POLLUTION CONTROL FINANCING AUTHORITY
OF WARREN COUNTY
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
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YEAR ENDED DECEMBER 31, 2021

INTRODUCTORY SECTION

POLLUTION CONTROL FINANCING AUTHORITY
OF WARREN COUNTY

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Jonathan Knittel
Director

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June 28, 2022

The Honorable Chairman and Members
of the Pollution Control Financing Authority of Warren County
Warren County, NJ

Dear Authority Members:

The Annual Financial report of the Pollution Control Financing Authority of Warren County (the "Authority") for the year ended December 31, 2021, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Authority. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Authority for the year ended December 31, 2021. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

The annual financial report is presented in four sections: introductory, financial, *Single Audit* section and comments and recommendations. The introductory section includes this transmittal letter, the Authority's organizational chart and a list of principal officials. The financial section includes the financial statements as well as the auditors' report thereon. Information related to the Single Audit section, including the auditors' report on internal control and compliance with applicable laws and regulations and findings and related responses, is included in the Single Audit section of this report.

<u>REPORTING ENTITY AND ITS SERVICES</u>:

The Pollution Control Financing Authority of Warren County (the "Authority") is a political subdivision and a public body politic and corporate of the State of New Jersey, created by resolution of the Board of Commissioners of the County of Warren on August 14, 1974, and an amending resolution adopted April 11, 1984.

The objectives and purposes of the Authority are those set forth in the New Jersey Industrial Pollution Control Financing Law, Chapter 376 of the Laws of 1973 of the State of New Jersey, and those powers and duties delegated to the Authority by the Board of Commissioners of the County of Warren, by resolution.

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

GENERAL TRENDS AND SIGNIFICANT EVENTS

During 2021, the Authority experienced the following:

- The Authority withdrew $14 million from the Authority's Supplemental Escrow Account to fund the construction of Cell 7 on March 16, 2021, which was approved by the State of New Jersey, Department of Environmental Protection on August 20, 2020.
- Through the 2021 budget process, the Authority designated an additional $7 million of its unrestricted funds towards the construction of Cell 7.
- The Authority began the construction of Cell 7 construction in early 2021.

CASH MANAGEMENT: The investment policy of the Authority is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 6. The Authority has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

RISK MANAGEMENT: The Authority carries various forms of insurance, including but not limited to general liability, excess liability, public officials liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents, and fidelity bonds.

OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Authority. The auditors' report on the financial statements is included in the financial section of this report. The auditors' report related specifically to *Government Auditing Standards* is included in the *Single Audit* section of this report.

ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Pollution Control Financing Authority of Warren County for their concern in providing fiscal accountability to the citizens of Warren County and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

Jonathan Knittel
Director of Operations

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
ROSTER OF OFFICIALS
DECEMBER 31, 2021

Authority Members	Term Expires
Angelo Accetturo, Chairman	02/01/25
Richard A. Mach, Vice-Chairman	02/01/23
Dan Perez, Secretary	02/01/24
Robert Larsen, Treasurer	02/01/26
Alex Lazorisak, Member	02/01/22

CONSULTANTS AND ADVISORS

AUDIT FIRM

Nisivoccia LLP
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856

ATTORNEY

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Florio Perrucci Steinhardt and Fader, LLC
235 Broubalow Way
Phillipsburg, NJ 08865

ENGINEERS

Mott McDonald
111 Wood Avenue South
Iselin, NJ 08830
Brian Henning, P.E.

Cornerstone Environmental Group, LLC
90 Crystal Run Road, Suite 201
Middletown, NY 10941
Prentiss Shaw, P.E.

FINANCIAL SECTION

NISIVOCCIA
ASSURANCE · TAX · ADVISORY

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Bridgewater, NJ
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Independent Member
BKR International

Independent Auditors' Report

The Honorable Chairman and Members of the
Pollution Control Financing Authority of Warren County
Warren County, NJ

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of the business-type activities of the Pollution Control Financing Authority of Warren County, (the "Authority"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of December 31, 2021, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

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

Matter Giving Rise to Qualified Opinion

The Authority's net pension liability and net postemployment benefits other than pensions ("OPEB") liability and the related deferred outflows and inflows of resources reported in the financial statements at December 31, 2021 is based on the June 30, 2020 Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions*, report for the State of New Jersey Public Employees' Retirement System ("PERS), and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan ("SHBP"), respectively, from the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey (the "State"). We were unable to obtain the June 30, 2021 GASB No. 68 and No. 75 reports as they have not been released by the State as of the date of this report. The amount by which this omission would affect the net pension and OPEB liabilities and the related deferred inflows and outflows of resources, net position and expenses of the Authority has not been determined.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division, we

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information pension and post-retirement benefit schedules and related notes 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, are required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Schedules of Authority's Proportionate Share of the Net Pension and Net OPEB Liabilities do not contain the Authority's proportionate share of net pension and OPEB liabilities as of June 30, 2021 as the related GASB No. 68 report for PERS and GASB No. 75 report for SHBP have not been released by the State as of the date of this report.

The Honorable Chairman and Members of the
Pollution Control Financing Authority of Warren County
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This required supplementary information is required to be presented to supplement the basic financial statements in accordance with accounting principles generally accepted in the United States of America. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information statement and schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information statement and schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

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

Mt. Arlington, New Jersey
June 28, 2022

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee
Man C. Lee
Registered Municipal Accountant #562
Certified Public Accountant

MANAGEMENT DISCUSSION AND ANALYSIS

This section presents management's analysis of the Authority's financial condition and activities for the year. This information should be read in conjunction with the financial statements.

Financial Highlights

Management believes the Authority's financial position is strong. The Authority is well within its stringent financial policies and guidelines set by the Board and management. The following are key highlights:

- The Authority accepted approximately 76,938 tons of waste and cover materials at the Warren County District Landfill, which is a decrease of 5,379 tons from the prior year due to the decrease in hauler contracts' tonnage to preserve air space on the existing landfill until Cell 7 is completed.

Overview of Annual Financial Report

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

The financial statements report information about the Authority using full accrual accounting as utilized by similar government activities. The financial statements include a statement of net position; a statement of revenue, expenses, and changes in net position; a statement of cash flows; notes to the financial statements, and supplementary information schedules.

The ***statement of net position*** presents the financial position of the Authority on a full accrual basis. The statement of net position presents information on all of the Authority's assets, deferred inflows and outflows and liabilities, with the difference reported as net position. Over time, increases and decreases in net position is 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 revenue, expenses, and changes in net position*** presents the results of the authority's activities over the course of the year and information as to how the net position 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 the related cash flows. This statement also provides certain information about the Authority's recovery of its costs. Rate setting policies use different methods of cost recovery not fully provided for by generally accepted accounting principles. The primary objectives of the rate model are to improve equity among customer classes and ensure that capital costs are allocated on the basis of long-term requirements, ensuring that growth pays for growth.

The ***statement of cash flows*** presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or 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 concerning the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

MANAGEMENT DISCUSSION AND ANALYSIS
(Continued)

Overview of Annual Financial Report (Cont'd)

The ***supplementary information schedules*** provides detailed comparison of budget to actual expenses.

Financial Condition

The Authority's financial condition declined in 2021 due to the limited remaining air space on the existing landfill, increase in operating expenses such as leachate costs and the construction of cell 7. However, the Authority remains confident that the current financial condition, technical support staff capabilities, and operating and expansion plans will meet anticipated customer needs.

The Authority's total net position decreased from the prior year by $2,288,304 or 15.70%. The analysis below focuses on the Authority's net position (Table I) and changes in net position (Table 2) during the year.

