes the limits on such accumulations and specifies the conditions under which the right to receive payment for such accumulations vests with the employee. General Policy is as follows:

A. Sick Leave

Permanent full-time unionized employees of the Authority accrue sick leave on the basis of one (1) day for each month worked during the first calendar year of employment. As of January 1st, following the first full year of employment, and on every January 1st thereafter, each permanent full-time employee shall receive twelve (12) sick leave days and three (3) personal days. In the event any personal days are not used in the year they are earned, those personal days shall be converted to sick days. Employees hired prior to October 1, 1990 may accumulate a maximum of two hundred eighty (280) days; Employees hired after that date may accumulate a maximum of one hundred and fifty (150) days. During an employee's last year of employment, for purposes of determining reimbursement, sick leave accrual for "cash back" purposes shall be prorated at one and one-quarter (1 1/4) days per month worked into that last year.

The Policy also provides for the accrual of twelve (12) "bridge days" as of January 1st of each year following the first year of employment. The maximum allowable accumulation of bridge days is forty-eight (48) days. Bridge days are provided in conjunction with the Authority's disability plan, and may only be used to "bridge" the period from the exhaustion of the current year's sick leave until such time as the employee is placed on the disability plan. Employees hired after June 30, 1996 are not entitled to bridge days, and must use regular sick days, to the extent available, to cover the period until they are placed on the disability plan.

Non-union personnel accrue sick leave on the basis of one (1) day for each month worked during the first calendar year of employment. Thereafter, as of January 1 of each year, they receive twelve (12) sick leave days. In addition, each non-union employee is credited with fifteen (15) sick leave days as a "bank" at the end of each year.

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Notes to Financial Statements (continued)

NOTE 7: COMPENSATED ABSENCES (continued)

A. Sick Leave (continued)

Unionized employees may "cash in" from one to ten unused sick days of each calendar year allotment for full pay. If the employee has at least five unused sick days of the current calendar year allotment and an additional accumulation of twenty-five unused sick days, the employee may shelter five unused sick days, at full pay, in the deferred compensation plan. Upon retirement, an employee who is a member of a collective bargaining unit receives one-half day's pay for each day of accumulated unused sick pay, at current rates, subject to the maximum allowable accumulation and a cap on pay-outs of \$15,000. Non-union personnel receive payment annually for any unused sick leave days from their annual allotment, excluding "bank" days. Upon retirement, non-union employees receive payment, at current rates for each day of accumulated unused sick pay (bank days), subject to the maximum allowable accumulation and a cap on pay-outs of \$44,101 adjusted annually effective May 31, 2000 to reflect the change to the Consumer Price Index (CPI) for the year then ended.

B. Vacation

Personnel hired prior to May 1 shall receive five (5) working days paid vacation for that calendar year. Personnel hired on or after May 1 shall receive no paid vacation for that calendar year. Thereafter, length of annual paid vacation shall be determined in accordance with the following schedules:

| <u>Years of Service:</u> | <u>Working Days Paid Vacation</u> |
|--------------------------|-----------------------------------|
| 1 to 4 | 10 |
| 5 to 9 | 15 |
| 10 to 19 | 20 |
| 20 or more | 25 |

Vacation days for unionized employees which cannot be completed by the end of the calendar year may be carried over into the following calendar year with the approval of the Director. Upon separation of service, an employee is entitled, in time or in pay, to any unused vacation pay.

At May 31, 2022 and 2021, the payroll records of the Authority indicate the value of accumulated sick and vacation pay earned and unused to be \$907,619 and \$885,561. This amount has been established as a liability on the balance sheet. For the purpose of establishing the accrued liability, the Authority recognizes the full value of current accumulations calculated in accordance with the policies enumerated above, subject to the pay-out "cap".

NOTE 8: PENSION OBLIGATIONS

Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Annual Comprehensive Financial Report (ACFR), which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>. The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

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Notes to Financial Statements (continued)

NOTE 8: PENSION OBLIGATIONS (continued)

Plan Description (continued)

The following represents the membership tiers for PERS:

| <u>Tier</u> | <u>Definition</u> |
|-------------|---|
| 1 | Members who were enrolled prior to June 30, 2007 |
| 2 | Members who were eligible to enroll on or after June 30, 2007 and prior to November 2, 2008 |
| 3 | Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010 |
| 4 | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |
| 5 | Members who were eligible to enroll on or after June 28, 2011 |

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

Basis of Presentation

The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions

The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2022, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended May 31, 2022, the Authority's contractually required contribution to PERS plan was \$901,252.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
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Notes to Financial Statements (continued)

NOTE 8: PENSION OBLIGATIONS (continued)

Contributions (continued)

As of the date of this report, the State of New Jersey has not yet released the pension invoices for the fiscal year June 30, 2021 with a due date of April 1, 2023, therefore the Authority has elected not to record an estimated contribution subsequent to the measurement date of the net pension liability on the Statement of Net Position.

Components of Net Pension Liability

At May 31, 2022, the Authority's proportionate share of the PERS net pension liability was \$9,116,671. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The Authority's proportion of the net pension liability was based on the Authority's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The Authority's proportion measured as of June 30, 2021, was 0.07696% which was a decrease of 0.00012% from its proportion measured as of June 30, 2020.

Balances at May 31, 2022 and May 31, 2021

| | <u>5/31/2022</u> | <u>5/31/2021</u> |
|---|-------------------------|-------------------------|
| Actuarial valuation date (including roll forward) | June 30, 2021 | June 30, 2020 |
| Deferred Outflows of Resources | \$ 889,730 | \$ 2,204,468 |
| Deferred Inflows of Resources | 5,733,631 | 5,307,340 |
| Net Pension Liability | 9,116,671 | 12,569,310 |
| Authority's portion of the plan's total Net Pension Liability | 0.07696% | 0.07708% |

Pension (Benefit) Expense and Deferred Outflows/Inflows of Resources

At May 31, 2022, the Authority's proportionate share of the PERS (benefit) expense, calculated by the plan as of the June 30, 2020 measurement date is \$1,711,610. At May 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|--|---|
| Differences between expected and actual experience | \$ 143,782 | \$ 65,256 |
| Changes of Assumptions | 47,480 | 3,245,594 |
| Net difference between projected and actual earnings on pension plan investments | - | 2,401,571 |
| Changes in proportion and differences between the Authority's contributions and proportion share of contributions | 698,468 | 21,201 |
| Authority's contribution made subsequent to the measurement date | - | - |
| | <u>\$ 889,730</u> | <u>\$ 5,733,631</u> |

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
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Notes to Financial Statements (continued)

NOTE 8: PENSION OBLIGATIONS (continued)

Pension (Benefit) Expense and Deferred Outflows/Inflows of Resources (continued)

The Authority will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | | |
| Year of pension plan deferral: | | |
| June 30, 2014 | - | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| June 30, 2017 | 5.48 | - |
| June 30, 2018 | 5.63 | - |
| June 30, 2019 | 5.21 | - |
| June 30, 2020 | 5.16 | - |
| June 30, 2021 | 5.13 | - |
| Changes in assumptions | | |
| Year of pension plan deferral: | | |
| June 30, 2014 | 6.44 | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| June 30, 2017 | - | 5.48 |
| June 30, 2018 | - | 5.63 |
| June 30, 2019 | - | 5.21 |
| June 30, 2020 | - | 5.16 |
| June 30, 2021 | - | 5.13 |
| Net difference between projected and actual earnings on pension plan investments | | |
| Year of pension plan deferral: | | |
| June 30, 2014 | - | 5.00 |
| June 30, 2015 | - | 5.00 |
| June 30, 2016 | 5.00 | - |
| June 30, 2017 | 5.00 | - |
| June 30, 2018 | 5.00 | - |
| June 30, 2019 | 5.00 | - |
| June 30, 2020 | 5.00 | - |
| June 30, 2021 | 5.00 | - |

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
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Notes to Financial Statements (continued)

NOTE 8: PENSION OBLIGATIONS (continued)

Pension (Benefit) Expense and Deferred Outflows/Inflows of Resources (continued)

Changes in proportion and differences between
The Authority's contributions and
proportionate share of contributions

Year of Pension Plan Deferral:

| | | |
|---------------|------|------|
| June 30, 2014 | 6.44 | 6.44 |
| June 30, 2015 | 5.72 | 5.72 |
| June 30, 2016 | 5.57 | 5.57 |
| June 30, 2017 | 5.48 | 5.48 |
| June 30, 2018 | 5.63 | 5.63 |
| June 30, 2019 | 5.21 | 5.21 |
| June 30, 2020 | 5.16 | 5.16 |
| June 30, 2020 | 5.13 | 5.13 |

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

| Year Ending | |
|-----------------------|-----------------------|
| <u>May 31,</u> | <u>Amount</u> |
| 2022 | \$ (1,706,657) |
| 2023 | (1,248,507) |
| 2024 | (916,152) |
| 2025 | (847,743) |
| 2026 | <u>(124,842)</u> |
| Total | <u>\$ (4,843,901)</u> |

Actuarial Assumptions

The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

| | |
|------------|-------|
| Inflation: | |
| Price | 2.75% |
| Wage | 3.25% |

| | |
|-------------------|----------------------------|
| Salary Increases: | |
| Through 2026 | 2.00% - 6.00% Based on Age |
| Thereafter | 3.00% - 7.00% Based on Age |

| | |
|---------------------------|-------|
| Investment Rate of Return | 7.00% |
|---------------------------|-------|

| | |
|----------------------|--|
| Mortality Rate Table | Pub-2010 General Below – Median Income Employee Mortality table fully generational mortality improvement projections from the central year using Scale MP-2021 |
|----------------------|--|

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
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Notes to Financial Statements (continued)

NOTE 8: PENSION OBLIGATIONS (continued)

Actuarial Assumptions (continued)

Period of Actuarial Experience
Study upon which Actuarial
Assumptions were Based

June 30, 2014 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021. The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

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

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
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Notes to Financial Statements (continued)

NOTE 8: PENSION OBLIGATIONS (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's proportionate share of the Net Pension Liability to Changes in the Discount Rate

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

| | 1 % Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---------------------------------|--|--------------------------------|
| Authority's proportionate share of the Net Pension Liability | \$ 12,547,401 | \$ 9,116,671 | \$ 6,384,868 |

NOTE 9: ARBITRAGE REBATE

Pursuant to the Internal Revenue Code of 1986, Section 148, regarding excess earnings, the Authority is required to rebate excess arbitrage income to the United States Government. The rebate amount is the excess aggregate amount earned on unspent bond proceeds over the amount that would have been earned if the yield on such unspent proceeds had been equal to the bond yields. The Authority estimates that it has no rebatable arbitrage earnings at May 31, 2022.

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS

For the year ended May 31, 2022, the Authority is recognizing its post-employment benefits based upon the implementation requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*.

Plan Description

Plan Administration – The Authority provides single-employer defined health benefits through its group insurance plan to certain retirees, provided that the employee has:

- (a) Retired on a disability pension;
- (b) Retired after 25 years or more service credit in a state or locally administered retirement system and a period of service of five (5) years' service to the authority or its predecessors; or
- (c) Retired upon or attaining the age of 62 years and at least 15 years of service to the Authority or its predecessors.

The Authority also provides full coverage towards the cost of health benefits for the spouses and/or dependents of eligible retired employees.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (continued)

Plan Description (continued)

Management of the defined health benefits plan is vested in the Authority's Board of Commissioners.

The Authority obtained an actuarial valuation for the fiscal year ending May 31, 2022. These results of the May 31, 2022 valuation are based on a measurement date of May 31, 2021. The measurement date for the fiscal year ending May 31, 2022 valuation is May 31, 2021. The valuation is rolled forward on an actuarial basis from the May 31, 2021 GASB 75 valuation using census data as of June 1, 2019 but adjusted for a change in the discount rate.

Plan Membership – At June 1, 2019, membership in the defined health benefits plan consisted of the following:

| | |
|---|--|
| Inactive plan members or beneficiaries currently receiving benefit payments | 67 |
| Inactive plan members entitled to but not yet receiving benefit payments | 66 |
| Active plan members | <div style="border-top: 1px solid black; border-bottom: 3px double black;">-</div> |
| | 133 |

Benefits Provided – The defined health benefits plan provides medical, prescription drug, vision and dental coverage to retirees and their covered dependents and life insurance to certain grandfather retirees. The Authority's Board of Commissioners has the authority to establish and amend the benefit terms of the defined health benefits plan.

Contributions – The Authority's Board of Commissioners has the authority to establish and amend the contribution requirements of the Authority and plan members. For plan members who had 20 years of service credit in the PERS system as of June 28, 2011, the Authority subsidizes 100% of the cost of coverage for retirees and their dependent spouses meeting the requirements outlined above. Future retirees who do not have at least 20 years of service as of June 30, 2011 are expected to pay an amount equal to their contribution rate times the Plan's gross premiums. In no event shall the contribution be less than 1.5% of the retirement allowance. All future disabled retirees are assumed to contribute 1.5% of the retirement allowance. The contribution rate is based on type of coverage (single or family) and the retirement allowance. The actuary has not released the actual pension invoices for the fiscal year May 31, 2022 with a due date of April 1, 2023 as of the date of this audit report, therefore OBMUA has elected not to estimate the payable and the corresponding related deferred outflow change on the Statement of Revenues, Expenses and Changes in Net Position. The contribution rate is as follows:

| Contribution Rate Per \$1,000 of Retirement Allowance | | |
|--|-------------------------------|---------------------------------|
| <u>Retirement Allowance</u> | <u>Single Coverage</u> | <u>Family Coverage *</u> |
| Under \$20 | 4.50% | 3.43% |
| \$20 - \$25 | 5.50% | 3.43% |
| \$25 - \$30 | 7.50% | 4.43% |
| \$30 - \$35 | 10.00% | 5.85% |
| \$35 - \$40 | 11.00% | 6.85% |
| \$40 - \$45 | 12.00% | 7.85% |
| \$45 - \$50 | 14.00% | 9.85% |
| \$50 - \$55 | 20.00% | 14.55% |
| \$55 - \$60 | 23.00% | 16.55% |
| \$60 - \$65 | 27.00% | 20.40% |
| \$65 - \$70 | 29.00% | 22.40% |
| \$70 - \$75 | 32.00% | 25.40% |
| \$75 - \$80 | 33.00% | 26.40% |
| \$80 - \$85 | 34.00% | 27.40% |

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (continued)

Plan Description (continued)

| Contribution Rate Per \$1,000 of Retirement Allowance | | |
|--|-------------------------------|---------------------------------|
| <u>Retirement Allowance</u> | <u>Single Coverage</u> | <u>Family Coverage *</u> |
| \$85 - \$90 | 34.00% | 29.40% |
| \$90 - \$95 | 34.00% | 29.70% |
| \$95 - \$100 | 35.00% | 29.85% |
| \$100 - \$110 | 35.00% | 34.55% |
| At Least \$110 | 35.00% | 35.00% |

* Family coverage is defined as 85% of the "Family + One" schedule and 15% of the "Family" schedule.

