ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE
CITY OF ATLANTIC CITY)

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

December 31, 2022

ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE CITY OF ATLANTIC CITY)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Atlantic City Municipal Utilities Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Atlantic City Municipal Utilities Authority (the "Authority"), a component unit of the City of Atlantic City, County of Atlantic, State of New Jersey, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which 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 financial position of the Authority, as of December 31, 2022 and 2021, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements prescribed 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 *Auditors' Responsibilities for the Audits 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Auditors' Responsibilities for the Audits 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, will always detect a material misstatement when it exists.

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Auditors' Responsibilities for the Audits of the Financial Statements (Continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and audit requirements prescribed 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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 GAAS, 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 audits 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 audits were conducted for the purpose of forming an opinion on the financial statements that comprise the Authority's basic financial statements. The other supplementary information, as listed in table of contents, is presented for purposes of additional analysis and is 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, except for the part marked "unaudited", has been subjected to the auditing procedures applied in the audits 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 GAAS. In our opinion, except for the part marked "unaudited", the other supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated September 14, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Mercadien, P.C.
Certified Public Accountants

September 14, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

OVERVIEW OF ANNUAL FINANCIAL REPORT:

Management's Discussion and Analysis ("MD&A") serves as an introduction to and should be read in conjunction with the basic audited financial statements and supplemental information. The MD&A represents management's examination and analysis of the Atlantic City Municipal Utilities Authority's (the "Authority") financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Authority's capital plan, budget bond resolutions, and other management tools were used for this analysis.

The basic financial statements report information about the Authority using full accrual accounting methods as utilized in similar business activities by the private sector. However, rate-regulated accounting principles applicable to private sector utilities are not used by government utilities. The basic financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, a statement of cash flows, and notes to the basic financial statements.

The ***statement of net position*** presents the financial position of the Authority on a full accrual historical cost basis. The statement of net position presents information on all of the Authority's assets and liabilities, with the difference reported as net position. Over time, increases and decreases in net position are one indicator of whether the financial position of the Authority is improving or deteriorating.

While the statement of net position provides information about the nature and amount of resources and obligations at year-end, the ***statement of revenues, expenses and changes in net position*** presents the results of the business activities over the course of the fiscal year and information as to how the net position has changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement also provides certain information about the Authority's recovery of its costs.

The ***statement of cash flows*** provides information about the Authority's cash receipts, cash payments, and net changes in cash resulting from operating, capital and related financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or the depreciation of capital assets.

The ***notes to the financial statements*** provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

Supplementary information comparing the budget to actual expenses, as well as important debt coverage data, is provided.

MANAGEMENT'S ANALYSIS OF FINANCIAL POSITION:

Financial Highlights

Management believes the financial condition of the Authority is strong. The Authority is well within the debt covenants and the more stringent financial policies and guidelines set by the Board. The following were key financial highlights:

- Total assets and deferred outflows at year-end totaled $85,902,713 and exceeded liabilities and deferred inflows in the amount of $39,677,266 (i.e., net position). Total assets increased by $3,451,119. The total net position increased by $6,923,439.
- Net pension liability under Government Accounting Standard Board (GASB) Statement 68 was $6,057,407 in 2022, an increase of $524,842 from 2021.
- Post-employment benefits other than pensions (OPEB) liability under GASB statement 75 was $16,870,836 in 2022, a decrease of $3,252,379.
- For the fiscal year 2022, the Authority treated pumped water, approximately 3,253 million gallons, compared to 3,021 million gallons in 2021.
- Operating revenues were $17,421,667 compared to $16,605,612 in 2021, an increase of $816,055.
- Operating expenses (excluding depreciation) were $110,412 more than last year.
- Operating income for the year was $5,955,050.
- Connection fee income was $825,482 compared to $416,371 in 2021.
- Actual investment income was $265,483, a $235,048 increase from 2021.

Total Operating expenses slightly increased by 1.5%, while operating revenue increased by 4.9% in 2022. The five percent rate increase in the flat rate and two percent in the excess rate became effective in 2022, which partially contributed to the increased revenue.

MANAGEMENT'S ANALYSIS OF FINANCIAL POSITION (CONTINUED)

CONDENSED COMPARATIVE STATEMENT OF NET POSITION

Explanations for material fluctuations are as follows:

Total Current Assets- Total Current Assets for 2022 totaled $25,835,082 compared to $22,136,099 in 2021. The increase amounted to $3,698,983 and resulted primarily from an increase in Investment. The decrease in Cash and Accounts Receivable partially offset the increase. The additional revenues recognized during the year were invested and will be utilized in the future to fund the Authority's major future capital projects.

Total Restricted Assets- Total Restricted Assets totaled $2,017,006 in 2022 compared to $2,057,831 in 2021. The lower debt reserve requirement contributed to the slight decrease.

Net Capital Assets – Net Capital Assets for 2022 totaled $50,611,752 compared to $50,818,792 in 2021. This decrease of $207,040 resulted from a decrease in capital additions and Construction in Progress, offset by an increase in accumulated depreciation of $3,111,276.

Total Current Liabilities Payable from Unrestricted Assets - Total Current Liabilities Payable from Unrestricted Assets for 2022 totaled $2,967,112 compared to $3,335,453 in 2021. The decrease amounted to $368,341, resulting primarily from a lower amount in liabilities owed to vendors at year-end and in employer pension contributions payable. The higher recognition of unearned revenue and prepaid user charges during the year compared to 2021 offset the decrease.

Total Current Liabilities Payable from Restricted Assets - Total Current Liabilities Payable from Restricted Assets for 2022 totaled $1,108,207 compared to $1,133,138 in 2021, a decrease of $24,931. The current principal payment 2022 was approximately $21,300 lower than in 2021. The recognition of slightly lower accrued interest due at year-end also contributed to the decrease.

Total Long-Term Liabilities Payable from Unrestricted Assets- Total Long-Term Liabilities Payable from Restricted Assets for 2022 totaled $27,971,253 compared to $31,864,425 in 2021. The decrease amounted to $3,893,172, primarily due to the reporting of the Authority's proportionate share of OPEB liability of $16,870,836 per state's GASB 75 report. The OPEB liability decreased by $3,252,379 in 2022. A decrease in Long Term Debt and Compensated absences also contributed to the decrease. An increase of $524,842 in the Authority's Net Pension Liability offset the decrease.

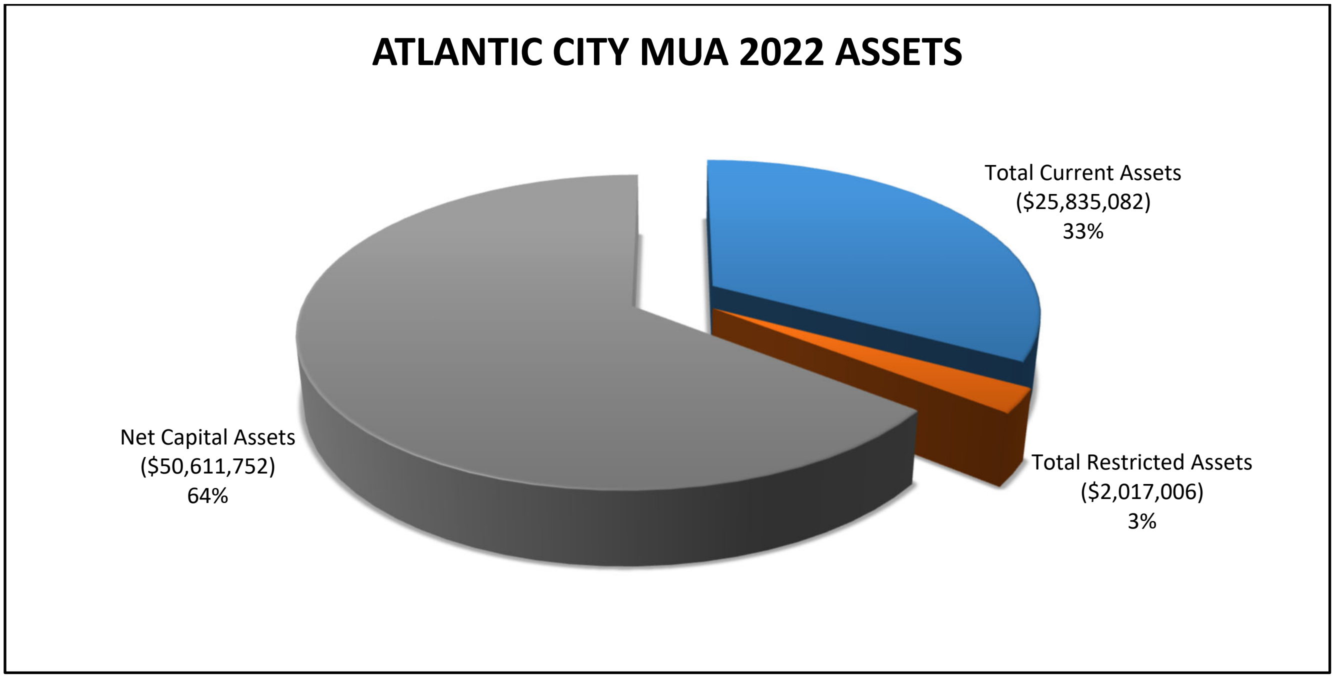
MANAGEMENT'S ANALYSIS OF FINANCIAL POSITION (CONTINUED)

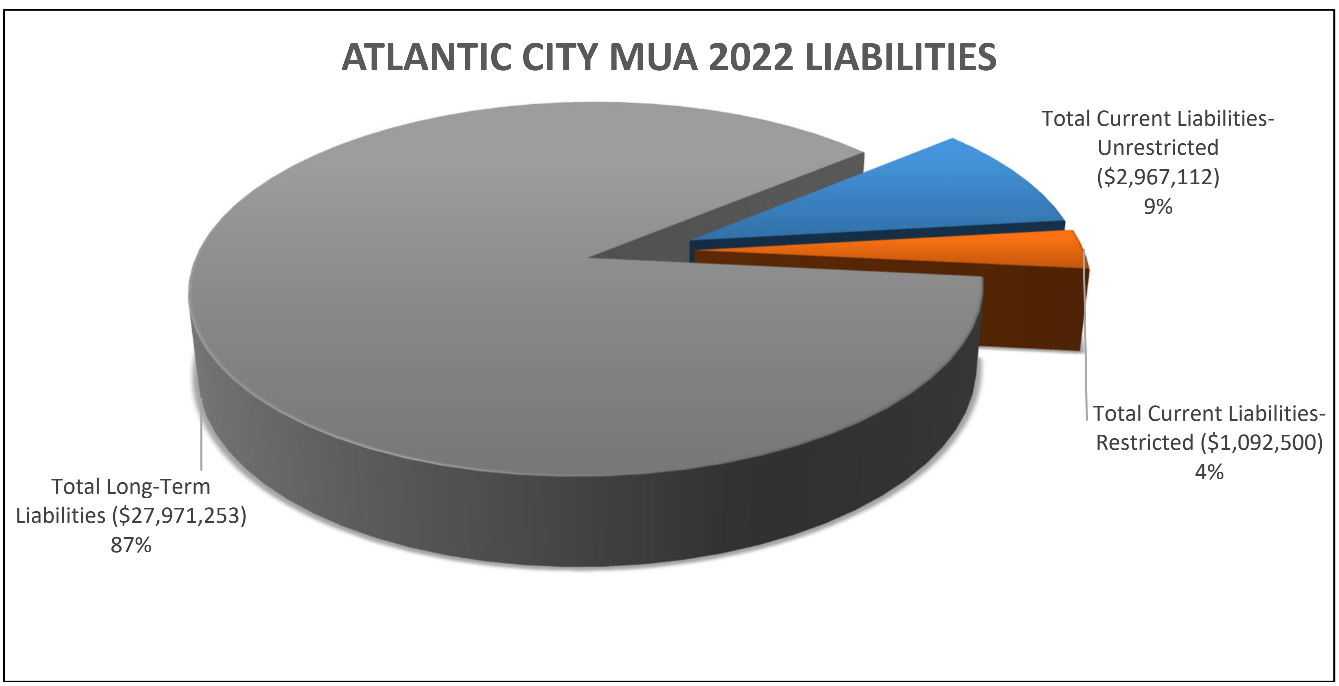
CONDENSED COMPARATIVE STATEMENT OF NET POSITION (CONTINUED)

	December 31, 2022	December 31, 2021	December 31, 2020	$ Change 2021-2022	% Change 2021-2022
Total Current Assets	$ 25,835,082	$ 22,136,099	$ 20,077,705	$ 3,698,983	16.7%
Total Restricted Assets	2,017,006	2,057,831	2,787,867	(40,825)	-2.0%
Net Capital Assets	50,611,752	50,818,791	48,735,385	(207,039)	-0.4%
Total Assets	78,463,840	75,012,721	71,600,956	3,451,119	4.6%
Loss on Refunding of Long-Term Debt	-	-	73,764	-	0.0%
Related to Pensions	1,243,124	1,262,565	1,672,900	(19,441)	-1.5%
Related to OPEB	6,195,749	6,949,356	7,704,016	(753,607)	-10.8%
Total Deferred Outflows of Resources	7,438,873	8,211,921	9,450,680	(773,048)	-9.4%
Total Current Liabilities - Unrestricted	2,967,112	3,335,453	2,050,384	(368,341)	-11.0%
Total Current Liabilities - Restricted	1,108,207	1,133,138	1,415,635	(24,931)	-2.2%
Total Long-Term Liabilities	27,971,253	31,864,425	35,190,013	(3,893,172)	-12.2%
Total Liabilities	32,046,572	36,333,016	38,656,033	(4,286,444)	-11.8%
Related to Pensions	2,177,605	4,166,692	4,495,700	(1,989,087)	-47.7%
Related to OPEB	12,001,270	9,971,107	10,553,753	2,030,163	20.4%
Total Deferred Inflows of Resources	14,178,875	14,137,799	15,049,453	41,076	0.3%
Net Investment in Capital Assets	44,708,257	43,797,867	40,501,917	910,390	2.1%
Restricted for Capital Projects and Debt Service	2,017,005	2,057,830	2,787,866	(40,825)	-2.0%
Unrestricted	(7,047,996)	(13,101,870)	(15,943,632)	6,053,874	-46.2%
Total Net Position	$ 39,677,266	$ 32,753,827	$ 27,346,151	$ 6,923,439	21.1%

MANAGEMENT'S ANALYSIS OF FINANCIAL POSITION (CONTINUED)

CONDENSED COMPARATIVE STATEMENT OF NET POSITION (CONTINUED)





MANAGEMENT'S ANALYSIS OF FINANCIAL POSITION (CONTINUED)

CONDENSED COMPARATIVE STATEMENT OF CASH FLOWS

The following table illustrates the Authority's ability to generate net operating cash. Net cash provided by operating activities is shown both in total dollars and as a percentage of operating revenues.