Table I
Net Position

	December 31, 2021	December 31, (Restated) 2020	Increase/ (Decrease)	Percent Increase/ (Decrease)
Current Unrestricted Assets	$ 17,368,049	$ 12,891,203	$ 4,476,846	34.73%
Current Restricted Assets	20,313,611	33,761,728	(13,448,117)	-39.83%
Noncurrent Assets	20,150,247	11,527,093	8,623,154	74.81%
Total Assets	57,831,907	58,180,024	(348,117)	-0.60%
Deferred Outflows of Resources	1,344,479	614,671	729,808	118.73%
Current Liabilities	1,812,690	525,693	1,286,997	244.82%
Long-term Liabilities	42,905,318	41,401,275	1,504,043	3.63%
Total Liabilities	44,718,008	41,926,968	2,791,040	6.66%
Deferred Inflows of Resources	2,175,682	2,296,727	(121,045)	-5.27%
Investment in Capital Assets	18,448,816	9,737,346	8,711,470	89.46%
Restricted	4,471,468		4,471,468	100.00%
Unrestricted/(Deficit)	(10,637,588)	4,833,654	(15,471,242)	-320.07%
Total Net Position	$ 12,282,696	$ 14,571,000	$ (2,288,304)	-15.70%

A portion of the Authority's total net position, 150% or $18,448,816, reflects its investment in capital assets (e.g. land, buildings, equipment). The Authority uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. See page 4 for a detailed analysis of capital assets.

Another portion of the Authority's total net position, 37% or $4,471,468, is restricted and represents unspent funds borrowed from the Authority's Supplemental Escrow Account, with the approval of the State of New Jersey, Department of Environmental Protection, for the construction of cell 7.

The remaining (87%) or ($10,637,588) of the Authority's total net position is the unrestricted/(deficit) net position, which decreased by $15,471,242. This was primarily due to the decrease in hauler revenue in order to preserve air space on the existing landfill until Cell 7 is completed in 2023, the increase in leachate hauling cost and the withdrawal of $14 million from the Authority's Supplemental Escrow Account to fund the construction of cell 7.

MANAGEMENT DISCUSSION AND ANALYSIS
(Continued)

Financial Condition (Cont'd)

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

Table II
Statement of Revenue, Expenses and Changes in Net Position

	December 31, 2021	(Restated) 2020	Increase/ (Decrease)	Percent Increase/ (Decrease)
Revenue:				
Operating Revenue	$ 4,989,372	$ 5,273,729	$ (284,357)	-5.39%
Nonoperating Revenue:				
Interest Income	18,930	92,019	(73,089)	-79.43%
Interest Income and Hauler Taxes for Landfill Escrow Closure Costs	551,883	864,106	(312,223)	-36.13%
Total Revenue	5,560,185	6,229,854	(669,669)	-10.75%
Expenses:				
Administrative and Cost of Providing Services	5,530,565	4,845,482	685,083	14.14%
Amortization of Prepaid Ground Lease	88,316	88,316		0.00%
Depreciation	1,561,461	1,012,740	548,721	54.18%
Provision for Landfill Escrow Closure Costs	668,147	597,958	70,189	11.74%
Total Expenses	7,848,489	6,544,496	1,303,993	19.93%
Other Items:				
Capital Assets Disposals		(208,489)	208,489	100.00%
Change in Net Position	(2,288,304)	(523,131)	(1,765,173)	337.42%
Beginning Net Position	14,571,000	15,094,131	(523,131)	-3.47%
Ending Net Position	$ 12,282,696	$ 14,571,000	$ (2,288,304)	-15.70%

Results of Operations

Operating Revenue: Revenue primarily consists of tipping fees charged for waste disposal. Several other smaller miscellaneous revenue streams exist; however, their combined total is immaterial to operations. Total actual Haulers revenue delivered to the facility was $4,501,150 in 2021. This revenue helps to assure all operational obligations can continue to be satisfied while preserving landfill life and serving the solid waste disposal needs of Warren County.

Expenses: Administrative and costs of providing services expenses for 2021 were 14.14% more than 2020. This was primarily a result of a significant increase in leachate hauling cost in 2021 and engineering fees related to the construction of Cell 7. Diligent monitoring of the Authority's operations allows the Authority to provide a superior level of service to the facility's customers.

As was the case in 2020, significant expenses in 2021 include engineering and treatment and sludge disposal.

MANAGEMENT DISCUSSION AND ANALYSIS
(Continued)

Results of Operations (Cont'd)

Expenses: (Cont'd) Engineering costs continue to remain high due to the Authority's issues surrounding leachate management and its proper disposal. In conjunction with leachate management, the Authority continues trucking leachate off site until a solution can be reached on a more cost efficient, controllable disposal method. The Leachate Plant became fully operational by the middle of the year 2010. This plant substantially reduced the need for leachate transportation, thereby significantly decreasing the cost of leachate treatment and disposal. However, the plant was closed in January 2019. The 2021 leachate costs were high due to the trucking and disposal costs. Engineering costs increased as well due to the construction of Cell 7.

Budgetary Highlights: The Authority made no amendments to its 2021 budget.

Capital Assets: At December 31, 2021, the Authority had $18,448,816 invested in net capital assets, primarily consisting of the landfill cells, the gas technology collection system, the wastewater treatment facility and the administration building. The amount represents an increase of $8,711,470 or 47.22% over the prior year, which was due to capital acquisitions of $10,272,930 less depreciation expense of $1,561,460.

Table III
Capital Assets, Net of Accumulated Depreciation

	December 31, 2021	December 31, 2020	Increase/ (Decrease)	Percent Increase/ (Decrease)
Buildings	$ 2,120,269	$ 2,102,769	$ 17,500	
Machinery and Equipment	3,006,475	2,321,353	685,122	22.79%
Landfill (Cells 1a and 1e)	8,507,402	8,507,402		
Landfill (Cell W1/W2)	6,523,272	6,523,272		
Landfill Infrastructure	7,133,053	7,133,053		
Landfill (Cell A1 and W3)	3,746,851	3,746,851		
Landfill (Cell 4)	7,100,412	7,100,412		
Landfill (Cell 5)	5,383,135	5,383,135		
Landfill (Cell 7)	10,872,263	1,301,954	9,570,309	88.02%
Solar Project	28,646	28,646		
Gas Technology & Collection System	5,821,217	5,821,217		0.00%
Protective Tarp Cover	596,243	596,243		
Lined Lagoon	1,332,688	1,332,688		
Convenience Center	829,631	829,631		
Wastewater Treatment Facility	5,375,231	5,375,231		0.00%
Total	68,376,788	58,103,857	10,272,931	15.02%
Less: Accumulated Depreciation	(49,927,972)	(48,366,511)	1,561,461	3.13%
	$ 18,448,816	$ 9,737,346	$ 8,711,470	47.22%

Cash Flow Activity: The cash and cash equivalents and investments at year end 2021 decreased by $8,996,189, or 19.4% from the previous year, primarily as a result of the construction of cell 7. The Authority maintains a healthy cash balance to meet future emergencies and capital requirements.

Long-Term Liabilities: At year-end, the Authority had $42,905,318 in long-term liabilities outstanding – an increase of $1,504,043 from last year – as shown in Table IV. (More detailed information about the Authority's long-term liabilities is presented in the Note 3 to the financial statements.).