The Board of Commissioners establishes rates based on an actuarially determined rate. The Authority is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Board of Commissioners. For the year ended May 31, 2022, the Authority's contribution totaled \$505,371. At the time of the issuance of the report, the Authority's covered payroll was not available. For the year ended May 31, 2022, the Authority's contribution rate was 5.3% of covered-employee payroll or \$311,456. The defined health benefits plan is accounted for as a trust fund.

Investments

Investment Policy – The defined health benefits plan's policy in regard to the allocation of invested assets is established and may be amended by the Authority's Board of Commissioners by a majority vote of its members. It is the policy of the Board of Commissioners to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio in order to minimize the risk of large losses. The Authority's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Authority's adopted asset allocation policy as of May 31, 2022:

| <u>Asset Class</u> | <u>Target Allocation</u> |
|---------------------------|---------------------------------|
| Fixed Income | 100% |

Concentrations – Financial instruments that potentially subject the Plan to concentrations of credit risk consist principally of cash investments. At May 31, 2022, all of the Plan's investments were held by Amboy Bank.

Rate of Return – The investment rate of return was 0.15%, net of OPEB plan investment expense, including inflation.

Net OPEB Liability of the Authority

The components of the net OPEB liability of the Authority at May 31, 2022, were as follows:

| | |
|---|----------------------|
| Total OPEB liability (TOL) | \$ 37,770,963 |
| Plan fiduciary net position (FNP) | 8,380,939 |
| Authority's net OPEB liability (NOL) | <u>\$ 29,390,024</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 22.19% |

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (continued)

Net OPEB Liability of the Authority

Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of June 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Actuarial Cost Method | Entry Age Normal – Level % of Salary |
| Valuation Date | June 1, 2019 |
| Service Cost | The Actuarial Present Value of benefits is allocated as a level percentage over the earnings of an individual between entry age (i.e. – age at hire) and assumed retirement age(s). |
| Discount Rates | <p>Blended Rate</p> <p>May 31, 2021 – 2.20%</p> <p>May 31, 2020 – 3.09%</p> <p>May 31, 2019 – 3.75%</p> <p>Fully funded Rate – 4.00%</p> <p>Non-Fully Funded Rate</p> <p>May 31, 2021 – 2.20%</p> <p>May 31, 2020 – 2.16%</p> <p>May 31, 2019 – 3.51%</p> <p>Non-Fully Funded Rates are based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index rate reported on the last Friday prior to the measurement date.</p> |
| Expected Rate of Return on Assets | <p>0.15%, as of May 31, 2021</p> <p>4.00%, as of May 31, 2020</p> |
| CPI | 2.20% |
| Spouse Age Difference & Marriage Percentage | <p>Spouses are assumed to continue coverage upon the death of the former employee</p> <p>Upon retirement, 90% of eligible future retirees are assumed to be married and enroll an eligible spouse. Males are assumed to be 3 years older than females. Married actives are assumed to choose two-person coverage at retirement</p> |
| Pre-Retirement Mortality | PUB-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020 |
| Post-Retirement Mortality | PUB-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020 |

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
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Notes to Financial Statements (continued)

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (continued)

An expected TOL is determined as of May 31, 2022 using standard roll forward techniques. The roll forward calculation begins with the TOL, as of May 31, 2021, subtracts the expected benefit payments and refunds for the year, applies interest at the discount rate for the year, and then adds the annual normal cost (also called the Service Cost). An expected TOL is then determined as of May 31, 2021 beginning with the TOL as of May 31, 2022 using the same roll forward methodology. Actuarial gains and losses arising from the change in the discount rate from 3.09% on the Prior Measurement Date to 2.20% on the Measurement Date are accounted for as changes of assumptions or other inputs. The remaining actuarial assumptions (e.g., initial per capital costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 1, 2019 valuation were based on a review of recent plan experience done concurrently with the June 1, 2019 valuation.

Discount rate – The discount rate utilized to measure the total OPEB liability as of the Measurement Date was 2.20%. The discount was determined by blending the Authority’s long-term rate of return on assets and the interest rate reported under the 20-Year Municipal Bond Index. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was used for the determination of this rate. The interest rate is based on this index rate that is reported on the last Friday prior to the measurement date. A blended discount rate was calculated based on separating the projected future payments between those paid from the Authority’s assets and those paid from general assets. The Authority’s assets were projected using the expected employer and employee payroll contributions and the expected long-term rate of return. Payments from the Authority’s assets were assumed to begin when the projected asset amount is fully-funded and all future projected benefit payments will be paid from the Authority’s assets.

The projection of cash flows used to determine the discount rate assumed that the Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The following table summarizes the annual expected payments for benefits provided by the Plan:

| Fiscal Year Ending | Total |
|-------------------------------|--------------|
| 5/31/2022 | \$ 908,740 |
| 5/31/2023 | 988,274 |
| 5/31/2024 | 1,061,290 |
| 5/31/2025 | 1,104,034 |
| 5/31/2026 | 1,131,438 |
| 5/31/2027 | 1,163,986 |
| 5/31/2028 | 1,183,751 |
| 5/31/2029 | 1,196,818 |
| 5/31/2030 | 1,205,615 |
| 5/31/2031 | 1,265,845 |

Sensitivity of the net OPEB liability to changes in the discount rate – The following presents the net OPEB liability of the Authority, as well as what the Authority’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.20%) or 1-percentage-point higher (3.20%) than the current discount rate:

| | 1 % Decrease (2.09 %) | Current Discount Rate (3.09%) | 1% Increase (4.09%) |
|------------------------------|----------------------------------|--|--------------------------------|
| Total OPEB Liability | \$ 43,213,953 | \$ 37,770,963 | \$ 29,878,229 |
| Plan Fiduciary Net Position | 8,380,939 | 8,380,939 | 8,380,939 |
| of the Net Pension Liability | <u>\$ 34,833,014</u> | <u>\$ 29,390,024</u> | <u>\$ 21,497,290</u> |

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (continued)

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

| | <u>1 % Decrease</u> | <u>Trend Rate</u> | <u>1% Increase</u> |
|------------------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability | \$ 29,302,368 | \$ 37,770,963 | \$ 44,219,734 |
| Plan Fiduciary Net Position | <u>8,380,939</u> | <u>8,380,939</u> | <u>8,380,939</u> |
| of the Net Pension Liability | <u>\$ 20,921,429</u> | <u>\$ 29,390,024</u> | <u>\$ 35,838,795</u> |

Changes in the Net OPEB Liability, OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB – At May 31, 2022, the Authority reported a net OPEB liability of \$29,390,024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 1, 2019. The total OPEB liability was then rolled forward to the measurement date of May 31, 2022 utilizing update procedures incorporating the actuarial assumptions. At May 31, 2022 the components of the net OPEB liability of the Authority were as follows:

| | <u>Total OPEB Liability</u> <u>(a)</u> | <u>Plan Fiduciary</u> <u>Net Position (b)*</u> | <u>Net OPEB Liability</u> <u>(c) = (a) – (b)</u> |
|--|---|---|---|
| Balance Recognized as May 31, 2021 | \$ 31,778,900 | \$ 7,828,300 | \$ 21,482,300 |
| Changes Recognized for the Fiscal Year: | | | |
| Service Cost | 871,965 | - | 871,965 |
| Interest on the Total OPEB Liability | 995,868 | - | 995,868 |
| Changes in Benefit Terms | - | - | - |
| Difference between actuarial and Actual Experience | - | - | - |
| Changes of Assumptions | 5,176,584 | - | 5,176,584 |
| Benefit Payments | (1,052,354) | - | (1,052,354) |
| Contributions form Employer * | - | 505,371 | (505,371) |
| Contributions form Employee * | - | - | - |
| Net Investment Income | - | 47,268 | (47,268) |
| Administrative Expenses | - | - | - |
| Net Changes | <u>5,992,063</u> | <u>552,639</u> | <u>2,468,300</u> |
| Balance Recognized at May 31, 2021 | <u>\$ 37,770,963</u> | <u>\$ 8,380,939</u> | <u>\$ 23,950,600</u> |

*Employer benefits payments, employer and employee contributions were provided by the Authority. The Authority contributed \$505,371 to assets during fiscal year 2022.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (continued)

Changes of assumptions – Changes of assumptions and other inputs reflect the change in the discount rate of 3.09% on the prior measurement date to 3.75% on the measurement date.

For the year ended May 31, 2021, the Authority recognized OPEB expense of \$2,139,600. At May 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows</u> <u>of Resources</u> | <u>Deferred Inflows</u> <u>of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 776,000 | \$ - |
| Changes of Assumptions | 1,589,200 | 124,500 |
| Net difference between projected and actual earnings on OPEB plan investments | 336,500 | - |
| Authority's contribution made subsequent to the measurement date | - | - |
| | <u>\$ 2,701,700</u> | <u>\$ 124,500</u> |

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

| <u>Year Ending</u> <u>May 31,</u> | <u>Amount</u> |
|--|----------------------|
| 2023 | \$ 1,390,549 |
| 2024 | 1,348,049 |
| 2025 | 1,308,049 |
| 2026 | 1,195,749 |
| 2027 | 911,088 |
| Thereafter | 175,056 |

NOTE 11: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - During the year ended May 31, 2022, the Authority continued to transfer all insurable risks through the purchase of commercial insurance policies. Settled claims resulting from these risks have not exceeded commercial insurance coverage during each of the past three fiscal years. During the year ended May 31, 2022 there were no significant reductions in coverages from those provided in the previous years.

The Authority provides health benefits to its employees and qualified retirees through a program that includes a significant risk retention component. Munich Re was retained by the Authority's third-party administrator, Governmental Risk Management Assoc. The Authority has procured specific and aggregate excess loss insurance coverages to limit its loss exposure, as follows:

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
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Notes to Financial Statements (continued)

NOTE 11: RISK MANAGEMENT (continued)

Specific Excess – Coverage is 100% of losses per covered person in excess of \$70,000 retained risk, with no lifetime benefit per covered person.

Aggregate Excess – Coverage is 100% of aggregate calendar year losses up to a maximum of \$1,000,000, subject to a limit per covered person of \$70,000.

NOTE 12: RESTRICTED NET POSITION

At May 31, 2022, the Authority reports the following as Restricted Net Position:

The amount of \$1,754,015 has been Restricted for Debt Service pursuant to the Debt Service Reserve Requirement, as set forth in the Bond Resolution. The amount of \$7,051,903 has been Restricted for Operations. This amount represents Operating Reserve Requirement pursuant to the Bond Resolution. The amount of \$3,130,259 has been Restricted for Capital Projects.

As of May 31, 2022, in accordance with GASB 75, an amount of \$8,707,376 has been restricted for Other Post-Employment Benefits (OPEB) in the fiduciary fund. The OPEB restricted net position was calculated and designated to fund a portion of the actuarial Other Post-Employment Benefits (OPEB) liability for retirees.

NOTE 13: UNRESTRICTED NET POSITION

At May 31, 2022, the Authority reported \$12,108,967 as Unrestricted Net Position.

NOTE 14: COMMITMENTS AND CONTINGENCIES

A. Litigation Pending or Threatened

At May 31, 2022, the Authority was not aware of any litigation, claims or contingent liabilities not covered by the Authority's insurance carrier that would have a material financial impact on the Authority.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
 (A Component Unit of the Township of Old Bridge County of Middlesex, State of New Jersey)
 Schedule of the Authority's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System
 Last Eight Fiscal Years *

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Authority's proportion of the net pension liability (asset) | 0.07696% | 0.07708% | 0.07499% | 0.07205% | 0.07158% | 0.06650% | 0.06650% | 0.06748% |
| Authority's proportionate share of the net pension liability (asset) | \$ 9,116,671 | \$ 12,569,310 | \$ 13,511,230 | \$ 14,185,500 | \$ 16,661,618 | \$ 19,696,209 | \$ 14,928,527 | \$ 12,633,729 |
| Authority's covered payroll | \$ 5,653,206 | \$ 5,700,531 | \$ 5,349,112 | \$ 5,302,918 | \$ 5,018,851 | \$ 4,682,493 | \$ 4,615,032 | \$ 4,532,697 |
| Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 161.27% | 220.49% | 252.59% | 267.50% | 331.98% | 420.64% | 323.48% | 278.72% |
| Plan fiduciary net position as a percentage of the total pension liability | 70.33% | 58.32% | 56.27% | 53.60% | 48.10% | 40.14% | 47.93% | 52.08% |

* This schedule is presented to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
 (A Component Unit of the Township of Old Bridge, County of Middlesex, State of New Jersey)
 Schedule of Authority Contributions
 Public Employees' Retirement System
 Last Eight Fiscal Years *

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ 901,252 | \$ 843,188 | \$ 729,387 | \$ 716,625 | \$ 663,070 | \$ 590,801 | \$ 571,745 | \$ 556,279 |
| Contributions in relation to the contractually required contribution | (901,252) | (843,188) | (729,387) | (716,625) | (663,070) | (590,801) | (571,745) | (556,279) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Authority's covered payroll | \$ 5,629,014 | \$ 5,653,206 | \$ 5,700,531 | \$ 5,349,112 | \$ 5,302,918 | \$ 5,018,851 | \$ 4,682,493 | \$ 4,615,032 |
| Contributions as a percentage of covered payroll | 16.01% | 14.92% | 12.80% | 13.40% | 12.50% | 11.77% | 12.21% | 12.05% |