	December 31, 2022	December 31, 2021
Total Operating Revenues	$17,421,667	$16,605,612
Net Cash Provided by Operating Activities	$ 7,545,980	$ 6,934,351
Net Operating Cash as a Percentage of Operating Revenue	43.31%	41.76%

<u>2022 Net Cash Provided by Operating Activities as Compared to 2021</u>
Net cash provided by operating activities increased by 8.8%. This increase resulted from the receipt of additional cash from customers, which resulted from the 2022 rate increase. Also, reduced operating cash for employees and related benefits payments contributed to the increase. All Union contracts and management did not settle as anticipated during the year. Employee Health Benefits and Pension Expenses were lower due to recording non-cash OPEB and pension expenses under GASB 68 and GASB 75 reports. The increase was offset by additional operating cash being utilized to pay suppliers.

MANAGEMENT'S ANALYSIS OF RESULTS OF OPERATION:

CONDENSED COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Total Revenues (excluding connection fees) for 2022 were $17,687,150 compared to $16,636,047 in 2021. Total revenues increased by 6.3%. Operating expenses for 2022 totaled $11,466,617 compared to $11,293,805 in 2021. Total operating expenses increased by 1.5 %. Explanations of the fluctuations are as follows:

<u>Operating Revenues</u> - Operating Revenues for 2022 totaled $17,421,667 compared to $16,605,612 in 2021. The increase of $816,055 in revenue recognized during the year resulted primarily from the rate increase that went into effect in 2022. The slight decrease in miscellaneous revenue offset the increase.

<u>Connection Fee Income</u> - Connection Fee income for 2022 totaled $825,482 compared to $416,371 in 2021, resulting from a couple of major constructions in the City during 2022.

MANAGEMENT'S ANALYSIS OF RESULTS OF OPERATION (CONTINUED)

CONDENSED COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED)

Investment Income – Investment Income for 2022 totaled $265,483 compared to $30,435 in 2021. This increase was due to the additional capital amount available for investing at higher earnings interest rates in 2022 than last year.

Salaries Expense - Salaries Expenses for 2022 totaled $3,157,735 compared to $3,332,661 in 2021. The decrease amounted to $174,927, resulting from vacant positions due to retirements and resignations during the year.

Employee Benefits - Employee Benefits for 2022 totaled $795,654 compared to $777,367 in 2021. The increase in employee benefits expenses amounted to $18,287. This increase was primarily due to higher net pension and OPEB expenses reported per GASB 68 and 75 in 2022 compared to 2021.

Repairs and Maintenance - Repairs and Maintenance expenses for 2022 totaled $409,314 compared to $537,074 in 2021. The Authority experienced a decrease of $127,760 in repairs and maintenance due to fewer street opening jobs.

Other Expenses – Other Expenses for 2022 totaled $3,992,637 compared to $3,597,827 in 2021. The increase for the year was $394,809 and resulted from fluctuations in various accounts, including chemical and gases, gasoline, electricity, engineering fees, general insurance, other outside services, professional fees, etc. The increase was primarily due to higher expenses for other professional services such as engineering, Water W-4, and T-4 Operator licenses.

Depreciation Expense – Depreciation Expense for 2022 totaled $3,111,276 compared to $3,048,876 in 2021. The depreciation expense recorded on assets placed in service and purchased during the year contributed to the increase, partially offset by a decline in expense for fully depreciated assets during the year.

Interest Expenses – Interest Expenses for 2022 totaled $122,576 compared to $300,747 in 2021. The Authority made the last principal and interest payment on the 2012 Refunding Bond and refinanced the 2007 Refunding Bond with a lower interest rate in 2021. Credits on 2009A and 2010A New Jersey Infrastructure Bank (NJIB) loans due to de-obligation of these NJIB loans in 2016 also contributed to the decrease.

MANAGEMENT'S ANALYSIS OF RESULTS OF OPERATION (CONTINUED)

CONDENSED COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED)

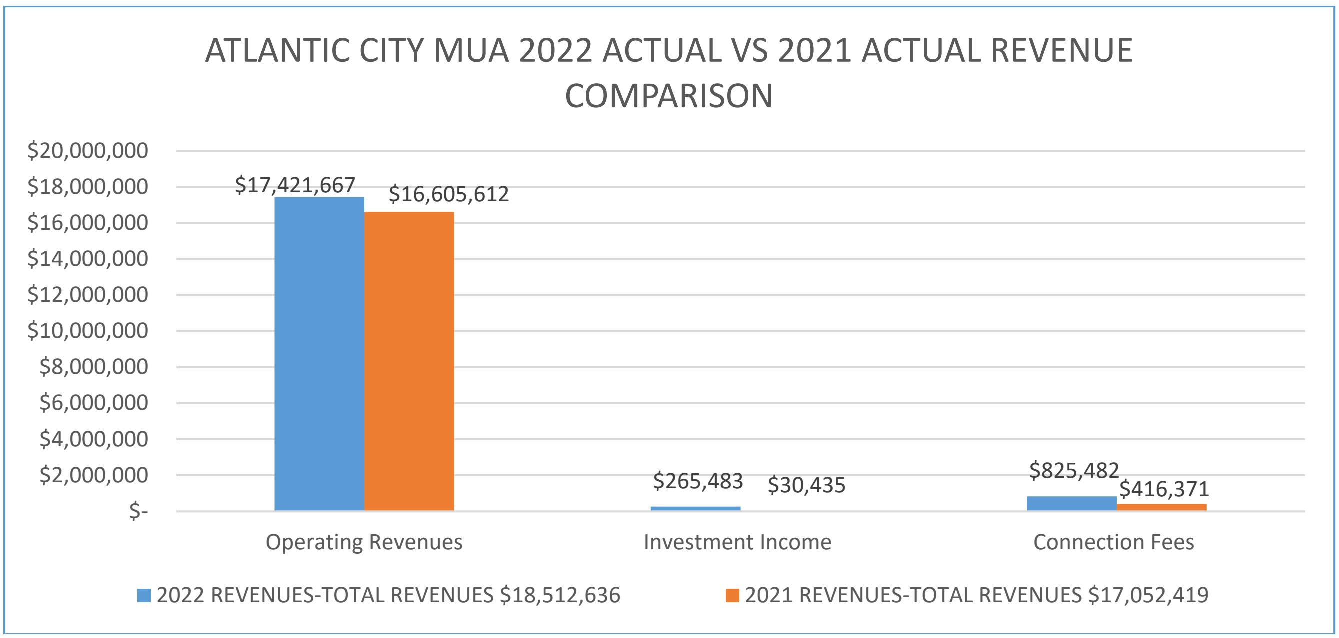
	December 31, 2022	December 31, 2021	December 31, 2020	$ Change 2021-2022	% Change 2021-2022
Total Operating Revenues	$ 17,421,667	$ 16,605,612	$ 15,673,980	$ 816,055	4.9%
Operating Expenses:					
Total Salaries Expense	(3,157,735)	(3,332,661)	(3,495,665)	(174,927)	-5.2%
Total Employee Benefits	(795,655)	(777,367)	(1,815,154)	18,288	2.4%
Total Repairs and Maintenance	(409,314)	(537,074)	(319,332)	(127,760)	-23.8%
Total Other Expenses	(3,992,638)	(3,597,827)	(2,812,274)	394,811	11.0%
Depreciation	(3,111,276)	(3,048,876)	(2,927,533)	62,400	2.0%
Total Operating Expenses	(11,466,617)	(11,293,805)	(11,369,958)	172,812	15.3%
Non-Operating Revenues (Expenses):					
Connection Fees	825,482	416,371	76,031	409,111	98.3%
Investment Income	265,483	30,435	100,237	235,048	772.3%
Bond Interest	(122,576)	(374,511)	(282,527)	(251,935)	-67.3%
Gain on Disposal of Assets	-	23,574	5,407	(23,574)	-100.0%
Total Non-Operating Revenues (Expenses)	968,389	95,869	(100,852)	872,520	910.1%
Changes in Net Position	6,923,439	5,407,676	4,203,170	1,515,763	28.0%
Net position, beginning of year	32,753,827	27,346,151	23,142,981	5,407,676	19.8%
Net position, end of year	$ 39,677,266	$ 32,753,827	$ 27,346,151	$ 6,923,439	21.1%

MANAGEMENT'S ANALYSIS OF RESULTS OF OPERATION (CONTINUED)

CONDENSED COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED)

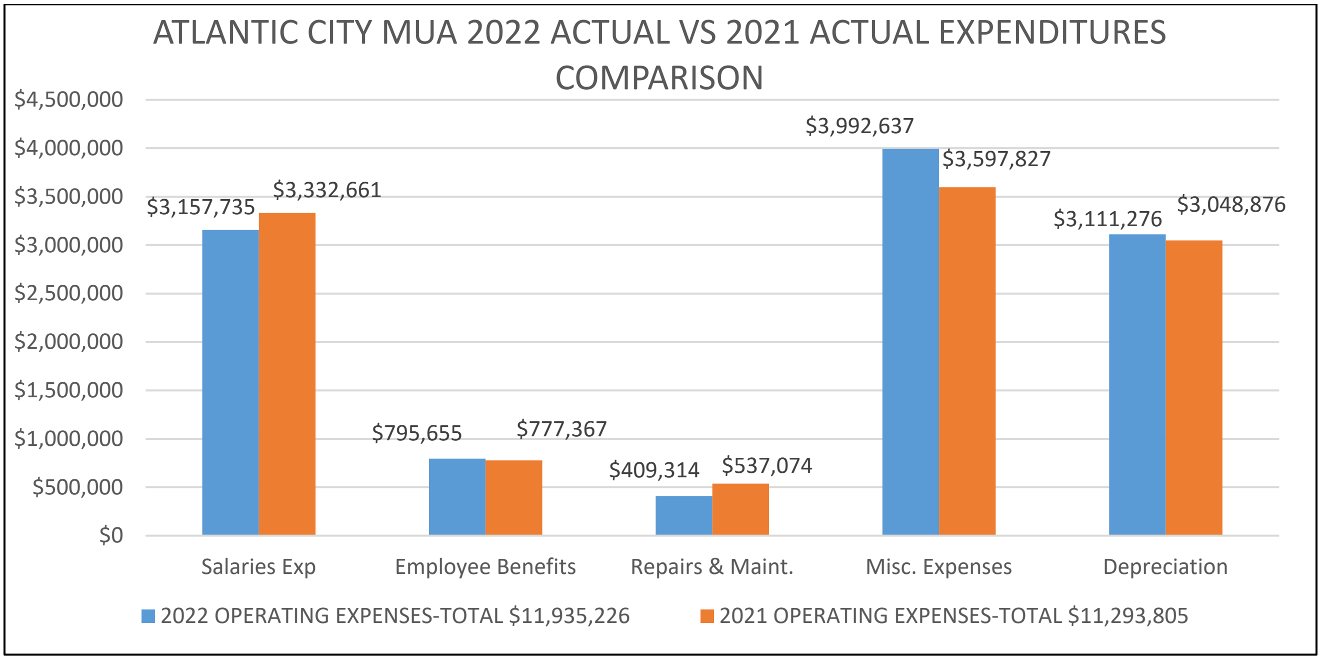
The following table shows the composition of operating expenses by major classification of expense for the last two years:

	December 31, 2022	%	December 31, 2021	%	December 31, 2020	%
Operating Expenses:						
Salaries Expense	$ 3,157,735	27.5%	$ 3,332,661	29.5%	$ 3,495,665	30.7%
Employee Benefits	795,655	6.9%	777,367	6.9%	1,815,154	16.0%
Repairs and Maintenance	409,314	3.6%	537,074	4.8%	319,332	2.8%
Other Expenses	3,992,638	34.8%	3,597,827	31.9%	2,812,274	24.7%
Depreciation	3,111,276	27.1%	3,048,876	27.0%	2,927,533	25.7%
Total	$ 11,466,617	100%	$ 11,293,805	100%	$ 11,369,958	100%