MANAGEMENT DISCUSSION AND ANALYSIS
(Continued)

Long-Term Liabilities: (Cont'd)

Table IV
Outstanding Long-Term Liabilities

	December 31, 2021	December 31, (Restated) 2020	Increase/ (Decrease)	Percent Increase/ (Decrease)
Compensated Absences Payable	$ 97,411	$ 98,091	$ (680)	
Landfill Escrow Closure and Postclosure Care	39,069,291	38,401,144	668,147	
Net Pension Liability	1,327,309	1,327,309		
Net OPEB Liability	2,411,307	1,574,731	836,576	
	$ 42,905,318	$ 41,401,275	$ 1,504,043	3.63%

Final Comments: The Authority obtained approval from the New Jersey Department of Environmental Protection on July 3, 2018 for increasing the permitted capacity of the landfill. The County's Solid Waste disposal plan was amended in January 2014 and the Authority authorized an engineering firm to begin preliminary work associated with the feasibility study. When the expansion is completed, the residents of the County will continue to have access to a local facility for solid waste disposal. By expanding the current facility, the Authority will ensure that there will be sufficient funding generated from operations to meet the Landfill Closure Trust requirements mandated by statute. The Authority obtained approval from the State of New Jersey, Department of Environmental Protection to withdraw $14 million from the Authority's Supplemental Escrow Account to fund the construction of Cell 7 on August 20, 2020. The Authority began construction of Cell 7 in early 2021 and it is expected to be completed by December 2022.

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2021

ASSETS	
Current Assets:	
Unrestricted Assets:	
Cash and Cash Equivalents	$ 17,069,726
Receivable from Haulers (Less Allowance for Uncollectible Receivables of $16,163)	298,323
Total Current Unrestricted Assets	17,368,049
Restricted Assets:	
Cash and Cash Equivalents Held by Trustee	14,815,375
Investments Held by Trustee	5,498,236
Total Current Restricted Assets	20,313,611
Noncurrent Assets:	
Capital Assets, Net	18,448,816
Prepaid Ground Lease and Related Cost-Landfill, Net	1,701,431
Total Noncurrent Assets	20,150,247
Total Assets	57,831,907
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Outflows Related to Pensions	166,301
Deferred Outflows Related to OPEB	1,077,906
Contribution Subsequent to the Measurement Date - Pensions	100,272
Total Deferred Ouflows of Resources	1,344,479

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2021
(Continued)

LIABILITIES	
Current Liabilities Payable from Unrestricted Assets:	
Accounts Payable	$ 476,647
Contracts Payable	1,277,723
Hauler Deposits Payable	58,320
Total Current Liabilities Payable from Unrestricted Assets	1,812,690
Long-Term Liabilities:	
Compensated Absences Payable	97,411
Landfill Escrow Closure and Postclosure Care	39,069,291
Net Pension Liability	1,327,309
Net OPEB Liability	2,411,307
Total Long-Term Liabilities	42,905,318
Total Liabilities	44,718,008
DEFERRED INFLOWS OF RESOURCES:	
Deferred Inflows Related to Pensions	673,056
Deferred Inflows Related to OPEB	1,502,626
Total Deferred Inflows of Resources	2,175,682
NET POSITION	
Investment In Capital Assets	18,448,816
Restricted	4,471,468
Unrestricted / (Deficit)	(10,637,588)
Total Net Position	$ 12,282,696

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

Operating Revenue:	
Haulers Revenue	$ 4,501,150
Other Income	51,490
Solid Waste Services Tax Grant	118,294
Covanta Service Agreement Payments	305,024
Recycling Revenue	13,414
Total Operating Revenue	4,989,372
Operating Expenses:	
Administrative and Cost of Providing Services	5,530,565
Depreciation	1,561,461
Amortization of Prepaid Ground Lease	88,316
Provision for Landfill Escrow Closure Costs	668,147
Total Operating Expenses	7,848,489
Operating Loss	(2,859,117)
Nonoperating Revenue:	
Interest Income	18,930
Investment Income and Haulers' Taxes - Landfill Escrow Closure Costs	551,883
Total Nonoperating Revenue	570,813
Change In Net Position	(2,288,304)
Net Position, Beginning of Year (Restated)	14,571,000
Net Position, End of Year	$ 12,282,696

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Flows from Operating Activities:	
Cash Received from Customers	$ 4,476,232
Other Receipts	449,139
Cash Paid to Suppliers and Employees	(5,497,165)
Net Cash Used for Operating Activities	(571,794)
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(8,995,208)
Net Cash Used for Capital and Related Financing Activities	(8,995,208)
Cash Flows from Investing Activities:	
Interest Income and Haulers' Taxes - Landfill Escrow Closure Costs	551,883
Interest on Investments	18,930
Net Cash Provided by Investing Activities	570,813
Net Decrease in Cash and Cash Equivalents and Investments	(8,996,189)
Cash and Cash Equivalents and Investments - Beginning of Year	46,379,526
Cash and Cash Equivalents and Investments - End of Year	$ 37,383,337
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	$ (2,859,117)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	1,561,461
Changes in Assets and Liabilities:	
(Increase) in Haulers Receivable	(24,918)
Decrease in Prepaid Ground Lease	88,316
(Decrease) in Compensated Absence Payable	(680)
Increase in Accounts Payable	37,066
Increase in Haulers Deposits Payable	59
(Decrease) in Unearned Revenue	(39,083)
Increase in Landfill Escrow Closure Liability	668,147
(Increase) in Deferred Outflows Related to OPEB	(718,576)
(Decrease) in Deferred Inflows Related to OPEB	(121,045)
Increase in Net OPEB Liability	836,576
Net Cash Used for Operating Activities	$ (571,794)

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

Note 1: Nature of Authority

The Pollution Control Financing Authority of Warren County (the "Authority") is a political subdivision and a public body politic and corporate of the State of New Jersey, created by resolution of the Board of Commissioners of the County of Warren on August 14, 1974, and an amending resolution adopted April 11, 1984.

The objectives and purposes of the Authority are those set forth in the New Jersey Industrial Pollution Control Financing Law, Chapter 376 of the Laws of 1973 of the State of New Jersey, and those powers and duties delegated to the Authority by the Board of Commissioners of the County of Warren, by resolution.

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

Note 2: Summary of Significant Accounting Policies

A. Basis of Presentation and Accounting

The Authority utilizes the accrual basis of accounting whereby revenue is recorded as earned and expenses are reflected as the liability is incurred. Operating revenue, such as charges for services result from exchange transactions associated with the principal activity of the Authority. Exchange transactions are those in which each party receives and gives up essentially equal value. Nonoperating revenue, such as subsidies and investment earnings, results from nonexchange transactions or ancillary activities. Nonexchange transactions, in which the Authority gives or receives value without directly receiving or giving equal value in exchange, generally do not occur, with the exception of investment earnings and interest expense. The Authority applies all applicable GASB pronouncements.

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user changes; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., totals assets plus deferred outflows net of total liabilities and deferred inflows) is segregated into "investment in capital assets," "restricted" and "unrestricted" components.

Reporting Entity

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable.

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 2: Summary of Significant Accounting Policies (Cont'd)

A. Basis of Presentation and Accounting (Cont'd)

Reporting Entity (Cont'd)

In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Accordingly, the Authority is not considered a component unit of the County of Warren under the provisions of Governmental Accounting Standards Boards, Codification Section 2100. There were no additional entities required to be included in the reporting entity under the criteria as described above.

B. Grants

Recognition of revenue from grants is based on the accrual basis of accounting. Grant funds received before costs are incurred are unearned revenue.

Grant related expenditures incurred in advance of receipt of grant funds result in the recording of receivables and revenue. Grants not externally restricted and utilized to finance operations are identified as nonoperating revenue. Grants externally restricted for nonoperating purposes are recorded as contributed capital and identified as grants-in-aid.