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge, County of Middlesex, State of New Jersey)
Other Post Employment Benefits
Schedule of Changes in the Net OPEB Liability and Related Ratios
Last Five Fiscal Years ***

| | Fiscal Year Ending, | | | | |
|---|----------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| Total OPEB Liability | | | | | |
| Service cost at end of year | \$ 871,965 | \$ 774,600 | \$ 705,600 | \$ 682,800 | \$ 706,800 |
| Interest | 995,868 | 1,081,500 | 1,058,700 | 1,020,800 | 966,500 |
| Differences between expected and actual assumptions | - | 925,000 | - | - | - |
| Changes of assumptions | 5,176,584 | 1,367,100 | 670,200 | (229,800) | (1,015,700) |
| Benefit payments* | (1,052,354) | (863,100) | (894,700) | (832,400) | (670,100) |
| Net change in total OPEB liability | 5,992,063 | 3,285,100 | 1,539,800 | 641,400 | (12,500) |
| Total OPEB liability - beginning | 31,778,900 | 28,493,800 | 26,954,000 | 26,312,600 | 26,325,100 |
| Total OPEB liability - ending | \$ 37,770,963 | \$ 31,778,900 | \$ 28,493,800 | \$ 26,954,000 | \$ 26,312,600 |
| Plan Fiduciary Net Position | | | | | |
| Contributions: employer* | \$ 505,371 | \$ 693,300 | \$ 661,700 | \$ 724,000 | \$ 695,200 |
| Net investment income | 47,268 | 123,500 | 41,900 | 10,900 | 213,300 |
| Net change in plan fiduciary net position | 552,639 | 816,800 | 703,600 | 734,900 | 908,500 |
| Plan fiduciary net position (beginning) | 7,828,300 | 7,011,500 | 6,307,900 | 5,573,000 | 4,664,500 |
| Plan fiduciary net position (ending)* | 8,380,939 | 7,828,300 | 7,011,500 | 6,307,900 | 5,573,000 |
| Net OPEB liability (ending) | \$ 29,390,024 | \$ 23,950,600 | \$ 21,482,300 | \$ 20,646,100 | \$ 20,739,600 |
| Net position as a percentage of OPEB liability | 22.19% | 24.63% | 24.61% | 23.40% | 21.18% |
| Covered payroll** | \$ 5,844,459 | \$ 5,762,138 | \$ 5,246,300 | \$ 5,622,000 | \$ 4,482,400 |
| Net OPEB liability as a percentage of payroll | 502.9% | 415.7% | 409.5% | 367.2% | 463.0% |

*Employer benefit payments, employer and employee contributions, and assets were provided by the Authority. Authority contributed \$505,371 to assets during fiscal 2022. Expected benefit payments and retiree contributions were used.

**Covered payroll for the fiscal years ending May 31, 2022, 2021, 2020, 2019 and 2018 are based on the payroll provided by the Authority.

Notes to Schedule:

Changes in Benefit Terms: None.

Changes in Assumptions: The discount rate changed from 3.09% as of May 31, 2021, to 2.20% as of May 31, 2022.

*** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge, County of Middlesex, State of New Jersey)
Other Post Employment Benefits
Schedule of Authority Contributions
Last Five Fiscal Years ***

| | Fiscal Year Ending May 31, | | | | |
|--|----------------------------|--------------|--------------|--------------|--------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| Actuarially Determined Contribution | N/A | N/A | N/A | N/A | N/A |
| Contributions Made in Relation to the Actuarially Determined Contribution* | \$ 505,371 | \$ 693,300 | \$ 661,700 | \$ 724,000 | \$ 1,556,400 |
| Contribution Deficiency (Excess) | TBD | TBD | TBD | TBD | N/A |
| Covered Payroll ** | \$ 5,844,459 | \$ 5,762,138 | \$ 5,246,300 | \$ 5,662,000 | \$ 5,338,600 |
| Contributions as a Percentage of Payroll | 26.7% | 27.0% | 29.7% | 27.7% | 29.2% |

*Actuarially determined contribution shown above equals Authority's contribution to plan assets and benefits paid in fiscal 2022.

**Covered payroll for the fiscal years ending May 31, 2022, 2021, 2020, 2019 and May 31, 2018 is based on the payroll provided by the Authority.

*** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Notes to Schedule:

Valuation Date: June 1, 2019

Measurement Date: Measurement Date is May 31, 2020 for the FYE 2021 disclosure and May 31, 2021 for the FYE 2022 disclosure.

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry Age Normal – Level % of Salary

Asset valuation method: Market Value of Assets

Salary Increases: See "Actuary Assumptions and Methods" section of the fiscal year ending May 31, 2022 GASB 75 report.

Investment rate of return: 0.15%, for FYE 2022

Mortality: RP-2010 headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge, County of Middlesex, State of New Jersey)
Other Post Employment Benefits
Schedule of Investment Returns
Last Eight Fiscal Years *

| Year Ending May 31, | Annual money-weighted rate of return, net of investment expense |
|--------------------------------|--|
| 2022 | 0.50% |
| 2021 | 0.50% |
| 2020 | 0.50% |
| 2019 | 1.75% |
| 2018 | 0.30% |
| 2017 | 0.20% |
| 2016 | 0.20% |
| 2015 | 0.20% |

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Old Bridge,
County of Middlesex, State of New Jersey)
Notes to the Required Supplementary Information

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

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

Changes of Assumptions

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

| <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 2021 | 7.00% | 2019 | 6.28% | 2015 | 4.90% |
| 2020 | 7.00% | 2018 | 5.66% | 2014 | 5.39% |

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

| <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 2021 | 7.00% | 2019 | 7.00% | 2015 | 7.90% |
| 2020 | 7.00% | 2018 | 7.00% | 2014 | 7.90% |

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

Other Post-Employment Benefits (OPEB)

Changes of Benefit Terms

None.

Changes of Assumptions

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

| <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> |
|-------------|-------------|-------------|-------------|
| 2021 | 2.20% | 2018 | 3.89% |
| 2020 | 3.09% | 2017 | 3.84% |
| 2019 | 3.75% | | |

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

| <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> |
|-------------|-------------|-------------|-------------|
| 2021 | 0.15% | 2018 | 4.00% |
| 2020 | 4.00% | 2017 | 4.00% |
| 2019 | 4.00% | | |

The mortality assumption was updated upon the direction from the actuary.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenues and Expenses
Compared to Budget (Budgetary Basis)
For the years ended May 31, 2022 and 2021

| | For the year ended May 31, 2022 | | | | For the year ended May 31, 2021 | | | |
|---|---------------------------------|---------------------|---------------------|--|---------------------------------|---------------------|---------------------|--|
| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES: | | | | | | | | |
| Retained Earnings Appropriated | \$ 4,340,500 | \$ 4,340,500 | \$ 1,433,942 | \$ (2,906,558) | \$ 4,990,384 | \$ 4,990,384 | \$ 2,980,884 | \$ (2,009,500) |
| User Charges and Fees | 31,874,471 | 31,874,471 | 31,686,324 | (188,147) | 31,202,334 | 31,202,334 | 33,255,207 | 2,052,873 |
| Delinquent Penalties | 400,000 | 400,000 | 74,803 | (325,197) | 400,000 | 400,000 | 295,882 | (104,118) |
| Interest on Investment and Deposits | 164,000 | 164,000 | 89,841 | (74,159) | 164,000 | 164,000 | 163,908 | (92) |
| Developer Contribution | 1,000,000 | 1,000,000 | 121,734 | (878,266) | - | - | 174,995 | 174,995 |
| Engineering Service Fees | 435,662 | 435,662 | 474,404 | 38,742 | 379,780 | 379,780 | 453,450 | 73,670 |
| Water Tower | 31,050 | 31,050 | - | (31,050) | - | - | - | - |
| Video Sewer Lines | 6,000 | 6,000 | 16,394 | 10,394 | 6,000 | 6,000 | 5,513 | (487) |
| Miscellaneous | 70,000 | 70,000 | 220,478 | 150,478 | 70,000 | 70,000 | 95,762 | 25,762 |
| TOTAL REVENUES | 38,321,683 | 38,321,683 | 34,117,920 | (4,203,763) | 37,212,498 | 37,212,498 | 37,425,601 | 213,103 |
| EXPENSES: | | | | | | | | |
| Operating Appropriations: | | | | | | | | |
| Salaries and Wages | 6,857,861 | 6,857,861 | 6,435,705 | 422,156 | 6,874,068 | 6,874,068 | 6,408,300 | 465,768 |
| Employee Benefits | 3,339,204 | 3,339,204 | 3,429,501 | (90,297) | 3,033,243 | 3,033,243 | 3,223,206 | (189,963) |
| OPEB per GASB 75 | 1,675,400 | 1,675,400 | 3,337,641 | (1,662,241) | 1,556,400 | 1,556,400 | 2,141,793 | (585,393) |
| Administrative Expenses | 1,694,500 | 1,694,500 | 1,717,055 | (22,555) | 1,670,294 | 1,670,294 | 1,469,489 | 200,805 |
| Office Expenses | 303,000 | 303,000 | 225,820 | 77,180 | 303,000 | 303,000 | 211,430 | 91,570 |
| Engineering | 46,800 | 46,800 | 55,173 | (8,373) | 46,800 | 46,800 | 41,682 | 5,118 |
| Operations and Maintenance Expenses | 3,650,500 | 3,650,500 | 2,716,695 | 933,805 | 3,495,500 | 3,495,500 | 2,999,147 | 496,353 |
| Contractual Services and Charges | 9,242,145 | 9,242,145 | 8,109,591 | 1,132,554 | 9,217,676 | 9,217,676 | 7,478,261 | 1,739,415 |
| TOTAL OPERATING APPROPRIATIONS | 26,809,410 | 26,809,410 | 26,027,181 | 782,229 | 26,196,981 | 26,196,981 | 23,973,308 | 2,223,673 |
| INTEREST EXPENSE | 601,009 | 601,009 | 470,011 | 130,998 | 677,704 | 677,704 | 456,169 | 221,535 |
| OTHER COSTS FUNDED BY OPERATING REVENUES: | | | | | | | | |
| Principal Maturity | 3,363,714 | 3,363,714 | 3,261,165 | 102,549 | 3,249,658 | 3,249,658 | 3,122,922 | 126,736 |
| Capital Outlay | 4,640,500 | 4,640,500 | 1,147,020 | 3,493,480 | 5,078,500 | 5,078,500 | 1,544,517 | 3,533,983 |
| TOTAL COSTS FUNDED BY OPERATING REVENUES | 8,004,214 | 8,004,214 | 4,408,185 | 3,596,029 | 8,328,158 | 8,328,158 | 4,667,439 | 3,660,719 |
| TOTAL EXPENSES | 35,414,633 | 35,414,633 | 30,905,377 | 4,509,256 | 35,202,843 | 35,202,843 | 29,096,916 | 6,105,927 |
| BUDGETARY REVENUES OVER EXPENSES | \$ 2,907,050 | \$ 2,907,050 | \$ 3,212,543 | \$ 305,493 | \$ 2,009,655 | \$ 2,009,655 | \$ 8,328,685 | \$ 6,319,030 |
| Reconciliation of Budgetary Basis to Net Income: | | | | | | | | |
| Budgetary revenues over expenses | | | \$ 3,212,543 | | | | \$ 8,328,685 | |
| Adjustments to budgetary basis: | | | | | | | | |
| Depreciation expense | | | (3,699,768) | | | | (3,741,833) | |
| Retained earnings appropriated | | | (1,433,942) | | | | (2,980,884) | |
| Bond principal maturity | | | 3,261,165 | | | | 3,122,922 | |
| Capital outlay expenditures | | | 1,147,020 | | | | 1,544,517 | |
| Bond issuance costs | | | (79,960) | | | | - | |
| Unbudgeted pension expense - GASB 68 | | | 1,711,610 | | | | 46,220 | |
| Loss on Disposition of Asset | | | (508,003) | | | | - | |
| Capital contributions | | | 260,100 | | | | - | |
| Total Adjustments | | | 658,222 | | | | (2,009,058) | |
| Net Income | | | <u>\$ 3,870,765</u> | | | | <u>\$ 6,319,627</u> | |

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
Schedule of Water Department Revenues and Expenses
Compared to Budget (Budgetary Basis)
For the years ended May 31, 2022 and 2021