MANAGEMENT'S ANALYSIS OF RESULTS OF OPERATION (CONTINUED)

CONDENSED COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED)

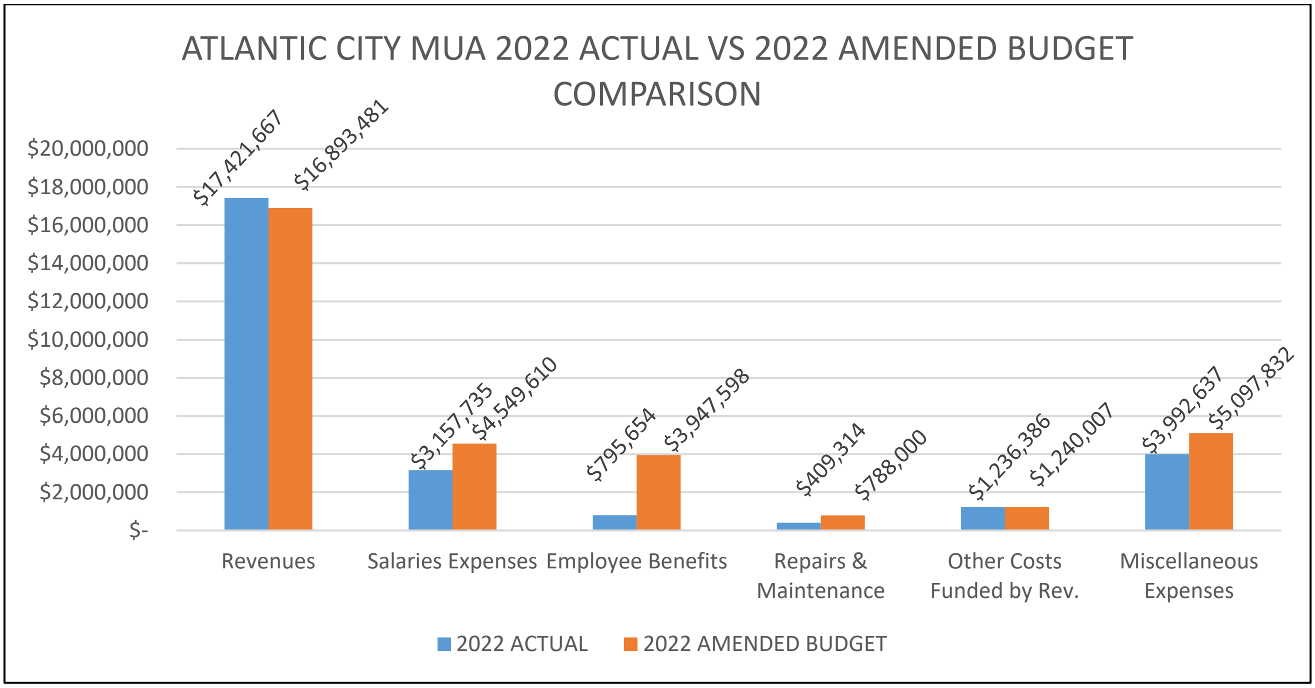


CONDENSED SCHEDULE OF APPROPRIATIONS COMPARED TO AMENDED BUDGET

Total operating revenues for 2022 amounted to $17,421,667 compared to budgeted revenues of $16,893,481. Revenues include those from all sources except connection fee revenues and investment income. Actual revenues were 3.0% higher than the anticipated budget amount, primarily from the recognition of additional user fees and higher interest income than projected. Miscellaneous income was 20.3% higher than anticipated due to additional income received from participating in the PJM Demand Response Program. Expenses from administration and operations for 2022 totaled $8,355,339 compared to budgeted expenses of $14,383,040. The actual expenses for 2022 were $6,027,701 less than the projected expenditures. Some larger fluctuations fell in the categories of Salaries, Employee Benefits, Municipal Appropriation, Chemicals and Gases, Repairs and Maintenance, and Other Outside Services expenses. Salaries Expense was lower than the projected budget. Due to labor shortage, the Authority could not immediately replace several vacant positions, including licensed water operators. In addition, all union contracts and management employees for salary increases were not settled as anticipated. Employee Benefits were lower than the projected budget primarily from recording non-cash pension and health benefit expenses adjustment per the GASB 68 and GASB 75 reports released by the State of New Jersey. The municipal appropriation payment to the City was lower than budgeted since the Authority paid the maximum 5% of the annual costs of operation based on the actual annual cost instead of the budgeted amount. Chemical and gas expenses were less than the budget due to the lower use of chemicals than anticipated in the water treatment process. Repairs and Maintenance were anticipated to be higher due to the impacts of winter weather.

MANAGEMENT'S ANALYSIS OF RESULTS OF OPERATION (CONTINUED)

CONDENSED SCHEDULE OF APPROPRIATIONS COMPARED TO AMENDED BUDGET (CONTINUED)



MANAGEMENT'S ANALYSIS OF CAPITAL ASSETS & LONG-TERM DEBT ACTIVITY:

Capital Assets

Total capital assets increased by approximately $2,837,307 during 2022. Property and equipment in-service increased by $4,200,221 in 2022. The 2022 additions and the transfer of assets from construction in progress impacted the increases. The major construction in-progress projects include the Water Main Replacement, the Cradle Rehabilitation, and Phase 2 of the temporary project for polyfluoroalkyl substances ("PFAS") Treatment.

MANAGEMENT'S ANALYSIS OF CAPITAL ASSETS & LONG-TERM DEBT ACTIVITY (CONTINUED):

Capital Assets (Continued)

	December 31, 2022	December 31, 2021	December 31, 2020
Treatment and Distribution Facilities	$ 112,573,035	$ 108,467,971	$ 107,118,876
Land and Land Improvements	1,811,009	1,811,009	1,811,009
Equipment and Vehicles	6,480,778	6,372,067	6,089,485
Office Building	3,877,030	3,877,030	3,877,030
Furniture and Fixtures	475,605	489,159	493,514
Construction in Progress	2,028,423	3,391,337	130,621
Total Assets	$ 127,245,880	$ 124,408,573	$ 119,520,535

Long-Term Debt

At the end of the current fiscal year, the Authority had a total bonded debt outstanding of $5,887,787.

	2022	2021	2020
Revenue Bonds	$4,107,000	$4,645,000	$5,345,000
New Jersey Infrastructure Bank Loans	$1,780,787	$2,356,597	$2,929,289

OTHER SELECTED INFORMATION

Selected Data for Analysis	**2022**	**2021**	**Change Amount**	**Change %**
Employees at Year End (Excluding Board)	65	66	(1)	(1.5%)
Number of Customers at Year End	8,216	8,199	17	0.20%
Water Pumped (Millions of Gallons)	3,253	3,021	232	7.7%
Revenues per 1,000 Gallons Pumped	$5.4	$5.5	$(0.1)	(2.6%)
Expenses per 1,000 Gallons Pumped:				
Expenses Excluding Depreciation	2.7	2.7	0.0	0%
Total Operating Expenses	3.7	3.7	0.0	0%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic Factors and Customer Base

Over the last two decades, the Authority's water demand has shown a steady and continual decline. This change may be attributed to two primary factors: the increasing promotion and use of water conservation practices and a decreased customer base.

MANAGEMENT'S ANALYSIS OF CAPITAL ASSETS & LONG-TERM DEBT ACTIVITY (CONTINUED):

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (CONTINUED)

The newly developed or renovated building structures utilize more water-saving fixtures/technologies, such as high-efficiency toilets, low-flow shower heads, faucet aerators, etc., to conserve water, resulting in less water demand. The customer base has been negatively impacted over the years by the closing of underperforming casino hotels and the removal of abandoned and demolished housing units. Atlantic City currently has nine casino resort hotels, down from a high of twelve in 2006.

Recent additions to the Authority's water system include the second phase of the Stockton University Atlantic City Residential Hall, AtlantiCare's new medical Arts Pavilion, and Showboat's 103,000-square-foot year-round indoor waterpark. Two prospective developments, the re-opening of the former Atlantic Club casino hotel and Bader Field redevelopment, may provide foreseeable additional revenue to the Authority. Additional residential and mixed-use development consisting of 49 townhomes and 30 apartment units with a restaurant is advancing to add to the revival of the Tennessee Avenue loop. Five (5) Neighborhood Development Corporations have formed in Atlantic City and are actively developing neighborhood revitalization plans and working to draw capital investment through participation in the alternative tax program administered by the New Jersey Department of Community Affairs. The City is addressing blighted and abandoned properties through regular demolitions and auctions. Any additional revenue from new constructions will help to fund the Authority's significant capital improvements, including the permanent solution to maintain undetectable levels of PFAS.

2023 Budget
The 2023 proposed budget is fully funded, providing for the continuation of all of the Authority's major operations. The Authority expects an increase of 6.9% in total user water charges in 2023 compared to the 2022 Budget. This increase will result from the annual increase rate of 8% in the flat rate and 2% in the excess rate. The proposed total net appropriations for 2023 are anticipated to increase by 9.8% in 2023. Total Operating Appropriations are slated to increase by 9.8% as the Authority is experiencing overall higher expenses due to record-high inflation. Fringe Benefits for Administration and the Cost of Providing Services are expected to increase by 15%, mainly due to the approved rate hikes on state health benefits plans for 2023. The Authority's electric supplier contract ends at the end of January 2023, and a higher electric supply rate is expected in 2023. Outside Services/Professional Services for the Cost of Providing Services is slated to increase by 28% due to higher than anticipated costs in services such as Water W-4 and T-4 Operator licenses. The Authority could not fill staff vacancies in the water treatment operator and distributor licenses due to the labor shortage in the industry. The Authority is anticipating a 10.5% increase in chemical costs due to supply chain shortages and high inflation.

MANAGEMENT'S ANALYSIS OF CAPITAL ASSETS & LONG-TERM DEBT ACTIVITY (CONTINUED):

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (CONTINUED)

Rates

The Authority has four major customer categories: Residential, Commercial, Industrial, and Government. The water service charge for each customer is the sum of the base rate and the excess water rate. The Authority rates are structured to ensure that projected revenues will be sufficient to cover the year's anticipated appropriations. In 2021, the flat rate increased by 2%, while the excess rate remained the same at $3.762 per 100 cubic feet for all customers. The residential flat rate increased to $62.25 per quarter from $61.00. In 2022, the Authority increased its flat rate by approximately 5% and 2% in the excess rate for all customers. The residential flat rate increased to $65.50 per quarter from $62.25 per quarter, and the excess rate increased to $3.837 per 100 cubic feet. Effective January 1, 2023, the flat rate will increase by 8% in the flat rate and 2% in the excess rate. The residential flat rate will increase from $65.50 to $70.75 a quarter. Residential customers that exceed the quarterly allowed allotment of 2,500 cubic feet will be charged an excess rate of $3.941 per 100 cubic feet. The 2022 connection fee rate was $22.3479 per gallon per day. For 2023, the connection fee rate will increase to $24.9408 per gallon per day. Any additional revenue generated from connection fees or water usage from the new or proposed development projects will be used to fund the necessary capital improvements.

Legislation with Potential Impact on the Authority

PFAS:

The New Jersey Department of Environmental Protection (NJDEP) adopted the PFAS regulation on June 1, 2020. PFAS contamination in the Authority's water reserves arises from the Federal Aviation Administration conducting tests of fire-fighting foams at its Technical Center in Pomona. The contamination occurred over several decades, with residuals entering groundwater supplies. The Authority faced challenges to remain below the MCL levels established by the NJDEP.

After consulting with several consultants, the Authority engaged an engineering consultant and developed a temporary solution and/or interim treatment techniques to mitigate or eliminate customer exposure to regulated PFAS contaminants. The Authority purchased fifty thousand pounds of Virgin Filtrasorb 400 Granular Activated Carbon (GAC) to replace the existing GAC for five (5) filter beds at the treatment plant. The Authority also successfully installed three (3) pairs of Carbon Vessels at three (3) of the Authority's wells containing the highest levels of PFAS located at the FAA Technical Center. These temporary treatment techniques have been successful in meeting the NJDEP standards and achieving undetectable levels of PFAS in the Authority's water production. The Authority monitors and continues to replace the carbon within the filters as needed while discussions regarding long-term capital investment at the Pleasantville Water Treatment Plant (PWTP) continue.

MANAGEMENT'S ANALYSIS OF CAPITAL ASSETS & LONG-TERM DEBT ACTIVITY (CONTINUED):

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (CONTINUED)

Legislation with Potential Impact on the Authority (Continued)

PFAS (Continued):
Per the engineering consultant report, the rehabilitation of the PWTP is the most efficient use of resources and the most cost-effective alternative for taxpayers for a permanent solution to maintain undetectable levels of PFAS in the water system. It is estimated that the rehabilitation of the PWTP will cost approximately 120 million dollars in capital construction costs, including an allowance of 20% engineering and project administration costs. The Authority filed a class action lawsuit against the third parties involved in contributing PFAS to the Authority's site contamination. The lawsuit's settlement may help offset some of the cost of the rehabilitation of the PWTP in the future. Meanwhile, the Authority is working on getting financial assistance from the State and Federal agencies for grants, principal forgiveness loans, or low-interest rate loans from the NJIB.