C. Inventories

The cost of inventories of supplies is recorded as an expenditure at the time individual items are purchased, since they are immaterial to the financial position and results of operations.

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from the estimates.

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 2: Summary of Significant Accounting Policies (Cont'd)

E. Compensated Absences

The Authority accounts for compensated absences (e.g., unused vacation, sick leave) as directed by the Governmental Accounting Standards Board. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Authority employees are granted varying amounts of vacation and sick leave in accordance with the Authority's personnel policy. Upon termination, employees are paid for accrued vacation. The Authority's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years with a maximum cap of $14,000. Upon retirement, employees shall be paid by the Authority for the unused sick leave in accordance with the Authority's agreements with the various employee unions.

In the *Statement of Net Position*, the liabilities, whose average maturities are greater than one year, should be reported in two components – the amount due within one year and the amount due in more than one year.

F. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

A deferred outflow of resources is a consumption of net position by the Authority that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the Authority that is applicable to a future reporting period. The Authority has deferred outflows and inflows of resources related to pensions and OPEB at December 31, 2021.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of 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 would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. As of December 31, 2021, 4,471,468 is restricted for the construction of Cell 7.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of investment in capital assets or the restricted component of net position. Of the $10,637,588 deficit net position at December 31, 2021, $7,000,000 is designated by the governing body through the 2021 budget for the construction of Cell 7.

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 2: Summary of Significant Accounting Policies (Cont'd)

G. Deficit Net Position

The District has a deficit in unrestricted net position of $10,637,588 as of December 31, 2021, which is primarily due to $14 million fund balance restriction to account for the funds borrowed from the Landfill Supplemental Closure Escrow Account for the construction of Cell 7.

H. Restricted Cash and Investment Accounts

Landfill Closure Escrow Cash and Investment Account: The escrow fund is increased by an amount equal to $1.00 per ton of all solid waste accepted for disposal during the preceding month. The deposit of escrow funds is to be made by the 20th of the following month in an interest-bearing account. Expenses, if any, require the prior approval of the New Jersey Department of Environmental Protection (as discussed in Note 7). The Authority had a balance of $8,374,615 in this account as of December 31, 2021.

Landfill Alternate Closure Escrow Cash and Investment Account: During the year ended December 31, 2002, the Authority voluntarily established (with prior consent of the New Jersey Department of Environmental Protection) the landfill alternative closure escrow account. The purpose of this account is to accumulate any funds that the Authority may deem appropriate to be deposited into the fund to help fulfill the estimated requirement costs of the landfill closure (as discussed in Note 7). The Authority had a balance of $11,938,995 in this account as of December 31, 2021.

Landfill Supplemental Closure Escrow Cash and Investment Account: During the year ended December 31, 2008, the Authority voluntarily established (with prior consent of the New Jersey Department of Environmental Protection, the "State") the landfill supplemental closure escrow account. The Authority has directed that an additional $4 per ton of the tipping fees collected (in addition to the $1 per ton which is required by State statute to be collected and deposited into the Landfill Closure Escrow Account) be deposited into the fund to help fulfill the estimated requirement costs of the landfill closure (as discussed in Note 7). The Authority obtained approval from the State to withdraw $14 million from this account to fund the construction of Cell 7 on August 20, 2020, with the stipulation that any remaining funds be transferred to the Landfill Alternate Closure Escrow Account. The Authority is also required to pay back the $14 million over the course of 10 years to the Landfill Alternate Closure Escrow Account beginning the month following the first month when the Authority begins disposing waste in Cell 7. The Authority withdrew $14 million from the Landfill Supplemental Closure Escrow Account in March of 2021 and transferred the remaining to the Landfill Alternate Closure Escrow Account in April of 2021.

I. Allowance for Uncollectible Accounts

All receivables are reported at the gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The allowance is established at the discretion of management of the Authority as deemed necessary based on prior collection history.

J. Capital Grants and Contributions

The Authority periodically receives capital grants from certain government agencies to be used for various purposes in connection with the planning, modernization, and expansion of the landfill. Capital grants of the Authority are reported as revenue rather than contributed capital.

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 2: Summary of Significant Accounting Policies (Cont'd)

K. Revenue Recognition

The Authority's primary source of revenue is from haulers revenue, which is tipping fees charged for waste tonnage received. All commercial carriers and other local government tipping fees are set by individual contracts with those entities. These fee rates may vary depending on agreed-upon tonnage commitments. Any public/residential users are charged the Authority's standard tariff rate as determined by the Authority's Board. Revenue is recorded net of any discounts, assessments or abatements, if applicable.

L. Investments

Investments are generally recorded at fair value. The Authority's investments are limited by its cash management plan to obligations of or guaranteed by the federal government and bank certificates of deposit. For purposes of the Statement of Cash Flows, the Authority considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

M. Pensions

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

Note 3: Long Term Liabilities

During the year ended December 31, 2021, the following changes occurred in liabilities reported in the financial statements:

	(Restated) Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
Compensated Absences Payable	$ 98,091		$ 680	$ 97,411
Landfill Escrow Closure and Postclosure Care	38,401,144	$ 668,147		39,069,291
Net Pension Liability	1,327,309			1,327,309
Net OPEB Liability	1,574,731	836,576		2,411,307
	$ 41,401,275	$ 1,504,723	$ 680	$ 42,905,318

In March of 2021, with the prior approval from the State of New Jersey, Department of Environmental Protection, the Authority borrowed $14 million from the Landfill Supplemental Closure Escrow Account to fund the construction of Cell 7.

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 3: Long Term Liabilities (Cont'd)

The Authority is required to pay back the $14 million over the course of 10 years in monthly installments of $1.4 million to the Landfill Alternate Closure Escrow Account beginning the month following the first month when the Authority begins disposing waste in Cell 7. As the construction of Cell 7 is not expected to be completed until December of 2022 and waste disposal will not begin until 2023, no repayments were made as of December 31, 2021.

Note 4: Capital Assets

Capital assets are recorded at cost and consisted of the following, as of December 31, 2021:

	Balance at 12/31/20	Additions	Disposals	Balance at 12/31/21
Buildings	$ 2,102,769	$ 17,500		$ 2,120,269
Machinery and Equipment	2,321,353	685,122		3,006,475
Landfill (Cells 1a and 1e)	8,507,402			8,507,402
Landfill (Cell W1/W2)	6,523,272			6,523,272
Landfill Infrastructure	7,133,053			7,133,053
Landfill (Cell A1 and W3)	3,746,851			3,746,851
Landfill (Cell 4)	7,100,412			7,100,412
Landfill (Cell 5)	5,383,135			5,383,135
Landfill (Cell 7)	1,301,954	9,570,309		10,872,263
Solar Project	28,646			28,646
Gas Technology and Collection System	5,821,217			5,821,217
Protective Tarp Cover	596,243			596,243
Lined Lagoon	1,332,688			1,332,688
Convenience Center	829,631			829,631
Wastewater Treatment Facility	5,375,231			5,375,231
Total	58,103,857	10,272,931		68,376,788
Less: Accumulated Depreciation	(48,366,511)	(1,561,461)		(49,927,972)
Total (Net)	$ 9,737,346	$ 8,711,470	$ -0-	$ 18,448,816

Property and equipment are recorded at cost. Depreciation on all assets other than the landfill cells and its infrastructure is provided on the straight-line method over the estimated useful lives of the respective assets. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the financial statements.