| | For the year ended May 31, 2022 | | | | For the year ended May 31, 2021 | | | |
|---|---------------------------------|-------------------|---------------------|--|---------------------------------|-------------------|---------------------|--|
| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES: | | | | | | | | |
| Retained Earnings Appropriated | \$ 2,331,000 | \$ 2,331,000 | \$ 1,433,942 | \$ (897,058) | \$ 2,980,884 | \$ 2,980,884 | \$ 2,980,884 | \$ - |
| User Charges and Fees | 14,716,841 | 14,716,841 | 14,695,729 | (21,112) | 14,183,853 | 14,183,853 | 15,940,181 | 1,756,328 |
| Delinquent Penalties | 200,000 | 200,000 | 35,250 | (164,750) | 200,000 | 200,000 | 136,387 | (63,613) |
| Interest on Investment and Deposits | 82,000 | 82,000 | 73,614 | (8,386) | 82,000 | 82,000 | 134,795 | 52,795 |
| Developer Contributions | 1,000,000 | 1,000,000 | 121,734 | (878,266) | - | - | 174,995 | 174,995 |
| Engineering Service Fees | 217,831 | 217,831 | 251,393 | 33,562 | 189,890 | 189,890 | 240,943 | 51,053 |
| Water Tower | 31,050 | 31,050 | - | (31,050) | | | | |
| Miscellaneous | 60,000 | 60,000 | 54,174 | (5,826) | 60,000 | 60,000 | 61,581 | 1,581 |
| TOTAL REVENUES | 18,638,722 | 18,638,722 | 16,665,836 | (1,972,886) | 17,696,627 | 17,696,627 | 19,669,766 | 1,973,139 |
| EXPENSES: | | | | | | | | |
| Operating Appropriations: | | | | | | | | |
| Salaries and Wages | 4,063,485 | 4,063,485 | 3,873,896 | 189,589 | 4,099,302 | 4,099,302 | 3,847,429 | 251,873 |
| Employee Benefits | 1,847,496 | 1,847,496 | 1,910,494 | (62,998) | 1,685,999 | 1,685,999 | 1,826,966 | (140,967) |
| OP&B per GASB 75 | 837,700 | 837,700 | 1,623,601 | (785,901) | 778,200 | 778,200 | 972,673 | (194,473) |
| Administrative Expenses | 867,955 | 867,955 | 838,754 | 29,201 | 854,348 | 854,348 | 796,859 | 57,489 |
| Office Expenses | 168,500 | 168,500 | 129,177 | 39,323 | 168,500 | 168,500 | 122,642 | 45,858 |
| Engineering | 23,400 | 23,400 | 29,006 | (5,606) | 23,400 | 23,400 | 21,113 | 2,287 |
| Operations and Maintenance Expenses | 1,974,500 | 1,974,500 | 1,907,945 | 66,555 | 1,972,000 | 1,972,000 | 2,189,412 | (217,412) |
| Contractual Services and Charges | 3,425,200 | 3,425,200 | 3,099,375 | 325,825 | 3,400,731 | 3,400,731 | 2,827,410 | 573,321 |
| TOTAL OPERATING APPROPRIATIONS | 13,208,236 | 13,208,236 | 13,412,248 | (204,012) | 12,982,480 | 12,982,480 | 12,604,504 | 377,976 |
| INTEREST EXPENSE | 367,841 | 367,841 | 295,345 | 72,496 | 404,450 | 404,450 | 310,211 | 94,239 |
| OTHER COSTS FUNDED BY OPERATING REVENUES: | | | | | | | | |
| Principal Maturity | 1,684,587 | 1,684,587 | 1,631,065 | 53,522 | 1,640,697 | 1,640,697 | 1,608,949 | 31,748 |
| Capital Outlay | 2,481,000 | 2,481,000 | 218,950 | 2,262,050 | 2,669,000 | 2,669,000 | 831,596 | 1,837,404 |
| TOTAL COSTS FUNDED BY OPERATING REVENUES | 4,165,587 | 4,165,587 | 1,850,015 | 2,315,572 | 4,309,697 | 4,309,697 | 2,440,545 | 1,869,152 |
| TOTAL EXPENSES | 17,741,664 | 17,741,664 | 15,557,608 | 2,184,056 | 17,696,627 | 17,696,627 | 15,355,260 | 2,341,367 |
| BUDGETARY REVENUES OVER EXPENSES | \$ 897,058 | \$ 897,058 | \$ 1,108,228 | \$ 211,170 | \$ - | \$ - | \$ 4,314,506 | \$ 4,314,506 |
| Reconciliation of Budgetary Basis to Net Income: | | | | | | | | |
| Budgetary revenues over expenses | | | \$ 1,108,228 | | | | \$ 4,314,506 | |
| Adjustments to budgetary basis: | | | | | | | | |
| Depreciation expense | | | (1,712,460) | | | | (1,714,938) | |
| Retained earnings appropriated | | | (1,433,942) | | | | (2,980,884) | |
| Bond principal maturity | | | 1,631,065 | | | | 1,608,949 | |
| Capital outlay expenditures | | | 218,950 | | | | 831,596 | |
| Bond issuance costs | | | (40,146) | | | | - | |
| Unbudgeted pension expense - GASB 68 | | | 855,805 | | | | 23,110 | |
| Loss on Disposition of Asset | | | (508,003) | | | | - | |
| Capital contributions | | | 160,100 | | | | - | |
| Total Adjustments | | | (828,631) | | | | (2,232,167) | |
| Net Income | | | <u>\$ 279,597</u> | | | | <u>\$ 2,082,339</u> | |

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
Schedule of Sewer Department Revenues and Expenses
Compared to Budget (Budgetary Basis)
For the years ended May 31, 2022 and 2021

| | For the year ended May 31, 2022 | | | | For the year ended May 31, 2021 | | | |
|---|---------------------------------|---------------------|---------------------|--|---------------------------------|---------------------|---------------------|--|
| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES: | | | | | | | | |
| Retained Earnings Appropriated | \$ 2,009,500 | \$ 2,009,500 | \$ - | \$ (2,009,500) | \$ 2,009,500 | \$ 2,009,500 | \$ - | \$ (2,009,500) |
| User Charges and Fees | 17,157,630 | 17,157,630 | 16,990,595 | (167,035) | 17,018,481 | 17,018,481 | 17,315,026 | 296,545 |
| Delinquent Penalties | 200,000 | 200,000 | 39,553 | (160,447) | 200,000 | 200,000 | 159,495 | (40,505) |
| Interest on Investment and Deposits | 82,000 | 82,000 | 16,227 | (65,773) | 82,000 | 82,000 | 29,113 | (52,887) |
| Developer Contribution | - | - | - | - | - | - | - | - |
| Engineering Service Fees | 217,831 | 217,831 | 223,011 | 5,180 | 189,890 | 189,890 | 212,507 | 22,617 |
| Video Sewer Lines | 6,000 | 6,000 | 16,394 | 10,394 | 6,000 | 6,000 | 5,513 | (487) |
| Miscellaneous | 10,000 | 10,000 | 166,304 | 156,304 | 10,000 | 10,000 | 34,181 | 24,181 |
| TOTAL REVENUES | 19,682,961 | 19,682,961 | 17,452,084 | (2,230,877) | 19,515,871 | 19,515,871 | 17,755,835 | (1,760,036) |
| EXPENSES: | | | | | | | | |
| Operating Appropriations: | | | | | | | | |
| Salaries and Wages | 2,794,376 | 2,794,376 | 2,561,809 | 232,567 | 2,774,766 | 2,774,766 | 2,560,871 | 213,895 |
| Employee Benefits | 1,491,708 | 1,491,708 | 1,519,007 | (27,299) | 1,347,244 | 1,347,244 | 1,396,240 | (48,996) |
| OPEB per GASB 75 | 837,700 | 837,700 | 1,714,040 | (876,340) | 778,200 | 778,200 | 1,169,120 | (390,920) |
| Administrative Expenses | 826,545 | 826,545 | 878,301 | (51,756) | 815,946 | 815,946 | 672,630 | 143,316 |
| Office Expenses | 134,500 | 134,500 | 96,643 | 37,857 | 134,500 | 134,500 | 88,788 | 45,712 |
| Engineering | 23,400 | 23,400 | 26,167 | (2,767) | 23,400 | 23,400 | 20,569 | 2,831 |
| Operations and Maintenance Expenses | 1,676,000 | 1,676,000 | 808,748 | 867,252 | 1,523,500 | 1,523,500 | 809,735 | 713,765 |
| Contractual Services and Charges | 5,816,945 | 5,816,945 | 5,010,218 | 806,727 | 5,816,945 | 5,816,945 | 4,650,851 | 1,166,094 |
| TOTAL OPERATING APPROPRIATIONS | 13,601,174 | 13,601,174 | 12,614,933 | 986,241 | 13,214,501 | 13,214,501 | 11,368,804 | 1,845,697 |
| INTEREST EXPENSE | 233,168 | 233,168 | 174,666 | 58,502 | 273,254 | 273,254 | 145,958 | 127,296 |
| OTHER COSTS FUNDED BY OPERATING REVENUES: | | | | | | | | |
| Principal Maturity | 1,679,127 | 1,679,127 | 1,630,100 | 49,027 | 1,608,961 | 1,608,961 | 1,513,973 | 94,988 |
| Capital Outlay | 2,159,500 | 2,159,500 | 928,070 | 1,231,430 | 2,409,500 | 2,409,500 | 712,921 | 1,696,579 |
| TOTAL COSTS FUNDED BY OPER. REVENUES | 3,838,627 | 3,838,627 | 2,558,170 | 1,280,457 | 4,018,461 | 4,018,461 | 2,226,894 | 1,791,567 |
| TOTAL EXPENSES | 17,672,969 | 17,672,969 | 15,347,769 | 2,325,200 | 17,506,216 | 17,506,216 | 13,741,656 | 3,764,560 |
| BUDGETARY REVENUES OVER EXPENSES | \$ 2,009,992 | \$ 2,009,992 | \$ 2,104,315 | 94,323 | \$ 2,009,655 | \$ 2,009,655 | \$ 4,014,179 | 2,004,524 |
| Reconciliation of Budgetary Basis to Net Income: | | | | | | | | |
| Budgetary revenues over expenses | | | \$ 2,104,315 | | | | \$ 4,014,179 | |
| Adjustments to budgetary basis: | | | | | | | | |
| Depreciation expense | | | (1,987,307) | | | | (2,026,894) | |
| Bond principal maturity | | | 1,630,100 | | | | 1,513,973 | |
| Capital outlay expenditures | | | 928,070 | | | | 712,921 | |
| Bond issuance costs | | | (39,814) | | | | - | |
| Unbudgeted pension expense - GASB 68 | | | 855,805 | | | | 23,110 | |
| Loss on Disposition of Asset | | | - | | | | - | |
| Capital contributions | | | 100,000 | | | | - | |
| Total Adjustments | | | 1,486,854 | | | | 223,110 | |
| Net Income | | | <u>\$ 3,591,169</u> | | | | <u>\$ 4,237,289</u> | |

STATISTICAL SECTION

Statistical Section

This part of the Authority's annual comprehensive financial report presents detailed information as a context for understanding what the information in the accompanying financial statements and notes to the basic financial statements says about the Authority's overall financial health.

Contents Financial Trends

These schedules contain trend information to help the reader understand how the Authority's performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Authority's ability to generate revenues.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place and to help make comparisons over time and with other agencies.

Operating Information

These schedules contain information about the Authority's operations and resources to help the reader understand how the Authority's financial information relates to the services the Authority provides and the activities it performs.

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY

Schedule of Revenue Serial Bonds Payable

For the year ended May 31, 2022

Schedule I
1

| PURPOSE | DATE OF ISSUE | AMOUNT ISSUED | MATURITIES | | INTEREST RATE | BALANCE MAY 31, 2021 | ISSUED | DECREASED | BALANCE MAY 31, 2022 |
|--|---------------|---------------|--|--|--------------------------------------|----------------------|--------|------------|----------------------|
| | | | DATE | AMOUNT | | | | | |
| 2003 NJIB Trust Water Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 10/15/2003 | \$ 3,120,000 | 11/1/2022 | \$ 245,000 | 4.75% | \$ 480,000 | \$ - | \$ 235,000 | \$ 245,000 |
| 2003 NJIB Fund Water Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 10/15/2003 | 2,787,329 | 11/1/2022 | 153,590 | 0.00% | 307,875 | - | 154,285 | 153,590 |
| 2003 NJIB Trust Sewer Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 10/15/2003 | 1,000,000 | 11/1/2022 | 75,000 | 4.75% | 150,000 | - | 75,000 | 75,000 |
| 2003 NJIB Fund Sewer Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 10/15/2003 | 890,327 | 11/1/2022 | 47,368 | 0.00% | 96,883 | - | 49,515 | 47,368 |
| 2005 NJIB Trust Water Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 11/15/2005 | 1,625,000 | 11/1/2022 11/1/2023 11/1/2024 | 115,000 115,000 120,000 | 4.375% 4.375% 4.375% | 460,000 | - | 110,000 | 350,000 |
| 2005 NJIB Fund Water Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 11/15/2005 | 1,384,425 | 11/1/2022 11/1/2023 | 82,071 11,270 | 0.00% 0.00% | 175,293 | - | 81,953 | 93,340 |
| 2006 NJIB Trust Sewer Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 11/9/2006 | 3,350,000 | 11/1/2022 11/1/2023 11/1/2024 11/1/2025 | 220,000 230,000 240,000 255,000 | 4.250% 5.000% 4.250% 4.250% | 1,160,000 | - | 215,000 | 945,000 |

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY

Schedule of Revenue Serial Bonds Payable

For the year ended May 31, 2022

| PURPOSE | DATE OF ISSUE | AMOUNT ISSUED | MATURITIES | | INTEREST RATE | BALANCE MAY 31, 2021 | ISSUED | DECREASED | BALANCE MAY 31, 2022 |
|---|------------------|------------------|------------|---------|------------------|-------------------------|--------|-----------|-------------------------|
| | | | DATE | AMOUNT | | | | | |
| 2006 NJIB Fund Sewer Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 11/9/2006 | 3,167,000 | 11/1/2022 | 168,327 | 0.00% | 846,532 | - | 170,813 | 675,719 |
| | | | 11/1/2023 | 168,745 | 0.00% | | | | |
| | | | 11/1/2024 | 167,781 | 0.00% | | | | |
| | | | 11/1/2025 | 170,866 | 0.00% | | | | |
| 2008 NJIB Trust Water Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 11/6/2008 | 1,950,000 | 11/1/2022 | 125,000 | 5.50% | 645,000 | - | 120,000 | 525,000 |
| | | | 11/1/2023 | 130,000 | 5.00% | | | | |
| | | | 11/1/2024 | 140,000 | 5.00% | | | | |
| | | | 11/1/2025 | 130,000 | 5.00% | | | | |
| 2008 NJIB Fund Water Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 11/6/2008 | 1,781,000 | 11/1/2022 | 99,794 | 0.00% | 321,581 | - | 100,526 | 221,055 |
| | | | 11/1/2023 | 98,914 | 0.00% | | | | |
| | | | 11/1/2024 | 22,348 | 0.00% | | | | |
| 2010B NJIB Trust Sewer Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 11/17/2010 | 1,690,000 | 11/1/2022 | 95,000 | 5.00% | 320,000 | - | 90,000 | 230,000 |
| | | | 11/1/2023 | 100,000 | 5.00% | | | | |
| | | | 11/1/2024 | 35,000 | 5.00% | | | | |
| 2012A NJIB Fund Sewer Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 5/3/2012 | 4,830,000 | 11/1/2022 | 270,000 | 5.0000% | 3,160,000 | - | 255,000 | 2,905,000 |
| | | | 11/1/2023 | 285,000 | 5.0000% | | | | |
| | | | 11/1/2024 | 295,000 | 5.0000% | | | | |
| | | | 11/1/2025 | 310,000 | 5.0000% | | | | |
| | | | 11/1/2026 | 330,000 | 3.0000% | | | | |
| | | | 11/1/2027 | 335,000 | 3.0000% | | | | |
| | | | 11/1/2028 | 345,000 | 3.125% | | | | |
| | | | 11/1/2029 | 365,000 | 3.2000% | | | | |
| | | | 11/1/2030 | 370,000 | 3.2500% | | | | |
| 2012A NJIB Fund Sewer Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 5/3/2012 | 7,079,015 | 11/1/2022 | 393,279 | 0.00% | 3,932,785 | - | 393,279 | 3,539,506 |
| | | | 11/1/2023 | 393,279 | 0.00% | | | | |
| | | | 11/1/2024 | 393,279 | 0.00% | | | | |
| | | | 11/1/2025 | 393,279 | 0.00% | | | | |
| | | | 11/1/2026 | 393,279 | 0.00% | | | | |
| | | | 11/1/2027 | 393,279 | 0.00% | | | | |
| | | | 11/1/2028 | 393,279 | 0.00% | | | | |
| | | | 11/1/2029 | 393,279 | 0.00% | | | | |
| | | | 11/1/2030 | 393,279 | 0.00% | | | | |