Lead Service Line Replacement:
New Jersey enacted law P.L. 2021, Ch. 183 in July 2021, requiring all community water systems to replace lead service lines in their service area within ten years. The Authority has identified locations of 441 known galvanized/lead connections services and 2,277 unknown services. The Authority has applied for funding with the NJIB, which is a partnership between the NJDEP and the New Jersey Environmental Infrastructure Trust to provide grants and low-cost financing for the design, construction, and implementation of projects that help and improve water quality and help ensure safe and adequate drinking water. The pending application for a lead service line, the Authority can be funded in phases at a maximum of 50% of the project Capital Cost being principal forgiveness and capped at $5 million per year. The Authority will need to identify all unknown services and replace all lead service lines by 2031.

Requests for Information
This financial report is designed to provide a general overview of the Authority's finances for all those interested in the Authority's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Authority, ACMUA, PO BOX 117, ATLANTIC CITY, NJ 08404-0117. The telephone number is 609-345-3315. The Authority's Administration offices are located at 401 N. Virginia Avenue, Atlantic City, NJ 08401.

BASIC FINANCIAL STATEMENTS

ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE CITY OF ATLANTIC CITY)

STATEMENTS OF NET POSITION

	December 31, 2022	December 31, 2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	$ 3,215,747	$ 5,392,460
Accounts receivable, net of allowance for doubtful accounts of $124,083 and $91,122, respectively	960,008	1,862,402
Investments	21,147,543	14,437,770
Inventories	404,354	346,122
Prepaid expenses	106,169	96,555
Accrued interest receivable	1,261	790
Total Current Assets	25,835,082	22,136,099
Noncurrent Assets		
Restricted Assets		
Investments	2,017,006	2,057,831
Total Restricted Assets	2,017,006	2,057,831
Capital Assets		
Land and land improvements	1,811,009	1,811,009
Construction in progress	2,028,423	3,391,337
Other capital assets, net of depreciation	46,772,320	45,616,446
Total Capital Assets	50,611,752	50,818,792
Total Noncurrent Assets	52,628,758	52,876,623
Total Assets	78,463,840	75,012,721
Deferred Outflows of Resources:		
Related to pensions	1,243,124	1,262,565
Related to other post-employment benefits	6,195,749	6,949,356
Total Deferred Outflows of Resources	7,438,873	8,211,921
Total Assets and Deferred Outflows of Resources	$ 85,902,713	$ 83,224,642

ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE CITY OF ATLANTIC CITY)

STATEMENTS OF NET POSITION (CONTINUED)

	December 31, 2022	December 31, 2021
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities Payable from Unrestricted Assets		
Accounts payable	$ 1,345,805	$ 1,761,217
Employer pension contributions payable	506,162	546,936
Accrued payroll and payroll liabilities	59,375	55,817
Prepaid user charges	102,313	63,791
Unearned revenue	953,457	907,692
Total Current Liabilities Payable from Unrestricted Assets	2,967,112	3,335,453
Current Liabilities Payable from Restricted Assets		
Accrued interest payable	15,707	19,328
Current portion of long-term debt	1,092,500	1,113,810
Total Current Liabilities Payable from Restricted Assets	1,108,207	1,133,138
Noncurrent Liabilities		
Compensated absences	247,722	320,858
Long-term debt, net of current portion	4,795,288	5,887,787
Net pension liability	6,057,407	5,532,565
Net OPEB liability	16,870,836	20,123,215
Total Noncurrent Liabilities	27,971,253	31,864,425
Total Liabilities	32,046,572	36,333,016
Deferred Inflows of Resources		
Related to pensions	2,177,605	4,166,692
Related to other post-employment benefits	12,001,270	9,971,107
Total Deferred Inflows of Resources	14,178,875	14,137,799
Net Position (Deficit)		
Net investment in capital assets	44,708,257	43,797,867
Restricted for capital projects and debt service	2,017,005	2,057,830
Unrestricted (Deficit)	(7,047,996)	(13,101,870)
Total Net Position	39,677,266	32,753,827
Total Liabilities, Deferred Inflows of Resources, and Net Postion	$ 85,902,713	$ 83,224,642

See notes to financial statements.

ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE CITY OF ATLANTIC CITY)

STATEMENTS REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Years Ended December 31, 2022	2021
Operating Revenues		
User charges	$ 17,341,902	$ 16,501,109
Rental income	2,500	2,500
Miscellaneous	77,265	102,003
Total Operating Revenues	17,421,667	16,605,612
Operating Expenses		
Cost of providing services	6,063,850	6,125,962
General and administrative	2,291,491	2,118,967
Depreciation	3,111,276	3,048,876
Total Operating Expenses	11,466,617	11,293,805
Operating Income	5,955,050	5,311,807
Non-Operating Revenues (Expenses), Net		
Connection fee	825,482	416,371
Investment income	265,483	30,435
Bond interest	(122,576)	(374,511)
Gain on disposal of assets	-	23,574
Total Non-Operating Revenues (Expenses), Net	968,389	95,869
Changes in net position	6,923,439	5,407,676
Net position, beginning of year	32,753,827	27,346,151
Net position, end of year	$ 39,677,266	$ 32,753,827

ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE CITY OF ATLANTIC CITY)

STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2022	Years Ended December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipt from customers	$ 18,328,580	$ 15,798,078
Receipt from others	79,765	104,503
Payments to employees and related benefits	(5,546,856)	(5,860,864)
Payments to suppliers and vendors for goods and services	(5,315,509)	(3,107,365)
Net cash from operating activities	7,545,980	6,934,352
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(2,904,237)	(5,064,562)
Receipts from sale of capital assets	-	25,560
Receipts from NJIB	-	3,488
Connection fees	825,482	416,371
Interest paid on debt	(126,197)	(277,562)
Principal paid on debt	(1,113,810)	(1,382,692)
Net cash from capital and related financing activities	(3,318,762)	(6,279,397)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	265,016	29,645
Transferred to investments	(6,668,947)	2,568,144
Net cash from investing activities	(6,403,931)	2,597,789
Net change in cash and cash equivalents	(2,176,713)	3,252,744
Cash and cash equivalents, beginning of year	5,392,460	2,139,716
Cash and cash equivalents, end of year	$ 3,215,747	$ 5,392,460
Reconciliation of operating income to net cash from operating activities		
Operating income	$ 5,955,050	$ 5,311,807
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	3,111,276	3,048,876
Allowance for (recovery of) doubtful accounts	32,962	(8,802)
GASB 68 adjustment	(1,444,804)	(1,827,821)
GASB 75 adjustment	(468,609)	(200,521)
Changes in assets and liabilities		
Accounts receivable	869,432	(662,773)
Inventories	(58,232)	49,341
Prepaid expenses	(9,614)	(20,735)
Accounts payable	(456,190)	1,441,397
Accrued payroll and payroll liabilities	3,558	(124,860)
Unearned income	45,765	(18,798)
Prepaid user charges	38,522	(12,665)
Compensated absences	(73,136)	(40,095)
Net cash from operating activities	$ 7,545,980	$ 6,934,351

A. DESCRIPTION OF ENTITY

The Atlantic City Municipal Utilities Authority (the "Authority") was created in accordance with the State Municipal Utilities Authorities Law (P.L. 1957, c. 183), by Ordinance No. 63 of 1978 of the City of Atlantic City (the "City"), adopted September 14, 1978.

Pursuant to the provisions of the law, the Authority is authorized to acquire, construct, maintain, operate or improve works for the accumulation, supply or distribution of water.

Under the criteria specified in Government Accounting Standards Board ("GASB") Statement 14, as amended by GASB Statement 61, the Authority is considered a component unit of the City. The basic criteria for classifying an organization (the Authority) as a component unit of a primary government (the City) is the ability of the primary government to appoint a voting majority of the organization's governing body, the ability to impose its will on that organization and/or potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. Another important criterion in determining the classification as a component unit is the scope of public service (i.e., whether the activity benefits the primary government and/or its citizens).

The Authority, as a component unit, issues separate financial statements from the City. However, if the City presented its financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"), these financial statements would be included with the City's financial statements on a blended basis.

As a public body, under existing statute, the Authority is exempt from both federal and state taxes.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. The focus of enterprise funds is the economic resources measurement focus, that is, the determination of operating income, changes in net position, financial position and cash flows. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Authority is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise funds account for activities (1) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (2) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (3) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). Under this method, revenues are recognized when earned and expenses are recorded when the related liability is incurred regardless of the timing of the related cash flows.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

Revenue resulting from *exchange transactions,* in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Water service charges are recognized as revenue when services are provided. Connection fees are paid to the Authority at the time a new property applies for connection, and are recognized as revenue when the funds are received. Services are supplied to customers under a rate structure designed to produce revenues sufficient to provide for operating and maintenance costs, capital outlay, debt service, reserves and debt service coverage. *Non-exchange transactions,* in which the Authority receives value without directly giving equal value in return, include capital grants and other supplemental support by federal, state and local grants in support of system improvements. Revenue from these transactions is recognized in the year in which all eligibility requirements (e.g., timing, purpose, etc.) have been satisfied.

Budgets and Budgetary Accounting

An annual operating budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures in accordance with N.J.S.A. 40A:5A. The annual operating budget covers the general fund activity only. The current operating budget details the Authority's plans to earn and expend funds for charges incurred for the operation, maintenance, certain interest and general functions, and other charges for the fiscal year.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Funds

In accordance with the provisions of the bond resolution authorizing the issuance of the Revenue Bonds (Note J), revenues and expenses are to be accounted for in the following funds:

General Fund - All revenues, except connection charges and operating expense charges, derived from the operations of the Authority are pledged to secure the payment of principal and interest on the bonds. Transfers are made to funds in the following order (1) Debt Service Fund; (2) Debt Service Reserve Fund; (3) Renewal and Replacement; and (4) Operating Fund.

Operating Fund - Transfers are made equal to budgeted operating expenses for the current year. At year end, this fund is adjusted to reflect the actual expenses incurred.

Debt Service Fund - First transfers are made for an amount sufficient to meet the principal and interest requirements for the year. The amount reserved for all issued bonds is $1,199,181 and $1,240,006, as of December 31, 2022 and 2021, respectively.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds (Continued)

Debt Service Reserve Fund - This fund is fully funded. As each series of bonds was issued an amount was transferred to this fund. The amount reserved for each issue is $667,824.

Bond Redemption and Improvement Fund - General Account - A reserve has been established based on a schedule in the 1999 bond documents. The amount varies each year in direct relationship with the debt service for the 1999 bond documents. The fund balance in the improvement fund is derived from budget appropriations. The fund will be used for future capital projects or the costs of extraordinary maintenance and repairs to the extent not provided for in the annual budget.

Capital Fund - The Authority's collection system, property and equipment which were constructed or acquired with the proceeds of the Revenue Bonds, are accounted for herein.

Cash and Cash Equivalents

Cash and cash equivalents include various checking and money market accounts, U.S. obligations and certificates of deposit with maturities of three months or less. For purposes of the statements of cash flows, the Authority considers all highly liquid investments with a maturity of ninety days or less when purchased to be cash equivalents.

Allowance for Doubtful Accounts

The Authority's policy is to individually review all accounts as to collectability. Each December, all accounts determined to be delinquent by more than $100 are turned over to the City as liens to be sold at the City municipal lien sale. Any collection of delinquent account balances by the municipal tax collectors is subsequently forwarded to the Authority. Municipal liens can be foreclosed by the City. If the liens are foreclosed, the Authority will not receive any funds.

Investments

Investments are carried at fair market value with associated premiums and discounts amortized over the term of the investment held. Purchase of investments is limited by N.J.S.A. 40A:5-15.1 to bonds or obligations of or guaranteed by the federal government and to bonds or other obligations of federal or local units. These investments are generally required to have a maturity date not more than 397 days from the date of purchase.

Inventories

Material inventories for the Authority are made up of supplies that are directly related to customer accounts, such as water meters and accessories, and are stated at cost. The inventories are presented using the first in, first out (FIFO) method.

Restricted Assets

Restricted assets represent investments maintained in accordance with bond resolutions and other resolutions and formal actions of the Authority or by agreement for the purpose of funding certain debt service payment, and improvements and extensions to the utility system.

The New Jersey Infrastructure Bank ("NJIB") provided funding for capital improvements, additions, and/or replacements. As these projects are completed, the funds are reimbursed by the NJIB and the Authority reduces the remaining receivable.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Plant and equipment in service and construction in progress are recorded at cost, if purchased or constructed. Internal engineering costs are capitalized to the extent of direct support and contribution to construction and expansion projects. Maintenance and repairs, which do not significantly extend the value of life of plant and equipment, are expensed as incurred.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed utilizing the straight-line method, as follows:

	Years
Wellsfield	50
Office building	40
Pumping station, distribution system and land improvements	10-50
Filtration plant	15-40
Vehicles, machinery and equipment, furniture and fixtures	5-15

Deferred Outflows and Inflows of Resources

The accompanying statements of net position report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time. Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the GASB standards.

The Authority is required to report the following as deferred outflows of resources and deferred inflows of resources:

Loss on Refunding of Long-Term Debt - The loss on refunding arising from the issuance of refunding bonds, which is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense.