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 4: Capital Assets (Cont'd)

Depreciation is provided over the following estimated useful lives:

	Estimated Useful Life
Buildings	40 Years
Recycling Equipment	20 Years
Vehicles	5 Years
Protective Tarp Cover	4 Years
Gas Technology and Collection System	10 Years

Depreciation on the landfill cells and that portion of its related infrastructure is provided by determining the volume utilized as a percentage of the capacity of the cell and the landfill as a whole, respectively. No depreciation is provided for that portion of the infrastructure on which landfill cells have not been constructed. Depreciation on assets acquired with grants-in-aid and contributed capital assets, if any, is recorded as a reduction of contributed capital. Capital assets are reviewed for impairment.

Note 5: Pension Plans

Substantially all of the Authority's employees participate in one contributory, defined benefit public employee retirement system: the Public Employee's Retirement System (PERS) of New Jersey.

Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

As of the date of this report, the June 30, 2021 GASB No. 68 report has not been released by the Division.

Benefits Provided

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

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 5: Pension Plans (Cont'd)

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Authority contributions to PERS amounted to $89,040 for 2021.

The employee contribution rate was 7.50% effective July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2020, the Authority's liability was $1,327,309, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the Authority's proportion was 0.0081%, which was a decrease of 0.0006% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2021, the Authority recognized actual pension expense in the amount of $89,040. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 5: Pension Plans (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2016	5.57	$ 43,059	
	2017	5.48		$ 125,641
	2018	5.63		123,262
	2019	5.21		97,888
	2020	5.16		208,966
			43,059	555,757
Changes in Proportion	2016	5.57	2,926	
	2017	5.48	13,633	
	2018	5.63	5,919	
	2019	5.21	31,227	
	2020	5.16		112,605
			53,705	112,605
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(16,241)	
	2018	5.00	(15,064)	
	2019	5.00	3,645	
	2020	5.00	73,029	
			45,369	
Difference Between Expected and Actual Experience	2016	5.57	1,307	
	2017	5.48	3,737	
	2018	5.63		4,694
	2019	5.21	7,483	
	2020	5.16	11,641	
			24,168	4,694
Authority Contribution Subsequent to the Measurement Date	2021	1.00	100,272	
			$ 266,573	$ 673,056

Note 5: Pension Plans (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the Authority contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2021	$ (166,553)
2022	(151,846)
2023	(86,776)
2024	(35,091)
2025	(7,589)
	$ (447,855)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

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

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 a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

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, 2014 to June 30, 2018.

Note 5: Pension Plans (Cont'd)

Long Term Expected Rate of Return

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

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

Discount Rate

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

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 5: Pension Plans (Cont'd)

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

The following presents the Authority's proportionate share of the collective net pension liability as of June 30, 2020 calculated using the discount rate as disclosed below, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30, 2020

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the Net Pension Liability	$ 1,667,160	$ 1,327,309	$ 1,033,502

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

Note 6: Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

GASB requires disclosure of the level of custodial credit risk assumed by the Authority in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Authority ensures that any deposit or investments matures within the time period that approximates the prospective need for the funds, deposited on invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Authority limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed below on the following two pages.

Custodial Credit Risk - The Authority's policy with respect to custodial credit risk required that the Authority ensures that Authority funds are only deposited in financial institutions in which New Jersey authorities are permitted to invest their funds.

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Authorities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 6: Cash and Cash Equivalents and Investments (Cont'd)

Deposits:

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

> The market value of the collateral must equal 5% of the average daily balance of public funds; and in addition
>
> If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.

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.

Investments:

New Jersey statutes permit the Authority to purchase the following types of investments:

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations of local units or bonds or other obligations of school districts of which the local units are part or within which the school district is located;

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

(8) Agreements for the repurchase of fully collateralized securities if:

    (a) the underlying securities are permitted investments pursuant to paragraph (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);

Note 6: Cash and Cash Equivalents and Investments (Cont'd)

Investments: (Cont'd)

(b) the custody of collateral is transferred to a third party:

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in Section 1 of P.L. 1970, c.236 (C.17:9-41); and

(e) a master repurchase agreement providing for the custody and security of collateral is executed.

(9) Debt obligations of federal agencies or government corporations with maturities not to exceed 10 years from the date of purchase, excluding mortgage backed or derivative obligations, provided that the investments are purchased through the State Division of Investment and are invested consistent with the rules and regulations of the State Investment Council.

The Authority generally records investments at fair value and records gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. 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; Level 3 inputs are significant unobservable inputs. The Authority classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

All of the Authority's investments are recorded at fair value based on quoted market prices (Level 1 inputs). The investments are held by the Authority's custodial bank trust department in the Authority's name. The bank's trust department is also its agent in purchasing and selling the securities. The investments are uninsured and unregistered. All of the funds held by the custodial bank are held in a fiduciary account, in the Authority's name, and are backed by the full faith and credit of the U.S. Investments at December 31, 2021 consisted of the following:

	Balance Dec. 31, 2021	Weighted Average Maturity in Months
Restricted:		
Certificates of Deposit	$ 5,498,236	30.96
Total Investments	$ 5,498,236	30.96

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 6: Cash and Cash Equivalents and Investments (Cont'd)

As of December 31, 2021, cash and cash equivalents and investments of the Pollution Control Financing Authority of Warren County consisted of the following:

	Cash & Cash Equivalents			Investments	
Account	Change Funds	Checking and Saving Accounts	Money Market Accounts	Certificates of Deposits	Total
Restricted:					
Landfill Alternate Escrow Closure			$ 8,405,949	$ 3,533,046	$ 11,938,995
Landfill Escrow Closure			6,409,426	1,965,190	8,374,616
Total Restricted			14,815,375	5,498,236	20,313,611
Total Unrestricted	$ 300	$ 6,999,914	10,069,512		17,069,726
	$ 300	$ 6,999,914	$ 24,884,887	$ 5,498,236	$ 37,383,337

The carrying amount of the Pollution Control Financing Authority of Warren County cash and cash equivalents and investments at year end was $37,383,337 and the bank balance was $38,209,250.

Note 7: Closure and Post-closure Care Costs

In April 2020, the Authority updated its closure plan, with the assumption that cells 7 and 6 would be constructed and operational. This plan was submitted to the New Jersey Department of Environmental Protection for their review and comment and was approved in August 2020. This plan is being used as the basis for the calculation of the required provision for landfill closure and post-closure costs in accordance with GASB.

State and federal laws and regulations require that the Authority place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and post-closure care costs has a balance of $39,069,291 as of December 31, 2021, which is based on 98.00% usage (filled) of the existing landfill. It is estimated that an additional $846,109 will be recognized as closure and post-closure care expenses between December 31, 2021 and the date the existing landfill is expected to be totally filled to capacity in the year 2022. With the construction of cell 7, the estimated remaining life of the landfill will be extended for 9 years or 2031. The Authority plans to begin construction on cell 6 in 2030, with an expected completion date of December 2031. With the construction of cell 6, the estimated remaining life of the landfill will be extended for another 30 years or 2061. The estimated total current cost of the landfill closure and post-closure care ($65,354,466) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2061. However, the actual cost of closure and post-closure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 7: Closure and Post-closure Care Costs (Cont'd)

The Authority is required by state and federal laws and regulations to make annual contributions to finance closure and post-closure care. The Authority is in compliance with these requirements, and at December 31, 2021, cash and cash equivalents and investments of $20,313,611 are held for these purposes. These investments are held and managed by a third-party trustee and are presented on the Authority's statement of net position as part of "Investments Held by Trustee". It is anticipated that future inflation costs will be financed in part from earnings on investments held by the trustee. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in post-closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

The Authority has also developed a financial plan to fund the projected closure and post-closure care costs. Major components of this financial funding plan include the $1 per ton for interred waste, investment earnings on accumulated funds provided for this purpose and future budget provisions of applicable budget revenue and/or bond proceeds.