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Serial Bonds Payable
For the year ended May 31, 2022

| PURPOSE | DATE OF ISSUE | AMOUNT ISSUED | MATURITIES | | INTEREST RATE | BALANCE MAY 31, 2021 | ISSUED | DECREASED | BALANCE MAY 31, 2022 |
|---|------------------|------------------|------------|---------|------------------|-------------------------|--------|-----------|-------------------------|
| | | | DATE | AMOUNT | | | | | |
| 2014A NJIB Trust Water Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 5/21/2014 | 1,605,000 | 11/1/2022 | 85,000 | 5.000% | 1,195,000 | - | 80,000 | 1,115,000 |
| | | | 11/1/2023 | 90,000 | 5.000% | | | | |
| | | | 11/1/2024 | 95,000 | 3.000% | | | | |
| | | | 11/1/2025 | 95,000 | 3.000% | | | | |
| | | | 11/1/2026 | 100,000 | 3.000% | | | | |
| | | | 11/1/2027 | 100,000 | 3.000% | | | | |
| | | | 11/1/2028 | 105,000 | 3.000% | | | | |
| | | | 11/1/2029 | 105,000 | 3.000% | | | | |
| | | | 11/1/2030 | 110,000 | 3.000% | | | | |
| | | | 11/1/2031 | 115,000 | 3.125% | | | | |
| | | | 11/1/2032 | 115,000 | 3.250% | | | | |
| 2014A NJIB Fund Water Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 5/21/2014 | 4,721,648 | 11/1/2022 | 261,105 | 0.00% | 2,668,981 | - | 261,105 | 2,407,876 |
| | | | 11/1/2023 | 261,105 | 0.00% | | | | |
| | | | 11/1/2024 | 261,105 | 0.00% | | | | |
| | | | 11/1/2025 | 261,105 | 0.00% | | | | |
| | | | 11/1/2026 | 261,105 | 0.00% | | | | |
| | | | 11/1/2027 | 261,105 | 0.00% | | | | |
| | | | 11/1/2028 | 261,105 | 0.00% | | | | |
| | | | 11/1/2029 | 261,105 | 0.00% | | | | |
| | | | 11/1/2030 | 261,105 | 0.00% | | | | |
| | | | 11/1/2031 | 57,932 | 0.00% | | | | |
| 2014C Refunding Bond | 12/4/2014 | 3,360,000 | 11/1/2022 | 185,000 | 5.00% | 550,000 | - | 170,000 | 380,000 |
| | | | 11/1/2023 | 195,000 | 5.00% | | | | |
| 2015A NJIB Trust Water Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 5/28/2015 | 325,000 | 11/1/2022 | 15,000 | 5.000% | 250,000 | - | 15,000 | 235,000 |
| | | | 11/1/2023 | 15,000 | 5.000% | | | | |
| | | | 11/1/2024 | 15,000 | 5.000% | | | | |
| | | | 11/1/2025 | 20,000 | 5.000% | | | | |
| | | | 11/1/2026 | 20,000 | 4.000% | | | | |
| | | | 11/1/2027 | 20,000 | 4.000% | | | | |
| | | | 11/1/2028 | 20,000 | 4.000% | | | | |
| | | | 11/1/2029 | 20,000 | 4.000% | | | | |
| | | | 11/1/2030 | 20,000 | 4.000% | | | | |
| | | | 11/1/2031 | 20,000 | 4.000% | | | | |
| | | | 11/1/2032 | 25,000 | 4.000% | | | | |
| | | | 11/1/2033 | 25,000 | 4.000% | | | | |

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Serial Bonds Payable
For the year ended May 31, 2022

| PURPOSE | DATE OF ISSUE | AMOUNT ISSUED | MATURITIES | | INTEREST RATE | BALANCE MAY 31, 2021 | ISSUED | DECREASED | BALANCE MAY 31, 2022 |
|--|------------------|------------------|------------|---------|------------------|-------------------------|--------|-----------|-------------------------|
| | | | DATE | AMOUNT | | | | | |
| 2015A NJIB Fund Water Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 5/28/2015 | 770,793 | 11/1/2022 | 40,568 | 0.00% | 502,693 | - | 40,568 | 462,125 |
| | | | 11/1/2023 | 40,568 | 0.00% | | | | |
| | | | 11/1/2024 | 40,568 | 0.00% | | | | |
| | | | 11/1/2025 | 40,568 | 0.00% | | | | |
| | | | 11/1/2026 | 40,568 | 0.00% | | | | |
| | | | 11/1/2027 | 40,568 | 0.00% | | | | |
| | | | 11/1/2028 | 40,568 | 0.00% | | | | |
| | | | 11/1/2029 | 40,568 | 0.00% | | | | |
| | | | 11/1/2030 | 40,568 | 0.00% | | | | |
| | | | 11/1/2031 | 40,568 | 0.00% | | | | |
| 2016A-I, 11-12 NJIB Trust Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 5/26/2016 | 915,000 | 11/1/2022 | 45,000 | 5.00% | 740,000 | - | 40,000 | 700,000 |
| | | | 11/1/2023 | 45,000 | 4.00% | | | | |
| | | | 11/1/2024 | 45,000 | 4.00% | | | | |
| | | | 11/1/2025 | 50,000 | 4.00% | | | | |
| | | | 11/1/2026 | 50,000 | 4.00% | | | | |
| | | | 11/1/2027 | 55,000 | 2.00% | | | | |
| | | | 11/1/2028 | 55,000 | 2.00% | | | | |
| | | | 11/1/2029 | 55,000 | 2.00% | | | | |
| | | | 11/1/2030 | 55,000 | 2.13% | | | | |
| | | | 11/1/2031 | 60,000 | 3.00% | | | | |
| 2016A-I, 11-12 NJIB Fund Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 5/26/2016 | 2,840,432 | 11/1/2022 | 149,496 | 0.00% | 1,978,968 | - | 149,496 | 1,829,472 |
| | | | 11/1/2023 | 149,496 | 0.00% | | | | |
| | | | 11/1/2024 | 149,496 | 0.00% | | | | |
| | | | 11/1/2025 | 149,496 | 0.00% | | | | |
| | | | 11/1/2026 | 149,496 | 0.00% | | | | |
| | | | 11/1/2027 | 149,496 | 0.00% | | | | |
| | | | 11/1/2028 | 149,496 | 0.00% | | | | |
| | | | 11/1/2029 | 149,496 | 0.00% | | | | |
| | | | 11/1/2030 | 149,496 | 0.00% | | | | |
| | | | 11/1/2031 | 149,496 | 0.00% | | | | |
| | | | 11/1/2032 | 149,496 | 0.00% | | | | |
| | | | 11/1/2033 | 149,496 | 0.00% | | | | |
| | | | 11/1/2034 | 35,520 | 0.00% | | | | |

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY

Schedule of Revenue Serial Bonds Payable

For the year ended May 31, 2022

| PURPOSE | DATE OF ISSUE | AMOUNT ISSUED | MATURITIES | | INTEREST RATE | BALANCE MAY 31, 2021 | ISSUED | DECREASED | BALANCE MAY 31, 2022 |
|---|------------------|------------------|------------|--------|------------------|-------------------------|--------|-----------|-------------------------|
| | | | DATE | AMOUNT | | | | | |
| 2016A-1, 1 NJIB Trust Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 5/26/2016 | 300,000 | 11/1/2022 | 20,000 | 5.00% | 225,000 | - | 20,000 | 205,000 |
| | | | 11/1/2023 | 20,000 | 4.00% | | | | |
| | | | 11/1/2024 | 20,000 | 4.00% | | | | |
| | | | 11/1/2025 | 20,000 | 4.00% | | | | |
| | | | 11/1/2026 | 25,000 | 4.00% | | | | |
| | | | 11/1/2027 | 25,000 | 2.00% | | | | |
| | | | 11/1/2028 | 25,000 | 2.00% | | | | |
| 2016A-1, 1 NJIB Fund Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 5/26/2016 | 945,000 | 11/1/2022 | 63,000 | 0.00% | 630,000 | - | 63,000 | 567,000 |
| | | | 11/1/2023 | 63,000 | 0.00% | | | | |
| | | | 11/1/2024 | 63,000 | 0.00% | | | | |
| | | | 11/1/2025 | 63,000 | 0.00% | | | | |
| | | | 11/1/2026 | 63,000 | 0.00% | | | | |
| | | | 11/1/2027 | 63,000 | 0.00% | | | | |
| | | | 11/1/2028 | 63,000 | 0.00% | | | | |
| 2016A-1, 13 NJIB Trust Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 5/26/2016 | 595,000 | 11/1/2022 | 30,000 | 5.00% | 480,000 | - | 25,000 | 455,000 |
| | | | 11/1/2023 | 30,000 | 4.00% | | | | |
| | | | 11/1/2024 | 30,000 | 4.00% | | | | |
| | | | 11/1/2025 | 30,000 | 4.00% | | | | |
| | | | 11/1/2026 | 35,000 | 4.00% | | | | |
| | | | 11/1/2027 | 35,000 | 2.00% | | | | |
| | | | 11/1/2028 | 35,000 | 2.00% | | | | |
| | | | 11/1/2029 | 35,000 | 2.13% | | | | |
| | | | 11/1/2030 | 35,000 | 3.00% | | | | |
| | | | 11/1/2031 | 40,000 | 3.00% | | | | |
| | | | 11/1/2032 | 40,000 | 3.00% | | | | |
| | | | 11/1/2033 | 40,000 | 3.00% | | | | |
| | | | 11/1/2034 | 40,000 | 3.00% | | | | |

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Serial Bonds Payable
For the year ended May 31, 2022

| PURPOSE | DATE OF ISSUE | AMOUNT ISSUED | MATURITIES | | INTEREST RATE | BALANCE | | ISSUED | DECREASED | BALANCE |
|--|---------------|---------------|-----------------|-----------|---------------|--------------|--------------|--------|-----------|-----------|
| | | | DATE | AMOUNT | | MAY 31, 2021 | MAY 31, 2022 | | | |
| 2016A-1, 13 NJIB Fund Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 5/26/2016 | 1,377,246 | 11/1/2022 | 72,487 | 0.00% | 1,014,812 | 942,325 | - | 72,487 | |
| | | | 11/1/2023 | 72,487 | 0.00% | | | | | |
| | | | 11/1/2024 | 72,487 | 0.00% | | | | | |
| | | | 11/1/2025 | 72,487 | 0.00% | | | | | |
| | | | 11/1/2026 | 72,487 | 0.00% | | | | | |
| | | | 11/1/2027 | 72,487 | 0.00% | | | | | |
| | | | 11/1/2028 | 72,487 | 0.00% | | | | | |
| | | | 11/1/2029 | 72,487 | 0.00% | | | | | |
| | | | 11/1/2030 | 72,487 | 0.00% | | | | | |
| | | | 11/1/2031 | 72,487 | 0.00% | | | | | |
| 2016A Refunding Bond | 5/26/2016 | 4,845,000 | 11/1/22-11/1/23 | - | 0.00% | 4,845,000 | 4,845,000 | - | - | 4,845,000 |
| | | | 11/1/2024 | 415,000 | 4.00% | | | | | |
| | | | 11/1/2025 | 675,000 | 5.00% | | | | | |
| | | | 11/1/2026 | 905,000 | 5.00% | | | | | |
| | | | 11/1/2027 | 1,390,000 | 5.00% | | | | | |
| 2019 NJIB Trust Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 5/23/2019 | 695,000 | 11/1/2022 | 30,000 | 5.00% | 645,000 | 620,000 | - | 25,000 | |
| | | | 11/1/2023 | 30,000 | 5.00% | | | | | |
| | | | 11/1/2024 | 30,000 | 5.00% | | | | | |
| | | | 11/1/2025 | 35,000 | 5.00% | | | | | |
| | | | 11/1/2026 | 35,000 | 5.00% | | | | | |
| | | | 11/1/2027 | 35,000 | 4.00% | | | | | |
| | | | 11/1/2028 | 40,000 | 4.00% | | | | | |
| | | | 11/1/2029 | 40,000 | 4.00% | | | | | |
| | | | 11/1/2030 | 40,000 | 4.00% | | | | | |
| | | | 11/1/2031 | 40,000 | 4.00% | | | | | |
| | | | 11/1/2032 | 40,000 | 4.00% | | | | | |
| | | | 11/1/2033 | 40,000 | 4.00% | | | | | |
| | | | 11/1/2034 | 45,000 | 4.00% | | | | | |
| | | | 11/1/2035 | 45,000 | 4.00% | | | | | |
| | | | 11/1/2036 | 45,000 | 4.00% | | | | | |
| | | | 11/1/2037 | 50,000 | 4.00% | | | | | |