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

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and are recorded as a liability until the revenue is both measurable and the Authority is eligible to realize the revenue. The Authority's unearned revenue consists of advance billings and unearned easement income. In July 2016, the Authority entered into an easement agreement with an unrelated third party. Under the terms of the agreement, the Authority granted an easement on their property for a period of 55 years for the purpose of the third party to operate communications equipment. As consideration for the easement, the Authority received $367,261 which is being amortized over 55 years (approximately $556 a month). Easement income recognized for the years ended December 31, 2022 and 2021, was $6,672 for each year, and is recognized as miscellaneous income in the accompanying comparative statements of revenues, expenses and changes in net position.

Compensated Absences

Compensated absences are payments to employees for accumulated time such as paid vacation, paid sick leave, and other compensated time. A liability for compensated absences that is attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as the employees earn the rights to the benefits.

Pensions and Other Post-Employment Benefits

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"), establishes accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers. GASB 68 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pension in the basic financial statements, in addition to requiring more extensive disclosures and required supplementary information (Note M).

GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions* ("GASB 75"), establishes accounting and financial reporting for other post-employment benefits ("OPEB") that are provided to the employees of state and local governmental employers. GASB 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to OPEB in the basic financial statements, in addition to requiring more extensive disclosures and required supplementary information. OPEB includes post-employment healthcare, as well as other forms of post-employment benefits (e.g., life insurance) when provided separately from a pension plan (Note N).

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the Authority's financial statements. Net position is classified in the following categories:

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

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

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Operating and Non-Operating Revenues and Expenses

Operating revenues include all revenues that are generated directly from water services (e.g., user service charges) and other revenue sources (e.g., rental income, scrap metal sold). Non-operating revenues consist of connection fees and investment income.

Operating expenses include expenses associated with the operation, maintenance and treatment of the water facilities and general administrative expenses. Non-operating expenses principally include expenses attributable to the Authority's interest on funded debt and changes in fair value of investments and gain/loss on disposal of assets.

C. CASH AND CASH EQUIVALENTS

Custodial Credit Risk - Deposits
Under the provisions of N.J.S.A. 17:9-41, authorized public depositories include state or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. The market value of the collateral must equal five percent of the average daily balance of public funds; and, 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.

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.

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. Deposits were made with contracted depository banks in interest bearing accounts that were insured under the Governmental Unit Deposit Protection Act ("GUDPA"). All such deposits are held in the Authority's name. Deposits in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC") are covered by a collateral pool maintained by the banks under GUDPA requirements.

However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. If the Authority had any such funds, they would be shown as Uninsured and Uncollateralized in the schedule below. As of December 31, 2022 and 2021, the Authority's bank balances were insured or exposed to credit risk as follows:

	December 31,	
	2022	2021
Insured by FDIC	$ 500,000	$ 500,000
Collateralized in the Authority's name under GUDPA	2,953,698	6,058,145
NJCMF	3,047,482	3,002,258
Total	$ 6,501,180	$ 9,560,403

D. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts on municipal liens is provided as follows:

	December 31,	
	2022	2021
Municipal liens	$ 130,614	$ 95,918
Approximate uncollectible %	95%	95%
Total Allowance	$ 124,083	$ 91,122

E. INVESTMENTS

As of December 31, 2022 and 2021, the Authority had the following investments and maturities:

Investment	Maturity Date	Interest Rate	Moody's IS&P Credit Rating	2022 Fair Value	2021 Fair Value
Federated treasury obligations	N/A	N/A	N/A	$ 20,117,067	$ 13,493,344
NJCMF	N/A	N/A	N/A	3,047,482	3,002,258
				$ 23,164,549	$ 16,495,602

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. All investments noted above are Level 2 inputs.

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. All of the Authority's investments in treasury obligations and the New Jersey Cash Management Fund ("NJCMF") are held in the name of the Authority.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the Authority's general policy not to purchase investments with terms greater than one year.

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. N.J.S.A. 40A:5-15.1 limits the investments that the Authority may purchase such as Treasury securities in order to limit the exposure of governmental units to credit risk. The Authority has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Authority's investment policies place no limit on the amount the Authority may invest in any one issuer.

F. INVENTORIES

Material inventories totaled $404,354 and $346,122 as of December 31, 2022 and 2021, respectively.

G. RESTRICTED ASSETS

Restricted investments consist of the following:

	December 31, 2022	December 31, 2021
Debt service fund	$ 1,199,181	$ 1,240,006
Debt service reserve fund	667,824	667,824
Bond redemption and improvement fund	150,000	150,000
	$ 2,017,006	$ 2,057,830

H. CAPITAL ASSETS

Capital asset balances and activities for the year ended December 31, 2022, were as follows:

	Balance, January 1, 2022	Additions	Reclass/ Reductions	Balance, December 31, 2022
Capital assets not being depreciated				
Land and land improvements	$ 1,811,009	$ -	$ -	$ 1,811,009
Construction in progress	3,391,337	2,248,578	3,611,492	2,028,423
Capital assets not being depreciated	5,202,346	2,248,578	3,611,492	3,839,432
Capital assets being depreciated				
Treatment and distribution facilities	108,467,971	4,163,296	58,232	112,573,035
Equipment and vehicles	6,372,067	162,086	53,375	6,480,778
Office building	3,877,030	-	-	3,877,030
Furniture and fixtures	489,158	-	13,553	475,605
Capital assets being depreciated	119,206,227	4,325,382	125,160	123,406,448
Accumulated depreciation	(73,589,781)	(3,044,347)	-	(76,634,128)
Capital assets, net of depreciation	45,616,446	1,281,035	125,160	46,772,320
Total capital assets, net	$ 50,818,792	$ 3,529,613	$ 3,736,653	$ 50,611,752

Capital asset balances and activities for the year ended December 31, 2021, were as follows:

	Balance, January 1, 2021	Additions	Reclass/ Reductions	Balance, December 31, 2021
Capital assets not being depreciated				
Land and land improvements	$ 1,811,009	$ -	$ -	$ 1,811,009
Construction in progress	130,621	3,260,716	-	3,391,337
Capital assets not being depreciated	1,941,630	3,260,716	-	5,202,346
Capital assets being depreciated				
Treatment and distribution facilities	107,118,876	1,349,095	-	108,467,971
Equipment and vehicles	6,089,485	640,170	357,588	6,372,067
Office building	3,877,030	-	-	3,877,030
Furniture and fixtures	493,514	-	4,356	489,158
Capital assets being depreciated	117,578,905	1,989,265	361,944	119,206,227
Accumulated depreciation	(70,785,150)	(2,804,631)	-	(73,589,781)
Capital assets, net of depreciation	46,793,755	(815,366)	361,944	45,616,446
Total capital assets, net	$ 48,735,385	$ 2,445,350	$ 361,944	$ 50,818,792

I. DEFERRED LOSS ON REFUNDING ISSUES

The 2007 advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old bonds of $193,907. The difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2029 using the straight-line method. Amounts charged in 2022 and 2021 were $0 and $73,764, respectively. The balance as of December 31, 2022 and 2021, was $0 and $0, respectively. In August 2021, the Authority issued $4,645,000 Water System Revenue Refunding Bonds, Series 2021. This transaction refunded the callable portion of the Authority's outstanding Series 2007 Bonds.

J. LONG-TERM DEBT

Long-term debt consists of the following:

- $1,510,000 Subordinated Water System Revenue Bonds, Series 2005A, dated November 10, 2005, payable in annual installments through August 1, 2025. Interest is paid semi-annually at varying interest rates ranging from 4.00% to 5.00%. The balance at December 31, 2022 and 2021, was $345,000 and $450,000, respectively. In the event of default, outstanding amounts become immediately due.

- $4,033,215 Subordinated Water System Revenue Bonds, Series 2005B, dated November 10, 2005. The bonds bear no interest and the principal amount is due and payable on February 1 and August 1 each year, maturing on August 1, 2025. The balance at December 31, 2022 and 2021, was $682,760 and $909,400, respectively. In the event of default, outstanding amounts become immediately due.

- $660,000 Subordinated Water System Revenue Bonds, Series 2006A, dated November 9, 2006, payable in annual installments through September 1, 2026. Interest is paid semi-annually at varying interest rates ranging from 4.00% to 5.00%. The balance at December 31, 2022 and 2021, was $185,000 and $225,000, respectively. In the event of default, outstanding amounts become immediately due.

- $1,489,065 Subordinated Water System Revenue Bonds, Series 2006B, dated November 9, 2006. The original amount issued of $1,798,103 was reduced by $309,038 in 2014. The New Jersey Department of Environmental Protection ("NJDEP") authorized the deobligation of the 2006B bond series in the amount of $309,038 as a result of the Authority having excess funds remaining related to the project funded by this bond series. The deobligated funds were transferred to the escrow funds established for the 2010 New Jersey Environmental Infrastructure Bonds, where funds will be applied to debt service. The 2006B bonds bear no interest and the principal amount is due and payable on February 1 and August 1 each year, maturing on August 1, 2026. The balance at December 31, 2022 and 2021, was $67,137 and $158,323, respectively. In the event of default, outstanding amounts become immediately due.

J. LONG-TERM DEBT (CONTINUED)

- $460,000 Subordinated Water System Revenue Bonds, Series 2009A, dated December 2, 2009, payable in annual installments through August 1, 2029. Interest is paid semi-annually at varying interest rates ranging from 2.00% to 5.00%. The original amount issued of $810,000 was reduced by $350,000 in 2016. The NJIB authorized the deoboligation of the debt as the full amount of funding of the related capital projects was not fully utilized. The principal payments were adjusted for the years 2023 through 2029 to reflect the deobligation. The balance at December 31, 2022 and 2021, was $25,000 and $70,000, respectively. In the event of default, outstanding amounts become immediately due.

- $774,039 Subordinated Water System Revenue Bonds, Series 2009B, dated December 2, 2009. The bonds bear no interest and the principal amount is due and payable on February 1 and August 1 each year, maturing on August 1, 2029. The balance at December 31, 2022 and 2021, was $290,265 and $331,731, respectively. In the event of default, outstanding amounts become immediately due.

- $495,000 NJIB Bonds, Series 2010B, dated March 10, 2010. The bonds bear no interest and the principal amount is due and payable on February 1 and August 1 each year, maturing on August 1, 2029. The balance at December 31, 2022 and 2021, was $185,625 and $212,143, respectively. In the event of default, outstanding amounts become immediately due.

- The Authority issued $4,645,000 of Water System Revenue Refunding Bonds, Series 2021, in August 2021, payable in annual installments through June 1, 2029. This transaction refunded the callable portion of the Authority's outstanding Series 2007 Bonds. Interest is paid semiannually at a rate of 2.150%. The balance as of December 31, 2022 and 2021, was $4,107,000 and $4,645,000, respectively. In the event of default, outstanding amounts become immediately due.

Principal and interest requirements until maturity are as follows:

Year	Principal	Interest	Total
2023	$ 1,092,500	$ 106,682	$ 1,199,181
2024	1,016,703	87,014	1,103,717
2025	1,036,647	67,510	1,104,156
2026	703,984	47,856	751,840
2027	666,984	32,992	699,976
2028-2032	1,370,969	26,670	1,397,640
	$ 5,887,787	$ 368,722	$ 6,256,510

J. LONG-TERM DEBT (CONTINUED)

	Balance December 31, 2021	Increase/ Adjustment	Decrease/ Adjustment	Balance December 31, 2022	Due Within One Year
Revenue bonds	$ 4,645,000	$ -	$ 550,000	$ 4,095,000	$ 550,000
NJIB	1,242,787	-	542,500	700,287	542,500
Totals	$ 5,887,787	$ -	$ 1,092,500	$ 4,795,287	$ 1,092,500

	Balance December 31, 2020	Increase/ Adjustment	Decrease/ Adjustment	Balance December 31, 2021	Due Within One Year
Revenue Bonds	$ 4,535,000	$ 4,645,000	$ 4,535,000	$ 4,645,000	$ 538,000
NJIB	2,356,597	-	1,113,810	1,242,787	575,810
Totals	$ 6,891,597	$ 4,645,000	$ 5,648,810	$ 5,887,787	$ 1,113,810

K. ARBITRAGE

The Tax Reform Act of 1986 ("Act") imposed additional restrictive regulations, reporting requirements, and an arbitrage rebate liability on issuers of tax-exempt debt. This Act requires the remittance to the Internal Revenue Service of 90% of the cumulative rebatable arbitrage within sixty days of the end of each five-year reporting period following the issuance of governmental bonds. The Authority's policy is to annually record a liability representing the estimated amount owed. The Authority actively manages its invested bond proceeds to minimize any arbitrage liability. The Authority had no cumulative arbitrage rebate liability as of December 31, 2022 and 2021.

L. NET POSITION

Net position consists of the following:

	December 31, 2022	December 31, 2021
Net investment in capital assets		
Capital assets	$ 50,611,752	$ 50,818,792
Debt	(5,887,788)	(7,001,597)
Accrued interest	(15,707)	(19,328)
	44,708,257	43,797,867
Restricted for capital projects and debt service		
Restricted investments	2,017,005	2,057,830
Unrestricted net position (deficit)	(7,047,996)	(13,101,870)
Total net position	$ 39,677,266	$ 32,753,827

M. PENSION PLAN

Plan Description

The State of New Jersey 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 financial statements, which can be found at https://www.state.nj.us/treasury/pensions/annual-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.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more 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 their respective tier.