Fulton Financial Services was selected as the financial investment advisor for the Authority’s closure funds. Fulton Financial Services will follow the NJDEP’s guidelines in investing these funds and follow the Authority’s Cash Management Plan in assuring that capital preservation is the guiding principle for these funds. As the Authority’s closure plan is updated, Fulton Financial Services will be apprised of any changes in annual spending or the total anticipated expenditures that comprise the closure and post closure maintenance of the landfill.

Note 8: Prepaid Ground Lease and Related Costs-Landfill

The Authority has entered into a Ground Lease agreement with the County of Warren for the period July 1, 1987 through December 31, 2038. Under the terms of the lease, the Authority paid, or will pay, as rent, the cost of acquisition of the property, including all costs directly or indirectly associated with the acquisition. Upon expiration of the term, the lease may be automatically extended for two additional ten-year terms at a rental of $1.00 per year. This asset is being expensed over the 50-year term of the lease on the straight-line method of amortization. During 2021, $88,316 was amortized and charged to operations.

The prepaid ground lease at December 31, 2021, is as follows:

Prepaid Ground Lease and Related Costs	$ 4,439,219
Less: Accumulated Amortization	2,737,788
Net Prepaid Ground Lease and Related Costs	$ 1,701,431

Note 9: Risk Management

The Authority is exposed to various risks of loss related torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. Health benefits are provided to employees through the New Jersey State Health Benefits Program.

Note 9: Risk Management (Cont'd)

The Authority secures all of its non-health related insurances through private insurance carriers using a broker as its representative. The following coverages were in place in 2021:

1. Workers' Compensation
2. Property Damage Other Than Motor Vehicles
3. Motor Vehicle
4. General Liability
5. Inland Marine
6. Public Officials Liability
7. Pollution Legal Liability

New Jersey Unemployment Compensation Insurance

The Authority has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Authority is required to remit employee withholdings to the State on a quarterly basis. All of the Authority's claims are paid by the State.

Note 10: Contractual Commitments

The Authority has entered into several contracts in the normal course of its business operations in order to provide waste disposal services for its customers. Significant agreements are summarized below:

- The Authority has a contract with Russell Reid for the hauling and disposal of leachate that the existing pumping infrastructure is unable to handle.

- The Authority has an agreement with its host municipality, White Township. This is a financial benefit paid to White Township for each ton of waste disposed of in the landfill. The cost for 2020 was $4.655/ton of waste and ash classified as waste disposed of and $1/ton of ash classified as cover material.

- The Authority has an agreement with Mott McDonald, Cornerstone Environmental Group, LLC, and CP Engineers to provide various engineering services. The cost of these services varies based on services used and with Cell 7 construction beginning in 2021.

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 11: Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses as of December 31, 2021 were as follows:

	Operating Fund	Authority Contribution Subsequent to the Measurement Date	Total
Due to State of New Jersey		$ 100,272	100,272
Haulers Deposit Payble	$ 58,320		58,320
Accounts Payable - Vendors	362,740		362,740
Contracts Payable	1,277,723		1,277,723
Accrued Salaries	13,635		13,635
Total	$ 1,712,418	$ 100,272	$ 1,812,690

Note 12: Environmental Matters

The Authority's past and present daily operations include activities which are subject to extensive federal and state environmental regulations. Compliance with these regulations has not had, nor does the Authority expect such compliance to have, any material effect upon expected capital expenses, income, financial condition or competitive position of the Authority. The Authority believes that its current practices and procedures comply with applicable regulations. The Authority's policy is to accrue environmental and related costs of a noncapital nature when it is both probable that a liability has been incurred and that the amount can be reasonably estimated. No such amounts have been accrued in these statements.

Note 13: Contingencies

The Authority is periodically involved in various lawsuits, claims, and grievances arising in the normal course of business, including claims for personal injury and personnel practices, property damage, and disputes over eminent domain proceedings. In the opinion of the General Counsel to the Authority, payment of claims by the Authority, for amounts not covered by insurance, in the aggregate, are not expected to have a material adverse effect on the Authority's financial position.

The Authority is involved in various collection matters for payments due and owing to it. Failure of the Authority to be successful in these litigation matters will not have an adverse material impact on the Authority's operations.

The Authority participates in federal and state assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. In the opinion of Authority Management, liabilities resulting from such disallowed expenses, if any, will not be material to the accompanying financial statements.

Note 14: Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan created in accordance with section 457 of the Internal Revenue Code. The plan, which is administered by Variable Annuity Life Insurance Company, is available to all Authority employees and permits participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency or upon death to their beneficiaries.

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 15: Post-Employment Benefits Other Than Pensions (OPEB)

A. State Health Benefit Local Government Retired Employees Plan

As of the date of this report, the June 30, 2021 GASB No. 75 report has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey.

General Information about the OPEB Plan

Plan Description

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) annual financial statements, which can be found at https://www.state.nj.us./treasury/pensions/financial-reports.shtml.

Benefits Provided

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

The Authority may, in its discretion, assume the entire cost of medical coverage and pay all of the premiums for employees who have retired on a disability pension or after completing twenty-five (25) years' or more of service with the Authority, or have retired and reached the age of sixty-two (62) or older with at least fifteen (15) years of service with the Authority, including premiums on their dependents, if any, under uniform conditions as the governing body of the Authority shall prescribe.

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 15: Post-Employment Benefits Other Than Pensions (OPEB) (Cont'd)

A. State Health Benefit Local Government Retired Employees Plan (Cont'd)

Contributions

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

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit)/expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit)/expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2019 through June 30, 2020. Employer and nonemployer allocation percentages were rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. At June 30, 2020, the Authority's liability was $2,411,307 for its proportionate share of the net OPEB liability. At June 30, 2020, the Authority's proportion was 0.013436%, which was an increase of 0.001811% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the Authority's OPEB expense as determined by the State of New Jersey Division of Pensions and Benefits was $40,949. The Authority's actual post retirement payments in 2021 for 3 retired employees were $26,839.

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 15: Post-Employment Benefits Other Than Pensions (OPEB) (Cont'd)

A. State Health Benefit Local Government Retired Employees Plan (Cont'd)

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB (Cont'd)

At June 30, 2020, the Authority had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	8.04		$ 174,716
	2018	8.14		196,344
	2019	8.05		165,177
	2020	7.87	$ 360,656	
			360,656	536,237
Changes in Proportion	2017	8.04		27,174
	2018	8.14	299,721	
	2019	8.05		490,185
	2020	7.87	352,486	
			652,207	517,359
Net Difference Between Projected and Actual Investment Earnings on OPEB Investments	2017	5.00	117	
	2018	5.00	380	
	2019	5.00	521	
	2020	5.00	513	
			1,531	
Difference Between Expected and Actual Experience	2018	8.14		307,668
	2019	8.05		141,362
	2020	7.87	63,512	
			63,512	449,030
			$ 1,077,906	$ 1,502,626

Note 15: Post-Employment Benefits Other Than Pensions (OPEB) (Cont'd)

A. State Health Benefit Local Government Retired Employees Plan (Cont'd)

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB (Cont'd)

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

Fiscal Year Ending June 30,	Total
2021	$ (129,620)
2022	(129,737)
2023	(129,927)
2024	(130,101)
2025	(88,712)
Thereafter	48,529
	$ (559,568)

The above table does not include the deferred outflows and inflows of resources related to changes in proportion.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*:	
Public Employees' Retirement System (PERS)	
Initial fiscal year applied	
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%

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

Mortality:

PERS — Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of the PERS experience study prepared for July 1, 2014 – June 30, 2018.