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Serial Bonds Payable
For the year ended May 31, 2022

| PURPOSE | DATE OF ISSUE | AMOUNT ISSUED | MATURITIES | | INTEREST RATE | BALANCE | | DECREASED | BALANCE |
|--|------------------|------------------|------------|---------|------------------|--------------|--------------|-----------|---------|
| | | | DATE | AMOUNT | | MAY 31, 2021 | MAY 31, 2022 | | |
| 2019 NJIB Fund Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 5/23/2019 | 2,131,091 | 11/1/2022 | 112,163 | 0.00% | 1,893,990 | 1,781,827 | 112,163 | |
| | | | 11/1/2023 | 112,163 | 0.00% | | | | |
| | | | 11/1/2024 | 112,163 | 0.00% | | | | |
| | | | 11/1/2025 | 112,163 | 0.00% | | | | |
| | | | 11/1/2026 | 112,163 | 0.00% | | | | |
| | | | 11/1/2027 | 112,163 | 0.00% | | | | |
| | | | 11/1/2028 | 112,163 | 0.00% | | | | |
| | | | 11/1/2029 | 112,163 | 0.00% | | | | |
| | | | 11/1/2030 | 112,163 | 0.00% | | | | |
| | | | 11/1/2031 | 112,163 | 0.00% | | | | |
| | | | 11/1/2032 | 112,163 | 0.00% | | | | |
| | | | 11/1/2033 | 112,163 | 0.00% | | | | |
| | | | 11/1/2034 | 112,163 | 0.00% | | | | |
| | | | 11/1/2035 | 112,163 | 0.00% | | | | |
| | | | 11/1/2036 | 112,163 | 0.00% | | | | |
| | | | 11/1/2037 | 99,387 | 0.00% | | | | |
| | | | | | | | | | |
| 2021 NJIB Trust Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 6/10/2021 | 725,000 | 11/1/2022 | 25,000 | 5.00% | - | 700,000 | 25,000 | |
| | | | 11/1/2023 | 30,000 | 5.00% | | | | |
| | | | 11/1/2024 | 30,000 | 5.00% | | | | |
| | | | 11/1/2025 | 30,000 | 5.00% | | | | |
| | | | 11/1/2026 | 30,000 | 5.00% | | | | |
| | | | 11/1/2027 | 35,000 | 5.00% | | | | |
| | | | 11/1/2028 | 35,000 | 5.00% | | | | |
| | | | 11/1/2029 | 35,000 | 4.00% | | | | |
| | | | 11/1/2030 | 40,000 | 3.00% | | | | |
| | | | 11/1/2031 | 40,000 | 3.00% | | | | |
| | | | 11/1/2032 | 40,000 | 3.00% | | | | |
| | | | 11/1/2033 | 45,000 | 3.00% | | | | |
| | | | 11/1/2034 | 45,000 | 3.00% | | | | |
| | | | 11/1/2035 | 45,000 | 2.00% | | | | |
| | | | 11/1/2036 | 45,000 | 3.00% | | | | |
| | | | 11/1/2037 | 50,000 | 3.00% | | | | |
| | | | 11/1/2038 | 50,000 | 2.00% | | | | |
| | | | 11/1/2039 | 50,000 | 2.00% | | | | |
| 2021 NJIB Fund Bonds - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost of Issuance | 6/10/2021 | 2,369,642 | 11/1/2022 | 124,718 | 0.00% | - | 2,244,924 | 124,718 | |
| | | | 11/1/2023 | 124,718 | 0.00% | | | | |
| | | | 11/1/2024 | 124,718 | 0.00% | | | | |
| | | | 11/1/2025 | 124,718 | 0.00% | | | | |
| | | | 11/1/2026 | 124,718 | 0.00% | | | | |
| | | | 11/1/2027 | 124,718 | 0.00% | | | | |
| | | | 11/1/2028 | 124,718 | 0.00% | | | | |
| | | | 11/1/2029 | 124,718 | 0.00% | | | | |
| | | | 11/1/2030 | 124,718 | 0.00% | | | | |
| | | | 11/1/2031 | 124,718 | 0.00% | | | | |
| | | | 11/1/2032 | 124,718 | 0.00% | | | | |
| | | | 11/1/2033 | 124,718 | 0.00% | | | | |
| | | | 11/1/2034 | 124,718 | 0.00% | | | | |
| | | | 11/1/2035 | 124,718 | 0.00% | | | | |
| | | | 11/1/2036 | 124,718 | 0.00% | | | | |
| | | | 11/1/2037 | 124,718 | 0.00% | | | | |
| | | | 11/1/2038 | 124,718 | 0.00% | | | | |
| | | | 11/1/2039 | 124,718 | 0.00% | | | | |

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Serial Bonds Payable
For the year ended May 31, 2022

Schedule I
8

| PURPOSE | DATE OF ISSUE | AMOUNT ISSUED | MATURITIES | | INTEREST RATE | BALANCE | | DECREASED | BALANCE | |
|---|------------------|------------------|------------|--------|------------------|----------------------|---------------------|--------------------|----------------------|--|
| | | | DATE | AMOUNT | | MAY 31, 2021 | MAY 31, 2022 | | | |
| 2019 NJIB Construction Loan - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost | 6/25/2019 | 3,900,000 | | | | 3,290,000 | - | (3,290,000) | - | |
| 2021 NJIB Construction Loan - Pay the Cost of Certain Improvements to the System, Fund the Debt Service Reserve Fund and Fund and Pay Cost | 6/24/2021 | 2,700,000 | | | | - | 2,700,000 | - | 2,700,000 | |
| Total | | | | | | <u>\$ 32,965,392</u> | <u>\$ 5,794,642</u> | <u>\$ (16,092)</u> | <u>\$ 32,196,126</u> | |
| Gross Principal | | | | | | \$ 32,965,392 | | | \$ 32,196,126 | |
| Bond Premium Payable | | | | | | 1,555,319 | | | 1,446,062 | |
| Unamortized Bond Discount | | | | | | <u>(37,474)</u> | | | <u>(29,232)</u> | |
| Net Principal Balance | | | | | | <u>\$ 34,483,237</u> | | | <u>\$ 33,612,956</u> | |
| Principal | | | | | | | \$ 3,273,908 | | | |
| Deobligated | | | | | | | <u>195,357</u> | | | |
| | | | | | | | <u>\$ 3,469,265</u> | | | |
| Detail: | | | | | | | | | | |
| Current Portion | | | | | | | | | \$ 6,249,226 | |
| Long-Term Liability | | | | | | | | | | |
| Revenue Bonds | | | | | | | | | <u>27,363,731</u> | |
| Total Revenue Supported Debt | | | | | | | | | <u>\$ 33,612,957</u> | |

INSURANCE COVERAGE

Schedule II

Special Multi-Peril Policy Selective Casualty Insurance Company (S 1730992) Expires 04/15/2023

Property:

| | | | |
|---|-------------------------------|--------------|-----------|
| Building and Contents (\$5,000 Deductible) | \$ | 95,108,044 | |
| (Total Insured Property Value - Specific Property Limits Apply per location) | | | |
| Business Income Including Extra Expense | Actual Loss Sustained(12 mos) | | |
| Employee Benefit Program Coverage | 1,000,000 | | |
| Boiler and Machinery (\$1,000 Deductible) | Included | | |
| Ordinance or Law Coverage - Undamaged Parts of Building | Included in Building Limit | | |
| Ordinance or Law Coverage - Demolition Cost - Governmental | 500,000 | | |
| Ordinance or Law Coverage - Increased Cost of Construction - Governmental | 500,000 | | |
| Pipeline Distribution System (\$1,000 Deductible) | 5,000,000 | | |
| Flood (\$25,000 Deductible) | 5,000,000 | \$10,000,000 | Aggregate |
| (Flood Excluded at Locations 1,19 & 20) | | | |
| Earthquake (\$25,000 Deductible) | 5,000,000 | \$10,000,000 | Aggregate |
| Valuable Papers (\$250 Deductible) | 250,000 | | |
| Employee Dishonesty (\$1,000 Deductible) | 25,000 | | |
| Forgery (\$1,000 Deductible) | 25,000 | | |
| Theft (\$1,000 Deductible) | 25,000 | | |
| Scheduled Equipment | 238,000 | | |
| Miscellaneous Equipment | 10,000 | | |
| Commercial General Liability (\$1,000 Deductible applies to Electronic Data liability claims) | 1,000,000 | | |
| Employee Benefits Liability Coverage (\$1,000 Deductible applies to each employee) | 1,000,000 | \$2,000,000 | Aggregate |
| Auto Fleet Liability (Combined Single Limit) | 1,000,000 | | |
| Umbrella Liability | 10,000,000 | | |
| (included with S1730992) | | | |
| (Umbrella is Additional Liability over Selective's Liability, Auto Liability, and Employers' Liability) | | | |
| NJ Workers' Compensation | 1,000,000 | | |
| Selective Casualty Insurance Company (WC 7217855) Expires 04/15/2023 | | | |
| Public Officials Liability(D&O) & Employment Practices Liability | 2,000,000 | | |
| (D&O \$10,000 Deductible / EPLI \$12,500 Deductible) | | | |
| Greenwich Insurance Company (POL0951396-03) Expires 11/08/2022 | 2,000,000 | | |
| Commercial Crime Policy (\$2500 Deductible) | 250,000 | | |
| Selective Fire & Casualty Insurance Company (B6017065-17) 04/15/2023 | | | |
| Commercial Site Pollution Legal Liability (\$25,000 Deductible) | 2,000,000 | | |
| Aspen Speciality Insurance Co. (ERAH2RH20) Expires 01/01/2023 | | | |
| Commercial Storage Tank Pollution Policy (\$50,000 Deductible) | 1,000,000 | | |
| Aspen Speciality Insurance Co. (ER00F3Q22) Expires 01/01/2023 | | | |
| Cyber Liability Policy (\$10,000 deductible) | 2,000,000 | | |
| Underwriters at Lloyds ESK0038027021) Expires 01/19/2023 | | | |

All of the insurance policies in force were examined. No attempt was made to determine the adequacy of coverage as part of this report. Adequacy of coverage is the responsibility of the Authority.

Old Bridge Municipal Utilities Authority
Schedule of Number of Equivalent Domestic Consumer Units
Last Ten Years

| Fiscal Year | Water | | | | Sewer | | | | Total | |
|-----------------|-------------|------------|------------|-------|-------------|------------|------------|-------|----------------|----------------|
| | Residential | Commercial | Industrial | Other | Residential | Commercial | Industrial | Other | Water Division | Sewer Division |
| 05/31/22 | 18,486 | 9,715 | 125 | 560 | 18,165 | 9,299 | 1 | 486 | 28,886 | 27,951 |
| 05/31/21 | 18,443 | 9,643 | 125 | 560 | 18,123 | 9,232 | 1 | 485 | 28,771 | 27,841 |
| 05/31/20 | 18,374 | 9,249 | 125 | 562 | 18,058 | 8,845 | 1 | 487 | 28,310 | 27,391 |
| 05/31/19 | 18,329 | 9,152 | 125 | 564 | 18,009 | 8,754 | 1 | 489 | 28,170 | 27,253 |
| 05/31/18 | 18,192 | 9,146 | 125 | 564 | 17,886 | 8,749 | 1 | 488 | 28,027 | 27,124 |
| 05/31/17 | 18,150 | 9,111 | 125 | 572 | 17,856 | 8,723 | 1 | 496 | 27,958 | 27,076 |
| 05/31/16 | 18,149 | 8,921 | 125 | 572 | 17,869 | 8,544 | 1 | 495 | 27,767 | 26,909 |
| 05/31/15 | 18,181 | 8,791 | 125 | 567 | 17,882 | 8,420 | 1 | 490 | 27,664 | 26,793 |
| 05/31/14 | 18,070 | 8,777 | 125 | 567 | 17,772 | 8,412 | 1 | 491 | 27,539 | 26,676 |
| 05/31/13 | 18,039 | 8,704 | 125 | 567 | 17,748 | 8,348 | 1 | 491 | 27,435 | 26,588 |

Commercial includes Apartments and Multiple Business Malls
Other includes Government Buildings, Schools, and Houses of Worship

Old Bridge Municipal Utilities Authority

SCHEDULE OF WATER PRODUCED/PURCHASED AND CONSUMED Last Ten Calendar Years

| In Thousands | | | | |
|--------------|--|------------------------------|----------------------------------|-----------------------------|
| Year | Gallons of Water Produced/Purchased | Gallons of Water Consumed | Gallons of Water Unbilled (1) | Average Percent Unbilled |
| 2021 | 2,275,710 | 2,094,260 | 181,450 | 7.97% |
| 2020 | 2,276,349 | 2,050,475 | 225,874 | 9.92% |
| 2019 | 2,223,479 | 2,033,984 | 189,495 | 8.52% |
| 2018 | 2,335,552 | 2,076,361 | 259,191 | 11.10% |
| 2017 | 2,102,400 | 2,068,488 | 33,912 | 1.61% |
| 2016 | 2,364,979 | 2,128,629 | 236,350 | 9.99% |
| 2015 | 2,358,804 | 2,042,455 | 316,349 | 13.41% |
| 2014 | 2,225,309 | 2,008,346 | 216,963 | 9.75% |
| 2013 | 2,276,822 | 2,017,965 | 258,857 | 11.37% |
| 2012 | 2,407,679 | 2,099,690 | 307,989 | 12.79% |

Sources: Water Utilization Report filed with NJ Bureau of Safe Drinking Water
Note: Units are measured in 1,000 gallon increments.

(1) All unbilled water is not unaccounted for, a portion of this figure is accounted for with line flushing, fire hydrant testing, flow tests, fire fighting, etc.

**OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
NET POSITION BY COMPONENT - LAST TEN YEARS**

| | <u>FY 2022</u> | <u>FY 2021</u> | <u>FY 2020</u> | <u>FY 2019</u> | <u>FY 2018</u> | <u>FY 2017</u> | <u>FY 2016</u> | <u>FY 2015</u> | <u>FY 2014</u> | <u>FY 2013</u> |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Net Investment in Capital Assets | \$ 98,663,764 | \$ 100,617,477 | 99,493,486 | \$ 99,756,443 | \$ 97,863,067 | \$ 94,353,780 | \$ 90,409,205 | \$ 87,248,568 | \$ 78,108,841 | \$ 76,285,663 |
| Restricted for Operations | 7,051,903 | 6,702,353 | 6,549,245 | 6,538,366 | 6,509,027 | 6,312,329 | 6,142,821 | 6,084,554 | 5,656,217 | 5,905,523 |
| Restricted for Capital Projects | 3,130,259 | 488,090 | 733,811 | 5,268,086 | 2,298,771 | 2,661,045 | 3,916,193 | 4,493,429 | 10,710,568 | 9,489,044 |
| Restricted for Debt Service | 1,754,015 | 1,773,518 | 1,789,197 | 1,851,278 | 1,892,798 | 1,931,153 | 4,452,607 | 4,591,100 | 4,662,890 | 4,736,938 |
| OPEB | - | - | - | - | - | 5,572,989 | 4,664,503 | 3,672,118 | 2,652,901 | 3,450,633 |
| Unrestricted | <u>12,108,967</u> | <u>9,256,704</u> | <u>3,952,776</u> | <u>(6,796,545)</u> | <u>4,344,584</u> | <u>5,375,682</u> | <u>1,863,447</u> | <u>12,390,310</u> | <u>12,172,807</u> | <u>8,819,967</u> |
| Total Net Position | <u>\$ 122,708,908</u> | <u>\$ 118,838,142</u> | <u>\$ 112,518,515</u> | <u>\$ 106,617,628</u> | <u>\$ 112,908,247</u> | <u>\$ 116,206,978</u> | <u>\$ 111,448,776</u> | <u>\$ 118,480,079</u> | <u>\$ 113,964,224</u> | <u>\$ 108,687,768</u> |
| Percentage Increase/(Decrease) | 3.3% | 5.6% | 5.5% | -5.6% | -2.8% | 4.3% | -5.9% | 4.0% | 4.9% | N/A |

Source: Authority Records

**OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
CHANGES IN NET POSITION - LAST TEN YEARS**

| | <u>FY 2022</u> | <u>FY 2021</u> | <u>FY 2020</u> | <u>FY 2019</u> | <u>FY 2018</u> | <u>FY 2017</u> | <u>FY 2016</u> | <u>FY 2015</u> | <u>FY 2014</u> | <u>FY 2013</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| OPERATING REVENUES | \$ 32,587,062 | \$ 34,268,117 | \$ 34,040,317 | \$ 32,894,301 | \$ 31,166,312 | \$ 32,483,743 | \$ 30,820,108 | \$ 30,454,910 | \$ 29,686,010 | \$ 29,669,765 |
| OPERATING EXPENSES | <u>28,015,339</u> | <u>27,668,920</u> | <u>28,278,733</u> | <u>27,568,836</u> | <u>28,494,212</u> | <u>27,202,364</u> | <u>25,158,456</u> | <u>24,761,467</u> | <u>22,776,172</u> | <u>23,483,194</u> |
| OPERATING INCOME/(LOSS) | 4,571,723 | 6,599,197 | 5,761,584 | 5,325,465 | 2,672,100 | 5,281,379 | 5,661,652 | 5,693,443 | 6,909,838 | 6,186,571 |
| TOTAL NON-OPERATING REVENUES/ (EXPENSES) | <u>(961,057)</u> | <u>(279,570)</u> | <u>28,193</u> | <u>(239,960)</u> | <u>(558,734)</u> | <u>(827,158)</u> | <u>(1,371,542)</u> | <u>(1,439,107)</u> | <u>(1,654,306)</u> | <u>(1,641,091)</u> |
| INCOME/(LOSS) BEFORE (CONTRIBUTIONS & TRANSFERS | <u>3,610,666</u> | <u>6,319,627</u> | <u>5,789,777</u> | <u>5,085,505</u> | <u>2,113,366</u> | <u>4,454,221</u> | <u>4,290,110</u> | <u>4,254,336</u> | <u>5,255,532</u> | <u>4,545,480</u> |
| NJEIT DEBT FORGIVENESS | - | - | - | - | 56,185 | - | 411,095 | - | - | - |
| CAPITAL CONTRIBUTIONS | <u>260,100</u> | <u>-</u> | <u>111,110</u> | <u>-</u> | <u>106,749</u> | <u>303,983</u> | <u>261,277</u> | <u>261,519</u> | <u>20,924</u> | <u>4,081,350</u> |
| CHANGE IN NET POSITION | <u>\$ 3,870,766</u> | <u>\$ 6,319,627</u> | <u>\$ 5,900,887</u> | <u>\$ 5,085,505</u> | <u>\$ 2,276,300</u> | <u>\$ 4,758,204</u> | <u>\$ 4,962,482</u> | <u>\$ 4,515,855</u> | <u>\$ 5,276,456</u> | <u>\$ 8,626,830</u> |

Source: Authority Records

**OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
REVENUES BY SOURCES - LAST TEN YEARS**

| | FY 2022 | FY 2021 | FY 2020 | FY 2019 | FY 2018 | FY 2017 | FY 2016 | FY 2015 | FY 2014 | FY 2013 |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| OPERATING REVENUES | | | | | | | | | | |
| Water Charges | \$ 14,634,840 | \$ 14,536,455 | \$ 14,171,953 | \$ 14,135,969 | \$ 13,432,938 | \$ 14,614,478 | \$ 13,715,896 | \$ 13,544,888 | \$ 13,139,384 | \$ 13,805,684 |
| Sewer Charges | 16,952,193 | 16,648,534 | 16,948,803 | 16,969,542 | 16,494,070 | 16,597,490 | 16,268,854 | 15,934,943 | 15,194,790 | 14,610,882 |
| Connection Fees | 77,016 | 2,316,058 | 2,276,832 | 868,881 | 741,747 | 447,194 | 305,269 | 320,216 | 378,928 | 489,327 |
| Other | 923,013 | 767,070 | 642,729 | 919,909 | 497,557 | 824,581 | 530,089 | 654,863 | 972,908 | 763,872 |
| TOTAL OPERATING REVENUES | 32,587,062 | 34,268,117 | 34,040,317 | 32,894,301 | 31,166,312 | 32,483,743 | 30,820,108 | 30,454,910 | 29,686,010 | 29,669,765 |
| NON-OPERATING REVENUES | | | | | | | | | | |
| Interest Income | 89,841 | 163,908 | 610,108 | 388,646 | 97,618 | 73,123 | 65,066 | 62,089 | 58,906 | 77,430 |
| Miscellaneous | 7,075 | 12,691 | 21,871 | 94,772 | 56,229 | 8,391 | 22,860 | 12,697 | 4,450 | 12,278 |
| TOTAL NON-OPERATING REVENUES | 96,916 | 176,599 | 631,979 | 483,418 | 153,847 | 81,514 | 87,926 | 74,786 | 63,356 | 89,708 |
| TOTAL REVENUES | \$ 32,683,978 | \$ 34,444,716 | \$ 34,672,296 | \$ 33,377,719 | \$ 31,320,159 | \$ 32,565,257 | \$ 30,908,034 | \$ 30,529,696 | \$ 29,749,366 | \$ 29,759,473 |

Note: The OBMUA's most significant own-source revenue are residential consumers which make up 65% of the revenues. All others make up 35% of the revenues. See Schedule - 3 for the respective equivalent consumer units.

Source: Authority Records

**OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
EXPENSES BY FUNCTION - LAST TEN YEARS**

| | FY 2022 | FY 2021 | FY 2020 | FY 2019 | FY 2018 | FY 2017 | FY 2016 | FY 2015 | FY 2014 | FY 2013 |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| OPERATING EXPENSES | | | | | | | | | | |
| Personnel Costs | \$ 11,491,237 | \$ 11,727,079 | \$ 11,525,022 | \$ 10,924,812 | \$ 11,891,751 | \$ 11,367,652 | \$ 10,082,766 | \$ 9,022,883 | \$ 8,778,216 | \$ 9,044,784 |
| Administrative Expenses | 1,717,056 | 1,469,490 | 1,702,712 | 1,331,143 | 1,540,211 | 1,540,445 | 1,315,111 | 2,047,576 | 1,536,645 | 1,395,526 |
| Office Expenses | 225,821 | 211,430 | 207,162 | 193,324 | 216,383 | 262,080 | 154,566 | 161,274 | 151,930 | 150,310 |
| Engineering Expenses | 55,172 | 41,681 | 43,817 | 47,054 | 38,691 | 38,893 | 42,256 | 33,733 | 37,793 | 41,108 |
| Operations and Maintenance | 2,716,693 | 2,999,147 | 2,997,738 | 2,983,409 | 3,476,480 | 2,860,357 | 2,898,333 | 2,545,621 | 2,384,907 | 3,067,016 |
| Contractual Services and Charges | 8,109,593 | 7,478,260 | 8,218,009 | 8,500,329 | 8,195,386 | 8,099,157 | 7,687,190 | 8,163,066 | 7,187,134 | 7,064,087 |
| Depreciation | 3,699,767 | 3,741,833 | 3,584,273 | 3,588,765 | 3,135,310 | 3,033,779 | 2,978,234 | 2,787,314 | 2,699,547 | 2,720,363 |
| TOTAL OPERATING EXPENSES | 28,015,339 | 27,668,920 | 28,278,733 | 27,568,836 | 28,494,212 | 27,202,363 | 25,158,456 | 24,761,467 | 22,776,172 | 23,483,194 |
| NON-OPERATING EXPENSES | | | | | | | | | | |
| Interest Expense | 470,011 | 456,169 | 585,425 | 646,627 | 710,081 | 841,044 | 1,321,761 | 1,323,525 | 1,585,399 | 1,657,423 |
| Loss on Disposition of Assets | 508,002 | - | - | - | - | - | - | - | - | - |
| Miscellaneous | 79,960 | - | 18,361 | 76,751 | 2,500 | 67,628 | 137,707 | 190,368 | 132,263 | 125,802 |
| TOTAL NON-OPERATING EXPENSES | 1,057,973 | 456,169 | 603,786 | 723,378 | 712,581 | 908,672 | 1,459,468 | 1,513,893 | 1,717,662 | 1,783,225 |
| TOTAL EXPENSES | \$ 29,073,312 | \$ 28,125,089 | \$ 28,882,519 | \$ 28,292,214 | \$ 29,206,793 | \$ 28,111,035 | \$ 26,617,924 | \$ 26,275,360 | \$ 24,493,834 | \$ 25,266,419 |

Source: Authority Records

Schedule - IX

**OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
RATIO OF ASSESSED VALUATION TO ESTIMATED FULL CASH VALUE**

| | | NET ASSESSED VALUATION TAXABLE | AGGREGATE TRUE VALUATION | PERCENTAGE OF NET ASSESSED TO ESTIMATED FULL CASH VALUATIONS |
|---------|----|---|---|---|
| FY 2022 | \$ | 3,561,673,400 | \$ 9,032,902,359 | 39.43% |
| FY 2021 | \$ | 3,552,622,500 | \$ 8,641,747,750 | 41.11% |
| FY 2020 | \$ | 3,521,750,100 | \$ 8,421,210,187 | 41.82% |
| FY 2019 | \$ | 3,497,558,900 | \$ 8,103,704,588 | 43.16% |
| FY 2018 | \$ | 3,485,825,100 | \$ 8,211,602,120 | 42.45% |
| FY 2017 | \$ | 3,447,572,800 | \$ 7,520,883,072 | 45.84% |
| FY 2016 | \$ | 3,432,614,400 | \$ 7,339,350,866 | 46.77% |
| FY 2015 | \$ | 3,413,182,000 | \$ 6,992,792,461 | 48.81% |
| FY 2014 | \$ | 3,391,827,000 | \$ 6,790,444,444 | 49.95% |
| FY 2013 | \$ | 3,391,334,500 | \$ 6,890,155,425 | 49.22% |

Source: Equalization Table, Middlesex County Board of Taxation

**OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
COMPUTATION OF DEBT SERVICE COVERAGE - LAST TEN YEARS**

| | FY 2022 | FY 2021 | FY 2020 | FY 2019 | FY 2018 | FY 2017 | FY 2016 | FY 2015 | FY 2014 | FY 2013 |
|-------------------------------|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Operating Revenues | \$ 32,587,062 \$ | 34,268,117 \$ | 34,040,317 \$ | 32,894,301 \$ | 31,166,312 \$ | 32,483,743 \$ | 30,820,108 \$ | 30,454,910 \$ | 29,686,010 \$ | 29,669,765 |
| Operating Expenditures | 28,015,539 | 27,668,920 | 28,278,733 | 27,568,836 | 28,494,212 | 27,202,363 | 25,158,456 | 24,761,467 | 22,776,172 | 23,483,194 |
| Net Operating Excess | | | | | | | | | | |
| Revenues | 4,571,723 | 6,599,197 | 5,761,584 | 5,325,465 | 2,672,100 | 5,281,380 | 5,661,652 | 5,693,443 | 6,909,838 | 6,186,571 |
| Non Operating Excess | | | | | | | | | | |
| Revenues (Expenses), Net | (961,057) | (279,570) | 28,193 | (239,960) | (558,734) | (827,158) | (1,371,542) | (1,439,107) | (1,654,306) | (1,641,091) |
| Net Income (Loss) | 3,610,666 | 6,319,627 | 5,789,777 | 5,085,505 | 2,113,366 | 4,454,222 | 4,290,110 | 4,254,336 | 5,255,532 | 4,545,480 |
| Net Position | | | | | | | | | | |
| Utilized as Revenue | 1,433,942 | 2,980,884 | 1,685,268 | 1,757,004 | 1,128,899 | 1,331,597 | 2,506,211 | 2,900,032 | 2,142,134 | 2,865,910 |
| Net Excess (Deficit) of | | | | | | | | | | |
| Operating Revenues | 5,044,608 | 9,300,511 | 7,475,045 | 6,842,509 | 3,242,265 | 5,785,819 | 6,796,321 | 7,154,368 | 7,397,666 | 7,411,390 |
| Debt Service Cost | 470,011 | 456,169 | 585,425 | 646,627 | 710,081 | 841,044 | 1,321,761 | 1,323,525 | 1,585,399 | 1,657,423 |
| Depreciation and Amortization | 3,699,767 | 3,741,833 | 3,584,273 | 3,588,765 | 3,135,310 | 3,035,653 | 2,985,728 | 2,794,808 | 2,707,041 | 2,727,857 |
| Revenues Available for | | | | | | | | | | |
| Debt Service | \$ 9,214,386 \$ | 13,498,513 \$ | 11,644,743 \$ | 11,077,901 \$ | 7,087,656 \$ | 9,662,516 \$ | 11,103,810 \$ | 11,272,701 \$ | 11,690,106 \$ | 11,796,670 |
| Debt Service: | | | | | | | | | | |
| Bond Principal | \$ 3,261,165 \$ | 3,122,922 \$ | 3,527,923 \$ | 3,836,561 \$ | 3,754,540 \$ | 4,829,953 \$ | 4,894,109 \$ | 4,551,595 \$ | 4,476,001 \$ | 2,631,947 |
| Interest on Bonds | 466,158 | 359,619 | 668,373 | 712,039 | 918,700 | 2,375,499 | 1,980,293 | 1,986,751 | 2,138,062 | 1,940,448 |
| Total Debt Service | \$ 3,727,323 \$ | 3,482,541 \$ | 4,196,296 \$ | 4,548,600 \$ | 4,673,240 \$ | 7,205,452 \$ | 6,874,402 \$ | 6,538,346 \$ | 6,614,063 \$ | 4,572,395 |
| Debt Service Coverage Factor | 2.47% | 3.88% | 2.78% | 2.44% | 1.52% | 1.34% | 1.62% | 1.72% | 1.77% | 2.58% |