M. PENSION PLAN (CONTINUED)

Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The Authority allocation percentage is based on the ratio of the contributions of the Authority to the total contributions to PERS during the measurement period July 1, 2021, through June 30, 2022. Contributions from the Authority are recognized when due, based on statutory requirements.

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each individual employer of the State and local groups of the plan. To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions and fiduciary net position applicable to each group. The allocation percentage as of June 30, 2022 and 2021, is based on the ratio of the Authority's contributions to the plan relative to total employer contributions of all the participating employers' contributions for the years ended June 30, 2022 and 2021.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. 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 were credited with the full payment and any such amounts were not included in their unfunded liability. The actuaries determined the unfunded liability of the PERS System, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being 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 years ended December 31, 2022 and 2021, the Authority's contractually required contribution to the PERS plan was $506,162 and $546,936, respectively.

Components of Net Pension Liability

At December 31, 2022 and 2021, the Authority's proportionate share of the PERS net pension liability was $6,057,407 and $5,532,565, respectively. The December 31, 2022 and 2021, net pension liability was determined by an actuarial valuation as of July 1, 2021 and July 1, 2020, which was rolled forward to June 30, 2022 and June 30, 2021, respectively. The Authority's December 31, 2022, proportion measured as of June 30, 2022, was 0.0401382018%, which was a decrease of 0.0065819093 from its proportion measured as of June 30, 2021, of 0.0467021111%.

December 31, 2022 and 2021, the Authority's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2021 and June 30, 2020, measurement dates was $(934,228) and $(1,233,161), respectively.

M. PENSION PLAN (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer-specific amounts) for the years ended December 31, 2022 and 2021:

	December 31, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 43,720	$ 38,554
Changes in assumptions	18,768	907,034
Net difference between projected and actual investment earnings on pension plan investments	423,763	-
Changes in proportion	250,711	1,232,016
Authority contributions subsequent to the measurement date	506,162	-
	$ 1,243,124	$ 2,177,604

	December 31, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 87,256	$ 39,607
Changes in assumptions	28,814	1,969,629
Net difference between projected and actual investment earnings on pension plan investments	-	1,457,423
Changes in proportion	599,559	700,033
Authority contributions subsequent to the measurement date	546,936	-
	$ 1,262,565	$ 4,166,692

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:

Years Ending	Amount
2023	$ (419,598)
2024	(191,665)
2025	(129,098)
2026	281,642
2027	(619)
	$ (459,337)

M. PENSION PLAN (CONTINUED)

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 and June 30, 2021, measurement date was determined by an actuarial valuation as of July 1, 2021 and July 1, 2020, which was rolled forward to June 30, 2022 and June 30, 2021, respectively. This actuarial valuation used the following actuarial assumptions:

2022	
Inflation: Price	2.75%
Inflation: Wage	3.25%
Salary Increases (based on years of service):	2.75 - 6.55%
Investment rate of return	7.00%

2021	
Inflation: Price	2.75%
Inflation: Wage	3.25%
Salary Increases through 2026 (based on years of service)	2.00-6.00%
Salary Increases: Thereafter (based on years of service)	3.00-7.00%
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year 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, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

M. PENSION PLAN (CONTINUED)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2022 and 2021), is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and the Division, the board of trustees, and the actuaries. 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 and 2021, are summarized in the following tables:

	2022	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real assets	3.00%	7.60%
Real estate	8.00%	11.19%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%
	100.00%	

	2021	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real assets	3.00%	7.40%
Real estate	8.00%	9.15%
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%
	100.00%	

M. PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022 and 2021, respectively. 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 non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of Authority's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2022 and 2021, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	At June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of net pension liability	$ 7,847,899	$ 6,057,407	$ 4,628,585

	At June 30, 2021		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of net pension liability	$ 7,614,547	$ 5,532,565	$ 3,874,736

N. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Authority contributes to the State Health Benefit Local Government Retired Employees Plan (the "OPEB Plan"), a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. For additional information about the OPEB Plan, refer to the State of New Jersey (the "State"), Division of Pensions and Benefits' (the "Division") annual financial statements, which can be found at https://www.state.nj.us/treasury/pensions/ financial-reports.shtml.

The OPEB Plan provides medical and prescription drug coverage to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide post-retirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer-paid health benefits coverage for retired

N. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Plan Description (Continued)

employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer-paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

The Authority provides that its retirees will be covered if they have 25 years participation in OPEB and have been employed by the Authority for 10 years. The OPEB Plan meets the definition of a qualified trust under GASB 75. The Authority's participation in the OPEB Plan does not meet the criteria as a special funding situation.

Contribution Requirements and Benefit Provisions

The funding policy for the OPEB Plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB Plan are collected form the State, participating local employers, and retired members. The Authority remits employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis by the State. Contributions made by the Authority to the OPEB Plan for the years ended December 31, 2022 and 2021, were $1,782,249 and $1,875,411, respectively.

N. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Net OPEB Liability

At December 31, 2022, the Authority reported a liability of $16,870,837 for its proportionate share of the net pension liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. For the June 30, 2022, measurement date, the Authority's proportionate share of the OPEB Plan liability was 0.104466%.

At December 31, 2021, the Authority reported a liability of $20,123,215 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. For the June 30, 2021, measurement date, the Authority's proportionate share of the OPEB Plan liability was 0.111797%.

The components of the collective net OPEB liability of the OPEB Plan as of June 30, 2022 and 2021, is as follows:

	June 30, 2022	June 30, 2021
Total OPEB liability	$ 16,809,546	$ 20,179,418
Plan Fiduciary Net Position	(61,291)	56,202
Net OPEB Liability	$ 16,870,836	$ 20,123,215
Plan Fiduciary Net Position as a % of total OPEB liability	-0.36%	0.28%

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2022, was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. One-hundred percent of active members are considered to participate in the OPEB Plan upon retirement.

N. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Net OPEB Liability (Continued)
The net OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases*	
PERS	
Rate for all future years	2.75% to 6.55% based on years of service
PFRS	
Rate for all future years	3.25% to 16.25% based on years of service
Mortality	
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

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

Discount Rate
The discount rate for June 30, 2022 and 2021, was 3.54% and 2.16%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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% lower or 1% higher than the current discount rate as of June 30, 2022 and 2021:

At June 30, 2022		
At 1% Decrease (2.54%)	At Current Discount Rate (3.54%)	At 1% Increase (4.54%)
$ 19,556,696	$ 16,870,836	$ 14,709,811

At June 30, 2021		
At 1% Decrease (1.16%)	At Current Discount Rate (2.16%)	At 1% Increase (3.16%)
$ 23,681,165	$ 20,123,215	$ 17,303,464

N. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates
The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using health care cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates as of June 30, 2022 and 2021:

At June 30, 2022		
At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
$ 14,312,038	$ 16,870,836	$ 20,147,936

At June 30, 2021		
At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
$ 16,789,539	$ 20,123,215	$ 24,473,250

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB
For the years ended December 31, 2022 and 2021, the Authority recognized OPEB expense of ($63,898) and ($200,521), respectively. At December 31, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

N. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience in the total OPEB liability	$ 871,228	$ 3,127,136	$ 451,541	$ 4,210,074
Changes in Assumptions	2,251,483	5,757,691	2,894,785	3,557,015
Net difference between projected and actual earnings on OPEB Plan investment	4,441	-	9,622	-
Changes in proportion	2,187,736	3,116,443	2,679,066	2,204,018
Employee health benefits contributions made subsequent to the measurement date	880,861	-	914,342	-
Total	$ 6,195,749	$ 12,001,270	$ 6,949,356	$ 9,971,107

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

Years Ending	Amount
2023	$ (3,723,779)
2024	(382,434)
2025	(963,432)
2026	(421,230)
2027	(53,308)
Thereafter	(261,338)
	$ (5,805,521)

O. DEFERRED COMPENSATION

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, which is administered by the Valic Retirement Services Company, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are not included in the books and accounts of the Authority in accordance with GAAP.

P. MAJOR CUSTOMER

No major customers existed in 2022 or 2021.

Q. CONTINGENCIES

In the normal course of business, the Authority may periodically be named as a defendant in litigation. In the opinion of management, supported by legal counsel, the impact of any such matters, if adversely determined, would not have a material effect on the financial statements or operations of the Authority.

R. RISK MANAGEMENT

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

The Authority purchases commercial insurance policies on an annual basis to handle risks of loss associated with property, auto, liability, workers' compensation, flood damage and employee crime coverage. Any potential liability of the Authority with respect to loss claims would be equal to the deductibles associated with the policies and an event, which may exceed policy coverage limits.

Property and Liability Insurance - The Authority maintains commercial insurance for property, liability and surety bonds.

The Authority made no payments in excess of the insurance coverage during the fiscal year. Also, there was a slight decrease in insurance coverage in 2022 compared to 2021.

S. RISKS AND UNCERTAINTIES

Atlantic City's recovery continues to improve under the close supervision by the State of New Jersey. While the City's resurgence took a downward swing due to the unprecedented COVID-19 pandemic, many businesses have survived with federal and State assistance and are now reopened. Casinos experienced a surge in online gaming during the pandemic, and that relatively new revenue stream continues to grow. The State instituted a temporary ban on utility shutoffs, which included water utilities. It also developed a payment assistance program, the Low Income Household Water Assistance Program (LIHWAP), for qualifying individuals/families to assist with account arrearages, which will continue until dedicated funds are exhausted. Several hundred households within the Authority's customer base have applied for assistance through the LIHWAP program. As with other jurisdictions, the long-term impacts from COVID-19 pandemic restrictions on the Atlantic City hospitality and tourism industry remain unknown., The Atlantic City casinos, including Hard Rock, Harrah's, and Bally's, are moving forward with plans to reinvest millions to attract tourists with the latest technology and compete with other surrounding casinos in Pennsylvania, Delaware, and New York. Major non-gaming new expansions from AtlantiCare's Medical Arts Pavilion, Showboat's Water Park, and Stockton University's New Residence Hall, delayed by the pandemic, resumed progress toward completion.

T. POLLUTION REMEDIATION OBLIGATION

New Jersey has chosen to more stringently regulate a class of chemicals known as per- and polyfluoroalkyl substances ("PFAS") that have been linked to certain illnesses, to levels significantly lower than currently regulated by the federal government's Environmental Protection Agency ("EPA"). This is most likely attributed to the growing national focus on risks to public health from chemicals in drinking water brought on largely by the Flint Michigan water crisis.

The NJDEP recently adopted a plan to set a "maximum contaminant level" (MCL) for perfluorononanoic acid ("PFNA"), used in consumer products such as nonstick cookware, flame-retardant foams, and fabrics. Traces of these substances persist in many New Jersey water systems, including the primary source of Atlantic City's drinking water. The Authority has taken aggressive steps to remove these substances to achieve compliance with the new NJDEP Regulations.

In the early 1980's Atlantic City's groundwater sources were threatened by contamination migrating from an adjacent superfund classified cleanup site commonly known as Price's Pit. The decision at that time to relocate production wells to the FAA Technical Center was made by the Authority staff with NJDEP approval.

In August 2018, an engineering study by TRC Environmental Corp. concluded that some PFAS chemicals had settled into groundwater and soil at the FAA Technical Center. Their study noted years of fire testing performed as early as the 1950s by various military units. The migration of these substances in Atlantic City's water supply source raises a significant challenge for the Authority to adjust to meet the new NJDEP standard. Atlantic City water samples revealed that while PFNA is not detected, two other PFAS chemicals, perfluorooctanesulfonic acid ("PFOS") and perfluorooctanoic acid ("PFOA"), were above proposed limits, and significant treatment changes must be made to achieve compliance.

T. POLLUTION REMEDIATION OBLIGATION (CONTINUED)

PFAS is a group of manmade chemicals that includes a smaller group called PFCs. PFAS repels water and oil and is resistant to heat and chemical reactions. PFAS are used in the production of some non-stick cookware, dental floss, microwave popcorn bag lining, and stain-proof coating, in “leak-proof” coatings, on food packaging materials, and in fire-fighting foams, and in other uses. PFAS can enter drinking water through industrial release to water, air, or soil; discharges from sewage treatment plants; land application of contaminated sludge; and use of fire-fighting foam.

The Authority embarked on a mission to develop a ***temporary*** solution and/or interim treatment techniques for mitigating or eliminating customer exposure to regulated PFAS contaminants:

- The Authority gathered a group of engineers, Authority staff, and selected Board members to derive a solution for combating PFAS.
- The first plan of action was to exchange the existing Granular Activated Carbon (“GAC”) for the filter beds at the treatment plant in Pleasantville, NJ. The Authority conducted an emergency purchase of 50,000 pounds of ***Virgin Filtrasorb*** 400 GAC for five (5) filter beds.
- The Authority had to apply to the NJDEP for a temporary treatment permit to receive approval to move forward with plans to design, propose and install a pair of GAC vessels and media at three (3) well discharges to remove PFC’s from the raw water before it reaches the existing treatment plant and to provide the necessary treatment process for distribution.
- One of the next steps was to isolate the surface water from the raw water intake or transmission process. The Authority closed the intake gate at the lower reservoir (Doughty Pond Dam) and concentrated on using the groundwater supply as our main source of raw water for the water treatment process.
- Next, the Authority engineers devised a design plan to install three (3) pairs of Carbon Vessels at three (3) of the Authority’s wells containing the highest levels of PFAS located at the FAA Technical Center.
- Installation of the vessels has been successful, and they are in full operation as of December 2021.
- Due to a coordinated combined effort on tackling the Authority’s PFAS-regulated maximum contaminant levels, the Authority successfully achieved ***undetectable*** levels of PFAS in the Authority’s water production.