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

Note 15: Post-Employment Benefits Other Than Pensions (OPEB) (Cont'd)

A. State Health Benefit Local Government Retired Employees Plan (Cont'd)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially is 5.6% and decreases to a 4.5% long term trend rate after seven years. For post 65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond 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 Attributable to the Authority to Changes in the Discount Rate

The following presents the net OPEB Liability of the Authority as of June 30, 2020, calculated using the discount rate as disclosed in this note, as well as what the net OPEB Liability of the Authority would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30, 2020

	At 1% Decrease (1.21%)	Current Discount Rate (2.21%)	At 1% Increase (3.21%)
Authority's proportionate share of the Net OPEB Liability	$ 2,850,674	$ 2,411,307	$ 2,063,508

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

The following presents the net OPEB Liability of the Authority as of June 30, 2020, calculated using the healthcare trend rate as disclosed in this note, as well as what the net OPEB Liability of the Authority would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30, 2020

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Authority's proportionate share of the Net OPEB Liability	$ 1,995,359	$ 2,411,307	$ 2,955,996

Note 16: Prior Period Adjustment

The Authority made a prior year adjustment in the Authority's financial statements to account for the change in estimated capacity of the existing landfill to include the final cover. The material placed in the landfill is constantly decomposing, compressing, and settling, which creates additional yardage (air space) for trash placement. The Authority will fill to final grades (overfill) knowing that the landfill mass will settle several feet during the last year and during final capping. This prior year adjustment was also made to properly account for the construction of cells 7 and 6 as a horizontal expansion in accordance to GASB No. 18.

	Balance 12/31/20 As Previously Reported	Retroactive Adjustments	Balance 12/31/20 As Restated
Statement of Net Position:			
Long-Term Liabilities:			
Landfill Escrow Closure and Postclosure Care	$ 33,150,258	$ 5,250,886	$ 38,401,144
Total Long-Term Liabilities	36,150,389	5,250,886	41,401,275
Total Liabilities	36,676,082	5,250,886	41,926,968
Net Position:			
Unrestricted	10,084,540	(5,250,886)	4,833,654
Total Net Position	19,821,886	(5,250,886)	14,571,000

POLLUTION CONTROL FINANCING AUTHORITY
OF WARREN COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN YEARS

	Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Authority's proportion of the net pension liability	0.0081042716%	0.0082482191%	0.0084797687%	0.0085359375%	0.0087596920%	0.0081393149%	0.0081393149% *
Authority's proportionate share of the net pension liability	$ 1,819,247	$ 2,442,886	$ 1,973,955	$ 1,680,684	$ 1,578,364	$ 1,327,309	$ 1,327,309 *
Authority's covered employee payroll	$ 567,420	$ 578,823	$ 579,421	$ 610,030	$ 594,587	$ 591,297	$ 636,114
Authority's proportionate share of the net pension liability as a percentage of its covered employee payroll	320.62%	422.04%	340.68%	275.51%	265.46%	224.47%	208.66%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	58.32% *

* Utilized the June 30, 2020 GASB 68 report as the NJ Division of Pension has not released the June 30, 2021 GASB 68 report as of the date of this report.

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the year ended December 31, 2015.

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF AUTHORITY CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN YEARS

	Year Ending						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	$ 62,725	$ 69,675	$ 74,049	$ 80,223	$ 85,574	$ 85,886	$ 89,040
Contributions in relation to the contractually required contribution	(62,725)	(69,675)	(74,049)	(80,223)	(85,574)	(85,886)	(89,040)
Contribution deficiency/(excess)	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
Authority's covered employee payroll	$ 571,680	$ 576,865	$ 588,317	$ 615,213	$ 588,992	$ 611,175	$ 593,639
Contributions as a percentage of covered employee payroll	10.97%	12.08%	12.59%	13.04%	14.53%	14.05%	15.00%

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the year ended December 31, 2015.

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
STATE HEALTH BENEFIT LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN
LAST FOUR YEARS

	Year Ending June 30,			
	2018	2019	2020	2021
Authority's proportion of the net OPEB liability	0.014484%	0.011625%	0.013436%	0.013436% *
Authority's proportionate share of the net OPEB liability	$ 2,269,153	$ 1,574,731	$ 2,411,307	$ 2,411,307 *
Authority's covered employee payroll	$ 610,030	$ 594,587	$ 591,297	$ 636,114
Authority's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	371.97%	264.84%	407.80%	379.07%
Plan fiduciary net position as a percentage of the total OPEB liability	1.97%	1.98%	0.91%	0.91% *

* Utilized the June 30, 2020 GASB 68 report as the NJ Division of Pension has not released the June 30, 2021 GASB 68 report as of the date of this report.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the year ended December 31, 2018.

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF AUTHORITY CONTRIBUTIONS
STATE HEALTH BENEFIT LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN
LAST FOUR YEARS
UNAUDITED

	Year Ending			
	2018	2019	2020	2021
Contractually required contribution	$ 53,089	$ 27,255	$ 16,182	$ 26,839
Contributions in relation to the contractually required contribution	(53,089)	(27,255)	(16,182)	(26,839)
Contribution deficiency/(excess)	$ -0-	$ -0-	$ -0-	$ -0-
Authority's covered employee payroll	$ 615,213	$ 588,992	$ 611,175	$ 593,639
Contributions as a percentage of covered employee payroll	8.63%	4.63%	2.65%	4.52%

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the year ended December 31, 2018.

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

The July 1, 2018 actuarial valuation utilized the following mortality rate assumptions: Morality improvement is based on Scale MP-2019.

The July 1, 2019 actuarial valuation utilized the following mortality rate assumptions: Morality improvement is based on Scale MP-2020.

B. STATE HEALTH BENEFIT LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2020 was 2.21%. The discount rate for June 30, 2019 was 3.50%.

Mortality and Health Care Trend Assumptions – June 30, 2020 Actuarial Valuation:

PERS Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially is 5.6% and decreases to a 4.5% long term trend rate after seven years. For post 65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years.

Mortality and Health Care Trend Assumptions – June 30, 2019 Actuarial Valuation:

PERS Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019.