| Ratios of Debt per Estimated Actual Value of Taxable Property and per Customer | | | | | | | | | | |
|---|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------|
| Outstanding Debt | \$ 33,612,957 \$ | 34,483,237 \$ | 37,799,978 \$ | 38,868,156 \$ | 40,066,374 \$ | 44,021,861 \$ | 49,048,125 \$ | 45,519,618 \$ | 50,665,419 \$ | 48,966,070 |
| Actual Value of Taxable Property | \$ 9,032,902,359 \$ | 8,641,747,750 \$ | 8,421,210,187 \$ | 8,103,704,588 \$ | 8,211,602,120 \$ | 7,520,883,072 \$ | 7,339,350,866 \$ | 6,992,792,461 \$ | 6,790,444,444 \$ | 6,890,155,425 |
| % of Actual Value of Taxable Property | 0.37% | 0.40% | 0.45% | 0.48% | 0.49% | 0.59% | 0.67% | 0.65% | 0.75% | 0.71% |
| Total Customers | 28,886 | 28,771 | 28,310 | 28,170 | 28,027 | 27,958 | 27,767 | 27,664 | 27,539 | 27,435 |
| Outstanding Debt per Customer | \$ 1,163.64 \$ | 1,198.54 \$ | 1,335.22 \$ | 1,379.77 \$ | 1,429.56 \$ | 1,574.57 \$ | 1,766.42 \$ | 1,645.45 \$ | 1,839.77 \$ | 1,784.80 |
| Annual Debt Service | \$ 3,727,323 \$ | 3,482,541 \$ | 4,196,296 \$ | 4,548,600 \$ | 4,673,240 \$ | 7,205,452 \$ | 6,874,402 \$ | 6,538,346 \$ | 6,614,063 \$ | 4,572,395 |
| Annual Debt Service per Customer | \$ 129.04 \$ | 121.04 \$ | 148.23 \$ | 161.47 \$ | 166.74 \$ | 257.72 \$ | 247.57 \$ | 236.35 \$ | 240.17 \$ | 166.66 |

Source: Authority Records; Equalization Table, Middlesex County Board of Taxation

**OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
POPULATION AND SCHOOL ENROLLMENT DATA**

| | Township of Old Bridge Population** | County of Middlesex Population** | Old Bridge School Enrollment*** | State of New Jersey** |
|----------------|--|---|--|--------------------------------------|
| FY 2021 | 67,284 | 860,807 | 8,008 | 9,267,130 |
| FY 2020 | 65,492 | 823,952 | 8,011 | 8,874,520 |
| FY 2019 | 65,590 | 825,062 | 8,381 | 8,882,190 |
| FY 2018 | 65,898 | 829,685 | 8,466 | 8,908,520 |
| FY 2017 | 67,032 | 842,798 | 8,667 | 9,005,644 |
| FY 2016 | 66,673 | 837,073 | 8,839 | 8,944,469 |
| FY 2015 | 67,215 | 840,900 | 8,941 | 8,958,013 |
| FY 2014 | 66,570 | 836,297 | 8,994 | 8,938,175 |
| FY 2013 | 66,570 | 828,919 | 8,909 | 8,899,339 |
| FY 2012 | 66,179 | 823,041 | 9,109 | 8,864,590 |

** U.S. Census Bureau estimate

*** Township of Old Bridge School District estimate

**OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
COUNTY OF MIDDLESEX**

| | County of Middlesex Labor Force | Employment | Unemployment | County Unemployment Rate | State Unemployment Rate | National Unemployment Rate | Per Capita Personal Income |
|----------------|---------------------------------------|------------|--------------|--------------------------------|-------------------------------|----------------------------------|-------------------------------------|
| FY 2021 | 442,000 | 422,900 | 19,100 | 4.3% | 4.9% | 5.3% | 63,444 |
| FY 2020 | 427,700 | 397,600 | 30,100 | 7.0% | 7.8% | 6.3% | 59,729 |
| FY 2019 | 444,900 | 428,500 | 16,400 | 3.7% | 3.8% | 3.6% | 56,663 |
| FY 2018 | 431,700 | 415,050 | 16,650 | 3.9% | 3.5% | 4.0% | 53,820 |
| FY 2017 | 435,080 | 417,489 | 17,591 | 4.0% | 4.8% | 4.1% | 54,055 |
| FY 2016 | 437,593 | 419,862 | 17,731 | 4.1% | 4.8% | 4.8% | 53,467 |
| FY 2015 | 437,568 | 419,712 | 17,856 | 4.1% | 5.1% | 4.9% | 52,486 |
| FY 2014 | 430,700 | 404,600 | 26,100 | 6.1% | 7.0% | 5.7% | 52,291 |
| FY 2013 | 443,825 | 410,919 | 32,906 | 7.4% | 7.2% | 6.7% | 55,993 |
| FY 2012 | 443,880 | 406,150 | 37,730 | 8.5% | 9.5% | 7.5% | 52,108 |

Source: NJ Department of Labor, Bureau of Labor Force Statistics

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
Authority Employees by Function
Filled Positions Only at May 31

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Executive | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Human Resources & Administration | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Engineering | 5 | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 |
| Finance | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 |
| Billing/Customer Service | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 4 | 5 | 5 |
| Water Operations | 29 | 30 | 32 | 31 | 29 | 27 | 26 | 24 | 25 | 27 |
| Sewer Operations | 18 | 16 | 16 | 17 | 17 | 19 | 16 | 14 | 15 | 16 |
| Legal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Commissioners | 7 | 7 | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Board Secretary | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 |
| Totals | 69 | 69 | 70 | 71 | 69 | 70 | 67 | 61 | 64 | 67 |

Source: Old Bridge MUA

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
Last Ten Fiscal Years

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|------------|-----------|-----------|-----------|
| Number of Employees | 69 | 69 | 70 | 71 | 69 | 70 | 67 | 61 | 64 | 67 |
| Service Area in Acres | 24,832 | 24,832 | 24,832 | 24,832 | 24,832 | 24,832 | 24,832 | 24,832 | 24,832 | 24,832 |
| Service Area in square miles | 38.8 | 38.8 | 38.8 | 38.8 | 38.8 | 38.8 | 38.8 | 38.8 | 38.8 | 38.8 |
| Assessed Valuation (million) * | \$3,561.7 | \$3,552.6 | \$3,521.8 | \$3,497.6 | \$3,485.8 | \$3,447.5 | \$ 3,432.6 | \$3,413.2 | \$3,391.3 | \$3,398.2 |
| Population Served ** | N/A | 67,284 | 65,492 | 65,590 | 65,898 | 67,032 | 66,673 | 67,215 | 66,570 | 66,570 |
| Number of Storage Tanks | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Max Storage Capacity (million gal.) | 20.75 | 20.75 | 20.75 | 20.75 | 20.75 | 20.75 | 20.75 | 20.75 | 20.75 | 20.75 |
| Number of Water Treatment Plants | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Sewerage Pump Stations | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 37 | 37 | 37 |
| Ejector Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Avg. Sewer Flows per Day (MGD) | 5.326 | 5.326 | 5.574 | 5.019 | 5.019 | 5.085 | 5.071 | 5.479 | 4.835 | 5.629 |

Source: Old Bridge MUA

* Assessed Valuation, Middlesex County Board of Taxation

** U.S. Census Bureau

**OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
MAJOR EMPLOYERS LOCATED IN
MIDDLESEX COUNTY, NEW JERSEY
CURRENT AND NINE YEARS AGO**

| MAY 31, 2022 | | | MAY 31, 2013 | | |
|---------------------------|------------------------------------|---------------------------------------|---------------------------|------------------------------------|---------------------------------------|
| <u>(1) COMPANY</u> | | <u>NUMBER OF EMPLOYEES</u> | <u>(2) COMPANY</u> | | <u>NUMBER OF EMPLOYEES</u> |
| 1. | Robert Wood Johnson Univ. Hospital | 5,000 - 5,249 | 1. | Robert Wood Johnson Univ. Hospital | 5,000 - 5,249 |
| 2. | Novo Nordisk | 4,500 - 4,579 | 2. | Novo Nordisk | 4,500 - 4,579 |
| 3. | Wakern Food Corp. | 3,500 - 3,749 | 3. | Wakefern Food Corp. | 3,500 - 3,749 |
| 4. | J.F.K. Medical Center | 3,000 - 3,369 | 4. | Bristol-Myers Squibb | 3,000 - 3,249 |
| 5. | Bristol-Myers Squibb | 3,000 - 3,249 | 5. | St. Peter's University Hospital | 2,750 - 2,999 |
| 6. | St. Peter's Healthcare System | 2,750 - 2,999 | 6. | J.F.K. Medical Center | 2,500 - 2,749 |
| 7. | Silverline Building Products | 2,250 - 2,299 | 7. | Silverline Building Products | 2,250 - 2,299 |
| 8. | Johnson & Johnson | 2,000 - 2,249 | 8. | Ericsson | 2,000 - 2,249 |
| 9. | Raritan Bay Medical Center | 2,000 - 2,249 | 9. | Johnson & Johnson | 2,000 - 2,500 |
| 10. | Home Depot | 1,750 - 1,999 | 10. | Raritan Bay Medical Center | 2,000 - 2,249 |
| 11. | United Parcel Service | 1,750 - 1,999 | 11. | Home Depot | 1,750 - 1,999 |
| 12. | Amerada Hess Corporation | 1,500 - 1,749 | 12. | United Parcel Service | 1,750 - 1,999 |
| 13. | Walmart Stores Inc. | 1,250 - 1,499 | 13. | Amerada Hess Corporation | 1,500 - 1,749 |
| 14. | Ericson | 1,000 - 1,249 | 14. | Walmart Stores Inc. | 1,250 - 1,499 |
| 15. | Prudential Insurance Company | 1,000 - 1,249 | 15. | Prudential Insurance Company | 1,000 - 1,249 |
| 16. | Aetna/US Healthcare | 1,000 - 1,249 | 16. | Aetna/US Healthcare | 1,000 - 1,249 |
| 17. | BASF Catalyst, LLC | 1,000 - 1,249 | 17. | BASF Catalyst, LLC | 1,000 - 1,249 |
| 18. | Colgate-Palmolive | 1,000 - 1,249 | 18. | Colgate-Palmolive | 1,000 - 1,249 |
| 19. | Dow Jones & Company | 1,000 - 1,249 | 19. | Dow Jones & Company | 1,000 - 1,249 |
| 20. | White Rose, Inc | 750 - 1,000 | 20. | White Rose, Inc | 750 - 1,000 |

Source: (1) Edison Chamber of Commerce

(2) Middlesex County Office of Economic Development

GENERAL COMMENTS AND RECOMMENDATIONS

To the Board of Commissioners of the
Old Bridge Municipal Utilities Authority

We have audited the financial accounts and transactions of the Old Bridge Municipal Utilities Authority (hereafter referred to as the Authority), a component unit of the Township of Old Bridge, in the County of Middlesex, State of New Jersey for the year ended May 31, 2022. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS AND RECOMMENDATIONS

Contracts and Agreements Required to be Advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500 except by contract or agreement.

The Authority does not have a qualified purchasing agent on staff and therefore may award contracts up to \$17,500 without competitive bids.

It is pointed out that the Members of the Authority have the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising and awarded by resolution for the following: Laurence Harbor Rehabilitation, Phase 1, Radio Frequency Meter Reading Equipment, Water Chemical Supplies, Gasoline and Diesel Fuel, Electrical Services for Sections A and B, Laboratory Test of Drinking Water and Redevelopment of Well No. 10 and 12.

The minutes also indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

In as much 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. The results of our examination did not disclose any discrepancies.

Contracts and Agreements Required to be Advertised by (N.J.S.A.40A:11-4)

The examination of expenditures revealed individual payments, contracts or agreements in excess of \$2,625 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (N.J.S.A.40A:11-6.1).

The supporting documentation indicates that quotes were requested for all items that required them.

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a partial payment or estimate. The results of the examination did not disclose any discrepancies with respect to signatures, certification or supporting documentation.

Payroll

The examination of the payroll account included the detailed computation of various deductions or other credits from the payroll of the Authority employees and ascertained that the accumulated withholdings were disbursed to the proper agencies. The results of the examination did not disclose any discrepancies.

Property, Plant & Equipment

The property, plant and equipment subsidiary ledger was maintained properly and a reconciliation between the physical and perpetual inventory records was performed at year-end.

Postemployment Benefit Plans Other Than Pension Plans

An irrevocable trust was established for retirees of the Authority dedicated to paying retiree health plan benefit costs. The Authority contributed \$5,000,000 in March 2011 to the irrevocable trust for those individuals that were retired prior to June 1, 2008. As of May 31, 2022 and 2021, the cash and investment balance in this account was \$8,704,998 and \$8,380,939, respectively.

Budget Adoption

The State of New Jersey requires that the Authority's operating and capital budgets be approved and adopted for each fiscal year. The Authority approved its 2022 and 2021 operating and capital budget on March 17, 2021 and March 16, 2020, respectively. The State approved its 2022 and 2021 operating and capital budget on May 19, 2021 and May 15, 2020, respectively.

Current Year Findings

There were no current year findings.

Follow-Up of Prior Years' Findings

In accordance with *Government Auditing Standards* and audit requirements prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, our procedures included a review of all prior year findings. There were no prior year findings.

Acknowledgment

We received the complete cooperation of all the Authority officials and employees and we greatly appreciate the courtesies extended to the members of the audit team. During our audit, we did not note any problems or weaknesses significant enough that would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions concerning our comments, please call us.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

September 28, 2022
Lakewood, New Jersey