T. POLLUTION REMEDIATION OBLIGATION (CONTINUED)

PFAS are toxic, not easily biodegradable, persistent in the environment, and pose a significant risk to human health and safety. The chemical is associated with a variety of illnesses, including cancer, and is considered particularly dangerous to pregnant women and young children. The Authority has joined 100 other organizations across the country in suing chemical company DuPont, manufacturing firm 3M, and others they allege are responsible for clean-ups associated with groundwater contamination near airports and industrial sites, including the William J. Hughes Technical Center site in Egg Harbor Township. The litigation alleges that PFAS migrated from the facility, owned by the Federal Aviation Administration ("FAA"), into the Authority's wells on the site and into the on-site reservoirs. The U.S. House of Representatives recently approved the PFAS Action Act, which designates PFOA and PFAS as hazardous substances and then requires the cleanup of contaminated sites, which would be especially important for cleaning up Federal sites. This Bill gives the EPA two years to set drinking water standards for PFAS.

The NJDEP has proposed new regulations for PFAS. The agency calls for a maximum contaminant level of PFOA at thirteen parts per trillion and PFOS at 14 parts per million. Both are in the PFAS family. Prior to the temporary fix, the Authority's water supply PFAS levels were at 37 parts per trillion.

Nearly 2,800 U.S. communities are impacted by this issue.

As of December 31, 2022, the total life-to-date actual costs incurred/spent was $3,071,222 to temporarily reduce the level of PFAS in the water system to non-detectible levels. The next phase will involve the Authority seeking the assistance of the County and both State and Federal legislative representatives to provide financial assistance to provide a permanent solution to maintain undetectable levels of PFAS in the water system. This entails the construction of a new carbon plus membrane treatment plant to pull the remaining contaminants out. The Authority is looking for all potential funding sources, including federal and state grants and NJIB, as follows:

1. Infrastructure Investment and Jobs Act – The Act includes $10 Billion for PFAS contamination remediation. Of the ten billion dollars, $5 billion is dedicated to helping small and disadvantaged communities address PFAS in drinking water. Another $4 billion is for helping drinking water utilities remove PFAS from drinking water supplies, as well as connecting well owners to local water systems. The remaining $1 billion would help wastewater utilities address PFAS in wastewater discharges.

2. American Rescue Plan Act funding – the State of New Jersey has been allocated $6.4 B in funding that can be spent on defined capital projects, including water supply.

3. Federal Earmark- The Authority has taken steps to contact Congressional and Senate representatives in an effort to have federal funds allocated towards this project and is currently awaiting a response.

T. POLLUTION REMEDIATION OBLIGATION (CONTINUED)

4. NJIB –NJIB will work with the NJDEP and the Authority to process an application from the Authority to finance the project through the provision of a low-interest rate loan. However, the NJIB has a stringent credit policy that requires the applicant to have an investment-grade bond rating. The Authority does not currently have any credit rating as it re-financed its outstanding publicly held debt in 2021. The Authority is developing a strategy to improve its chances of entering the NJIB program by getting a credit rating or credit assessment from Moody's Investors Service and Standard & Poor's. There was a concern that the Authority could not achieve the necessary rating to satisfy the NJIB's credit policy because the rating agencies will consider the City's financial condition, even though the Authority independently has historically maintained a strong financial position. However, the Authority is able to achieve an investment grading rating from one of the rating agencies and working on getting the rating from the other agency.

The Authority accounts for any pollution remediation obligations ("PRO") in accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* ("GASB 49"). Under GASB 49, the issue noted above would qualify as an "obligating event," as the levels are considered such that they can result in an "imminent endangerment" and thus compel the Authority to take pollution remediation action. In accordance with GASB 49, the Authority has included in its estimated liability those portions of the PRO that are currently deemed to be reasonably estimable. Cost estimates were developed using the expected cash flow technique. Estimated outlays are based on current cost, and no adjustments were made for discounting or inflation. Cost scenarios were developed for the PRO based on data available at the time of estimation and will be adjusted for changes in circumstances as they become known.

Cost scenarios consider the relevant potential requirements and are adjusted when benchmarks are met or when new information revises estimated outlays, such as changes in the remediation plan or operating conditions. Costs were calculated on a weighted average that was based on the probabilities of each scenario being selected. In addition, certain estimates were derived from independent engineers and consultants. The estimates were made with the latest information available; however, as new information becomes available, estimates may vary significantly due to price fluctuations, technological advances, or applicable laws or regulations.

In accordance with GASB 49, expected recoveries from other parties and expected insurance recoveries should be included in the measurement of the liability. Accordingly, the expense amount should be reduced by any expected recovery. If expected recoveries are not yet realized or realizable, the estimated recovery should reduce the amount of liability. Thus, if a responsible party has not acknowledged or accepted responsibility for its portion of the cost, an estimate of the recovery should still reduce the remediation expense and liability. The Authority is aggressively pursuing other third parties that may have contributed to the site's contamination. The Authority's estimate for not yet realized recoveries that should offset the Authority's estimated environmental liability is $40 million. These $40 million estimated recoveries were based on the initial engineering report conducted by a geoscience engineering consultant engaged by the Authority in 2019. The Authority was looking to conduct further analysis for the best long-term solution for ratepayers to remove PFAS.

T. POLLUTION REMEDIATION OBLIGATION (CONTINUED)

In 2022, the Authority engaged an engineering consultant for an Operation and Maintenance Planning Analysis for Critical Optimization Services. Per the engineering consultant's recommendation, the rehabilitation of the existing Pleasantville Water Treatment Plant (PWTP) is the most cost-effective solution for ratepayers that will address the long-term solution for Authority's critical infrastructure, including PFAS contamination. The cost is projected to be at least 120 million dollars. Therefore, the Authority's estimate for not yet realized recoveries to offset the Authority's estimated environmental liability will be greater than $40 million, but the new estimate number is currently not reasonably estimated as the lawsuit is currently docketed in the multidistrict litigation, which is pending in Federal Court in Charleston, South Carolina.

As of December 31, 2022 and 2021, the total PRO before any recoveries equaled $40,044,154 and $40,044,154, respectively. This amount consists of the sum of (1) the total of estimated outlays for capital, indirect and post remediation operation and maintenance costs of $29,360,490; (2) 25% of the legal fees to be retained out of the expected recovery of $40 million, or $10,000,000; (3) actual consulting contract costs of $25,000; and (4) actual incurred costs (paid in 2022, accrued for as part of PRO) of $2,078,199. Total life-to-date actual costs incurred are $3,071,222.

As noted previously, GASB 49 allows for estimated but not yet realized recoveries to offset the estimated environmental liability. The $40 million estimated recoveries offset the majority of the expected total outlays of $40 million, therefore, as of December 31, 2022, the PRO net of liability is $0.

The current PRO is based on an analysis performed in 2019.

GASB 49 also requires the disclosure of the nature of any outlays that are not reasonably estimable.

Per management, the following alternatives that are currently not reasonably estimable are as follows:

- The Authority may consider relocating the entire wellfield presently established at the Technical Center to a new location or locations. The costs of relocating the wells has not been quantified. Some of the costs would include NJDEP approvals, engineering, test drills, final production wells, and extensive piping to move water from the new locations into the Authority's treatment plant.
- The Authority currently uses a mixture of raw water (80% well and 20% reservoir) to prepare finished water for its customers. Compliance with new PFAS regulations could possibly be achieved by increasing the percentage of reservoir raw water, which contains reduced detections of PFAS as compared to the well supply. The costs of treatment and/or chemical upgrades to prepare higher percentages of reservoir water for drinking is unknown, but a preliminary analysis should be explored.
- The sole known source of PFAS contamination affecting the Authority's water is the Technical Center. A majority of the Authority's production wells were relocated to the grounds of the Technical Center in 1984 to avoid contamination from Price's Pit, a Superfund Site. However, for decades, products containing PFAS were used at the Technical Center during the course of the FAA's firefighting training exercises. The resulting PFAS contamination has migrated from the Technical Center into the Authority's raw water supply.

T. POLLUTION REMEDIATION OBLIGATION (CONTINUED)

FAA has been conducting clean-up activities at the Technical Center for decades and continues to extract and monitor areas of concern. Accordingly, there is a remote possibility that, as part of its cleanup activities, the FAA could locate and extract a major underground plume of PFAS, thereby reducing or eliminating the cost of treatment enhancements.

U. PENDING GASB STATEMENTS

The GASB has issued Statement No. 94, *"Public-Private and Public-Public Partnerships and Availability Payment Arrangements."* This Statement is required to be adopted by the Authority for the year ending December 31, 2023. The Authority has not determined the effect of Statement No. 94 on the financial statements.

The GASB has issued Statement No. 96, *"Subscription- Based Information Technology Arrangements."* This Statement is required to be adopted by the Authority for the year ending December 31, 2023. The Authority has not determined the effect of Statement No. 96 on the financial statements.

V. ROUNDING

Some schedules in the financial statements may have dollar differences due to rounding adjustments.

OTHER SUPPLEMENTARY INFORMATION

ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE CITY OF ATLANTIC CITY)

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended December 31, 2022, with Summarized Totals for 2021

	Year Ended December 31, 2022						
	General Fund	Debt Service Fund	Debt Service Reserve Fund	Bond Redemption and Improvement Fund	Net Investment in Capital Assets	2022 Total	2021 Summarized Total
Operating Revenues							
User charged	$ 17,341,902	$ -	$ -	$ -	$ -	$ 17,341,902	$ 16,501,109
Rental income	2,500	-	-	-	-	2,500	2,500
Miscellaneous	77,265	-	-	-	-	77,265	102,003
Total Revenues	17,421,667	-	-	-	-	17,421,667	16,605,612
Operating Expenses							
Cost of providing services	6,063,850	-	-	-	-	6,063,850	6,125,962
General and administrative	2,291,491	-	-	-	-	2,291,491	2,118,967
Depreciation	-	-	-	-	3,111,276	3,111,276	3,048,876
Operating income (loss)	9,066,326	-	-	-	(3,111,276)	5,955,050	5,311,807
Non-operating revenues (expenses)							
Connection fees	825,482	-	-	-	-	825,482	416,371
Investment income	265,483	-	-	-	-	265,483	30,435
Bond interest	(122,576)	-	-	-	-	(122,576)	(374,511)
Bond payments	(1,113,810)	-	-	-	1,113,810	-	-
Gain on disposal of assets	-	-	-	-	-	-	23,574
	(145,421)	-	-	-	1,113,810	968,389	95,869
Net increase (decrease) before transfers	8,920,905	-	-	-	(1,997,466)	6,923,439	5,407,676
Transfers between funds	(2,867,032)	(40,825)	-	-	2,907,857	-	-
Net increase (decrease) in net position	6,053,873	(40,825)	-	-	910,391	6,923,439	5,407,676
Net position (deficit), beginning of year	(13,101,870)	1,240,006	667,824	150,000	43,797,867	32,753,827	27,346,151
Net position (deficit), end of year	$ (7,047,996)	$ 1,199,181	$ 667,824	$ 150,000	$ 44,708,257	$ 39,677,266	$ 32,753,827
Analysis of net position (deficit), end of year							
Net investment in capital assets	$ -	$ -	$ -	$ -	$ 44,708,257	$ 44,708,257	$ 43,797,867
Restricted for capital projects and debt service	-	1,199,181	667,824	150,000	-	2,017,005	2,057,830
Unrestricted	(7,047,996)	-	-	-	-	(7,047,996)	(13,101,870)
	$ (7,047,996)	$ 1,199,181	$ 667,824	$ 150,000	$ 44,708,257	$ 39,677,266	$ 32,753,827

See independent auditors' report.

ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE CITY OF ATLANTIC CITY)

SCHEDULE OF APPROPRIATIONS COMPARED TO BUDGET
Years Ended December 31, 2022 and 2021

	2022 Budget (Unaudited)	2022 Actual	Over/ (under)	2021 Actual
Revenues				
User charges	$ 16,826,749	$ 17,341,902	$ 515,153	$ 16,501,109
Rental income	2,500	2,500	-	2,500
Miscellaneous	64,232	77,265	13,033	102,003
Investment	25,000	265,016	240,016	30,435
	16,918,481	17,686,683	768,202	16,636,047
Cost of providing services				
Personnel expenses				
Salaries - regular	3,079,345	1,951,182	(1,128,163)	2,166,196
Salaries - overtime	202,500	166,766	(35,734)	146,090
	3,281,845	2,117,948	(1,163,897)	2,312,286
Employee benefits				
Health benefits	2,075,000	1,052,762	(1,022,238)	1,359,708
Pension	470,000	(660,448)	(1,130,448)	(934,527)
Social Security	275,541	158,624	(116,917)	174,589
Unemployment	28,457	21,693	(6,764)	21,118
Workers' compensation	290,000	120,973	(169,027)	116,855
	3,138,998	693,602	(2,445,395)	737,743
Plant				
Chemicals and gases	850,000	746,239	(103,761)	936,427
Fuel oil	18,725	16,248	(2,477)	7,613
Gasoline	55,000	40,106	(14,894)	39,310
Miscellaneous	38,000	18,502	(19,498)	15,066
	961,725	821,095	(140,630)	998,416
Utilities				
Electricity	750,000	746,243	(3,757)	597,886
Gas	15,000	10,570	(4,430)	11,120
Sewerage	2,000	1,195	(806)	1,188
Telephone	21,000	7,198	(13,802)	7,490
	788,000	765,206	(22,794)	617,684
Taxes				
Real estate	155,000	152,113	(2,887)	149,161
State water	28,500	24,228	(4,272)	23,552
	183,500	176,341	(7,159)	172,713

ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY
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SCHEDULE OF APPROPRIATIONS COMPARED TO BUDGET (CONTINUED)
Years Ended December 31, 2022 and 2021

	2022 Budget (Unaudited)	2022 Actual	Over/ (under)	2021 Actual
Repairs and maintenance				
Building and grounds	130,000	102,081	(27,919)	112,974
Electrical	25,000	14,931	(10,069)	12,820
Machinery and equipment	60,000	55,480	(4,520)	26,288
Miscellaneous	10,000	6	(9,994)	1,134
Motor vehicle	80,000	59,224	(20,776)	45,665
Plumbing	25,000	8,415	(16,585)	5,898
Street opening	400,000	150,057	(249,943)	306,489
Uniforms	20,000	5,828	(14,172)	9,308
	750,000	396,022	(353,978)	520,577
Rental				
Construction equipment	8,200	-	(8,200)	-
Other	50,000	14,307	(35,693)	2,110
	58,200	14,307	(43,893)	2,110
Outside services				
Advertising	5,000	-	(5,000)	2,113
Engineering fees	115,000	100,165	(14,836)	34,811
General insurance	350,000	288,370	(61,630)	313,252
Laboratory	130,000	91,572	(38,428)	78,853
New Jersey Department of Environmental Protection	87,500	31,372	(56,128)	58,441
Other	753,500	553,822	(199,678)	258,353
	1,441,000	1,065,302	(375,698)	745,822
Training, travel and education				
Employee travel	1,000	15	(985)	20
Training	23,000	9,230	(13,770)	13,269
	24,000	9,245	(14,755)	13,289
Dues and subscriptions				
Books and publications	2,000	165	(1,835)	-
Dues	5,000	670	(4,330)	850
	7,000	835	(6,165)	850
Office supplies				
Office	6,700	2,209	(4,491)	1,370
Miscellaneous	2,500	1,737	(763)	3,068
Postage	1,500	-	(1,500)	35
Printing	1,000	-	(1,000)	-
	11,700	3,945	(7,755)	4,473
Total cost of providing services	10,645,968	6,063,848	(4,582,119)	6,125,962

ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE CITY OF ATLANTIC CITY)

SCHEDULE OF APPROPRIATIONS COMPARED TO BUDGET (CONTINUED)
Years Ended December 31, 2022 and 2021

	2022 Budget (Unaudited)	2022 Actual	Over/ (under)	2021 Actual
General and administrative				
Personnel expenses				
Salaries - regular	1,223,765	1,000,252	(223,513)	986,629
Salaries - overtime	2,000	131	(1,869)	67
Board salaries	42,000	39,403	(2,597)	33,679
	1,267,765	1,039,786	(227,979)	1,020,375
Employee benefits				
Health benefits	500,000	287,594	(212,406)	293,275
Pension	200,000	(273,778)	(473,778)	(335,827)
Social security	96,985	79,741	(17,244)	74,277
Unemployment	11,615	8,495	(3,120)	7,900
	808,600	102,052	(706,548)	39,625
Operations				
Data processing	19,500	14,220	(5,280)	14,692
Janitorial	18,500	13,837	(4,663)	13,122
Office	18,500	12,830	(5,670)	15,566
Outside services	18,000	8,206	(9,794)	20,918
Postage	30,800	25,376	(5,424)	21,303
Printing	13,000	10,932	(2,068)	3,929
Professional fees	420,000	233,181	(186,819)	216,405
Telephone	36,500	33,708	(2,792)	28,343
Training	9,000	7,800	(1,200)	8,696
Travel	1,500	-	(1,500)	-
Utilities	64,500	49,737	(14,763)	46,177
	649,800	409,827	(239,973)	389,149
Repairs and maintenance				
Building and grounds	16,000	4,561	(11,439)	8,534
Machinery and equipment	20,000	8,731	(11,269)	7,926
Miscellaneous	1,000	-	(1,000)	38
Motor vehicle	1,000	-	(1,000)	-
	38,000	13,292	(24,708)	16,497

ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE CITY OF ATLANTIC CITY)

SCHEDULE OF APPROPRIATIONS COMPARED TO BUDGET (CONTINUED)
Years Ended December 31, 2022 and 2021

	2022 Budget (Unaudited)	2022 Actual	Over/ (under)	2021 Actual
Miscellaneous				
Administrative fees	70,000	51,030	(18,970)	54,091
Advertisement	4,000	2,198	(1,802)	3,639
Books and periodicals	3,500	1,225	(2,275)	2,379
Computer equipment maintenance	50,000	27,104	(22,896)	38,929
Insurance deductibles	-	-	-	9,751
Membership dues	15,000	12,189	(2,811)	(2,095)
Miscellaneous	15,000	(20,866)	(35,866)	548,862
Municipal appropriation	737,707	575,000	(162,707)	(8,802)
Provision-Doubtful account	5,000	32,962	27,962	-
Furniture and Rentals	1,500	-	(1,500)	-
Software license fee	71,200	45,691	(25,509)	6,568
	972,907	726,534	(246,373)	653,321
Total general and administrative	3,737,072	2,291,491	(1,445,581)	2,118,967
Total cost of providing services and general and administrative expenses	14,383,040	8,355,339	(6,027,700)	8,244,929
Other costs funded by revenues				
Debt service				
Principal	1,113,810	1,113,810	-	1,382,692
Interest	126,197	122,576	(3,621)	300,747
	1,240,007	1,236,386	(3,621)	1,683,439
Total costs funded by operating revenues	$ 15,623,047	$ 9,591,725	$ (6,031,321)	$ 9,928,368

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE CITY OF ATLANTIC CITY)

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY – PERS - LAST TEN YEARS

PERS - Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Authority's proportion of the net pension liability	0.0401382%	0.0467021%	0.0456340%	0.0426457%	0.0435267%	0.0508518%	0.0580285%	0.0598073%	0.0579093%	0.0557929%
Authority's proportionate share of net pension liability	$ 6,057,407	$ 5,532,565	$ 7,441,713	$ 7,684,107	$ 8,570,190	$ 11,837,496	$ 17,186,380	$ 13,425,530	$ 10,842,207	$ 10,663,129
Authority's covered-employee payroll	2,750,757	2,916,095	3,263,087	3,259,697	2,996,692	3,089,543	3,800,042	4,126,964	4,353,885	4,495,237
Authority's proportionate share of net pension liability as a % of payroll	220.21%	189.73%	228.06%	235.73%	285.99%	383.15%	452.27%	325.31%	249.02%	237.21%
Total pension liability	16,468,411	18,848,770	17,936,246	17,694,323	18,469,063	22,808,255	28,709,430	25,782,657	22,626,019	20,795,289
Plan fiduciary net position	10,411,004	13,316,205	10,494,533	10,010,216	9,898,873	10,970,759	11,523,050	12,357,126	11,783,812	10,132,160
Plan fiduciary net position as a % of total pension liability	63.22%	70.65%	58.51%	56.57%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Notes to the Required Supplementary Information
- There were no benefit changes.
- The discount rate changed from the measurement date of June 30, 2014, of 5.39% to 4.90% as of the measurement date of June 30, 2015.
- The discount rate changed from the measurement date of June 30, 2015, of 4.90% to 3.98% as of the measurement date of June 30, 2016.
- The discount rate changed from the measurement date of June 30, 2016, of 3.98% to 5.00% as of the measurement date of June 30, 2017.
- The discount rate changed from the measurement date of June 30, 2017, of 5.00% to 5.66% as of the measurement date of June 30, 2018.
- The discount rate changed from the measurement date of June 30, 2018, of 5.66% to 6.28% as of the measurement date of June 30, 2019.
- The discount rate changed from the measurement date of June 30, 2019, of 6.28% to 7.00% as of the measurement date of June 30, 2020.
- The discount rate of 7.00% as of the measurement date of June 30, 2021, was unchanged from the June 30, 2020 measurement date.
- The discount rate of 7.00% as of the measurement date of June 30, 2022, was unchanged from the June 30, 2021 measurement date.

ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE CITY OF ATLANTIC CITY)

SCHEDULE OF CONTRIBUTIONS – PERS – LAST TEN YEARS

PERS - Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 506,162	$ 546,936	$ 499,213	$ 414,817	$ 432,950	$ 471,088	$ 515,517	$ 514,182	$ 477,396	$ 420,388
Contributions in relation to the contractually required contribution	506,162	546,936	499,213	414,817	432,950	471,088	515,517	514,182	477,396	420,388
Authority's covered-employee payroll	2,750,757	2,916,095	3,263,087	3,259,697	2,996,692	3,089,543	3,800,042	4,126,964	4,353,885	4,495,237
Contributions as a % of covered-employee payroll	18.40%	18.76%	15.30%	12.73%	14.45%	15.25%	13.57%	12.46%	10.96%	9.35%

Changes in Benefit Terms

None.

Changes in Assumptions

For 2022, the discount rate and long-term rate of return remained 7.00%. For 2021, the discount rate and long-term rate of return remained 7.00%. For 2020, the discount rate was 7.00% and the long-term expected rate of return remained at 7.00%. For 2019, the discount rate changed to 6.28% and the long-term expected rate of return remained at 7.00%. For 2018, the discount rate changed to 5.66% and the long-term expected rate of return was 7.00%. For 2017, the discount rate changed to 5.00%, the long-term expected rate of return changed to 7.50%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014, experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale using a generational approach relative to future improvements in mortality rates starting from the base year of 2013. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at $118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(1, 7) pay limit was set at $265,000 for 2015, increasing 3.00% per annum, compounded annually.

ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE CITY OF ATLANTIC CITY)

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

Last 7 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016
Authority's proportion of the net OPEB liability	0.104466%	0.111797%	0.114204%	0.101045%	0.108146%	0.103892%	0.112704%
Authority's proportionate share of net OPEB liability	$ 16,870,836	$ 20,123,215	$ 20,495,750	$ 13,687,628	$ 16,942,821	$ 21,210,371	$ 24,476,451
Authority's covered payroll (plan measurement period)	2,750,757	2,916,095	3,263,087	3,259,697	2,996,692	3,089,543	3,800,042
Authority's proportionate share of the net OPEB liability as a percentage of covered-employee payroll	613.32%	690.07%	628.11%	419.90%	565.38%	792.24%	558.16%
Plan fiduciary net position as a percentage of the total OPEB liability	0.28%	0.28%	0.91%	1.98%	1.97%	1.03%	0.69%

Note: In accordance with the Governmental Accounting Standards Board, the Authority is required to present ten years of detail in the above Schedule of Proportionate Share of the Net OPEB Liability, however, only seven years of data are available at this time.

ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE CITY OF ATLANTIC CITY)

SCHEDULE OF CONTRIBUTIONS - OPEB
Year Ended December 31, 2022

Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 1,782,249	$ 1,875,411	$ 1,868,907	$ 1,938,400	$ 2,219,784	$ 2,212,776	$ 2,225,116
Contribution in relation to the contractually required contribution	(1,782,249)	(1,875,411)	(1,868,907)	(1,938,400)	(2,219,784)	(2,212,776)	(2,225,116)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 2,750,757	$ 2,916,095	$ 3,263,087	$ 3,259,697	$ 2,996,692	$ 3,089,543	$ 3,800,042
Contributions as a percentage of the Authority's covered payroll	64.79%	64.31%	57.27%	59.47%	74.07%	71.62%	58.56%

Note: In accordance with the Governmental Accounting Standards Board, the Authority is required to present ten years of detail in the above Schedule of Contributions - OPEB, however, only seven years of data are available at this time.

Changes in Benefit Terms

None.

Changes in Assumptions

The discount rate changed from 2.16% as of June 30, 2021, to 3.54% as of June 30, 2022.
The discount rate changed from 2.21% as of June 30, 2020, to 2.16% as of June 30, 2021.
The discount rate changed from 3.50% as of June 30, 2019, to 2.21% as of June 30, 2020.
The discount rate changed from 3.87% as of June 30, 2018, to 3.50% as of June 30, 2019.
The discount rate changed from 3.58% as of June 30, 2017, to 3.87% as of June 30, 2018.
The discount rate changed from 2.85% as of June 30, 2016, to 3.58% as of June 30, 2017.

INDEPENDENT AUDITORS' 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*

To the Board of Directors
Atlantic City Municipal Utilities Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Atlantic City Municipal Utilities Authority (the "Authority"), a component unit of the City of Atlantic City, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which comprise the Authority's basic financial statements, and have issued our report thereon dated September 14, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

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INDEPENDENT AUDITORS' 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* (CONTINUED)

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mercadien, P.C.
Certified Public Accountants

September 14, 2023

ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE CITY OF ATLANTIC CITY)

SCHEDULE OF CURRENT YEAR FINDINGS AND RECOMMENDATIONS
Year Ended December 31, 2022

None reported.

ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE CITY OF ATLANTIC CITY)

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended December 31, 2022

None reported.