Health Care Trend Assumptions

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

POLLUTION CONTROL FINANCING AUTHORITY
OF WARREN COUNTY

SUPPLEMENTARY DATA

SCHEDULE I

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
RESTRICTED AND UNRESTRICTED FUNDS
YEAR ENDED DECEMBER 31, 2021

	Unrestricted	Restricted for Cell 7 Construction	Investment in Capital Assets	Total
Operating Revenue:				
Haulers Revenue	$ 4,501,150			$ 4,501,150
Other Income	51,490			51,490
Solid Waste Services Tax Grant	118,294			118,294
Covanta Service Agreement Payments	305,024			305,024
Recycling Revenue	13,414			13,414
Total Operating Revenue	4,989,372			4,989,372
Operating Expenses:				
Administrative and Cost of Providing Services	5,530,565			5,530,565
Depreciation	1,561,461			1,561,461
Amortization of Prepaid Ground Lease	88,316			88,316
Provision for Landfill Escrow Closure Costs	668,147			668,147
Total Operating Expenses	7,848,489			7,848,489
Operating Loss	(2,859,117)			(2,859,117)
Nonoperating Revenue:				
Interest Income	18,930			18,930
Interest Income and Haulers' Taxes - Landfill Escrow Closure Costs	551,883			551,883
Total Nonoperating Revenue	570,813			570,813
Change in Net Position (Before Transfers)	(2,288,304)			(2,288,304)
Transfers and Other Items:				
Capital Acquisitions	(744,399)	$ (9,528,532)	$ 10,272,931	
Depreciation	1,561,461		(1,561,461)	
Transfer	(14,000,000)	14,000,000		
Change in Net Position (After Transfers)	(15,471,242)	4,471,468	8,711,470	(2,288,304)
Net Position, January 1 (Restated)	4,833,654		9,737,346	14,571,000
Net Position/(Deficit), December 31	$ (10,637,588)	$ 4,471,468	$ 18,448,816	$ 12,282,696
Unrestricted	$ (17,637,588)			
Unrestricted - Designated for Cell 7 Construction	7,000,000			
	$ (10,637,588)			

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
SCHEDULE OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 Annual Budget After Modification	Actual 2021	Excess or (Deficit)
Revenue:			
Operating Revenues:			
Covanta Service Agreement Payments	$ 275,000	$ 305,024	$ 30,024
Recycling Revenues	6,800	13,414	6,614
Haulers Charges and Fees	5,256,523	4,501,150	(755,373)
Miscellaneous Revenue	6,000	51,490	45,490
Total Operating Revenues	5,544,323	4,871,078	(673,245)
Non-Operating Revenues:			
Solid Waste Services Grant	100,000	118,294	18,294
Interest on Investments	390,000	18,930	(371,070)
Total Non-Operating Revenue	490,000	137,224	(352,776)
Total Revenue	$ 6,034,323	$ 5,008,302	$ (1,026,021)
Budgeted Appropriations:			
Administration:			
Salaries & Wages	$ 250,300	$ 278,933	$ (28,633)
Fringe Benefits	151,450	123,844	27,606
Other Expenses	359,700	335,217	24,483
Total Administration	761,450	737,994	23,456
Cost of Providing Service:			
Salaries & Wages	588,000	520,370	67,630
Fringe Benefits	410,573	331,260	79,313
Other Expenses	4,274,300	3,940,941	333,359
Total Cost of Providing Service	5,272,873	4,792,571	480,302
Total Operating Appropriations	$ 6,034,323	$ 5,530,565	$ 503,758

POLLUTION CONTROL FINANCING AUTHORITY
OF WARREN COUNTY

SINGLE AUDIT SECTION

YEAR ENDED DECEMBER 31, 2021

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2021

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Receipts	Grant Period From	Grant Period To	Grant Expenditures	Cumulative Grant Expenditures
Department of Environmental Protection (Passed Through the County of Warren)	Solid Waste Services Tax Grant	$ 118,294	$ 118,294	01/01/21	12/31/21	$ 118,294	$ 118,294

SEE NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2021

Note 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of state awards (the "Schedule") includes the state grant activity of the Pollution Control Financing Authority of Warren County under programs of the state government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because this schedule presents only a selected portion of the operations of the Authority, it is not intended to and do not present the financial position, changes in fund balance or cash flows of the Authority.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedule of expenditures of state awards are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Authority has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

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Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable Chairman and Members
of the Pollution Control Financing
Authority of Warren County
Warren County, NJ

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("the Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Pollution Control Financing Authority of Warren County (the "Authority") as of, and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated June 28, 2022. That report included a qualified opinion on the financial statements as the Authority's net pension liability and net postemployment benefits other than pensions ("OPEB") liability and the related deferred outflows and inflows of resources reported in the financial statements at December 31, 2021 is based on the June 30, 2020 Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions*, report for the State of New Jersey Public Employees' Retirement System ("PERS), and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan ("SHBP"), respectively, from the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey (the "State"). We were unable to obtain the June 30, 2021 GASB No. 68 and No. 75 reports as they have not been released by the State as of the date of this report. The amount by which this omission would affect the net pension and OPEB liabilities and the related deferred inflows and outflows of resources, net position and expenses of the Authority has not been determined.

Report on Internal Control Over Financial Reporting

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

The Honorable Chairman and Members
of the Pollution Control Financing
Authority of Warren County
Page 2

Our consideration of the 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 result 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.

Nisivoccia LLP
NISIVOCCIA LLP

Mount Arlington, New Jersey
June 28, 2022

Man C Lee

Man C. Lee
Certified Public Accountant
Registered Municipal Accountant #562

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2021

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the financial statements of the Authority as the Authority's net pension liability and net postemployment benefits other than pensions ("OPEB") liability and the related deferred outflows and inflows of resources reported in the financial statements at December 31, 2021 are based on the June 30, 2020 Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions*, report for the State of New Jersey Public Employees' Retirement System ("PERS), and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan ("SHBP"), respectively, from the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey (the "State"). We were unable to obtain the June 30, 2021 GASB No. 68 and No. 75 reports as they have not been released by the State as of the date of this report. The amount by which this omission would affect the net pension and OPEB liabilities and the related deferred inflows and outflows of resources, net position and expenses of the Authority has not been determined.

- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *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 Standard*s.

- No instances of noncompliance material to the financial statements of the Authority which would be required to be reported in accordance with *Government Auditing Standard*s, were disclosed during the audit.

- The Authority was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2021 as State grant expenditures were less than the single audit threshold of $750,000 identified in the Uniform Guidance and New Jersey's OMB 15-08.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for State Awards:

- Not applicable – since State expenditures were below the single audit threshold.

Findings and Questioned Costs for Federal Awards:

- Not applicable – since there were no Federal award expenditures.

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

The Authority had no findings for the year ended December 31, 2020.

COMMENTS AND RECOMMENDATIONS

Contracts and Agreements Required to be Advertised Per N.J.S. 40A:11-4 et seq.

N.J.S. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of $17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1071, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to $25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A: 11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L.1971, c.198 (C.40A11-2), and shall round the adjustment to the nearest $1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S. 40A: 11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective July 1, 2020 and thereafter, the bid thresholds in accordance with N.J.S.A.40A:11-3 are $17,500 for a contracting unit with a qualified purchasing agent and $44,000 for a contracting unit with a qualified purchasing agent.

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

Inasmuch as the system of records did provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
COMMENTS AND RECOMMENDATIONS
(CONTINUED)

Over-expenditure of Individual Budget Appropriations

The schedule of revenue and expenditures – budget and actual has an over-expenditures in the administration salaries and wages line item. The Authority did not make the necessary budget transfer to cover the over-expenditure.

Recommendation:

It is recommended that extra care be taken in the future to ensure that all necessary budget transfers be made to avoid over-expenditure of a budget line item.

Management's Response

The Authority will continue to carefully monitor budget expenditures and the necessary budget transfers will be made if necessary.

Management Suggestion

Governmental Accounting Standards Board (GASB) Statements

GASB Statement No. 87, *Leases*, is effective for the fiscal year ended June 30, 2022. Under this statement, the Authority will be required to recognize a lease liability and an intangible right-to-use asset for each lease agreement with a lease term in excess of 12 months. This statement will enhance the comparability of financial statements among governments by requiring the reporting of leases under a single model. Additionally, certain leases that are currently not reported will be under this statement.

Status of Prior Year Recommendations

There were no prior year recommendations.

POLLUTION CONTROL FINANCING AUTHORITY OF WARREN COUNTY
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. Extra care be taken in the future to ensure that all necessary budget transfers be made to avoid over-expenditure of a budget line item.

* * * * * * * *