MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

REPORT OF AUDIT

FOR THE FISCAL YEARS ENDED

SEPTEMBER 30, 2023 AND 2022

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

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MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Roster of Officials
As of September 30, 2023

MEMBERS	POSITION
Dan Hauss	Chairman
Mario Dilisciandro	Vice-Chairman
Victor Torino	Treasurer
John Parks	Secretary
Tim Sheehan	Engineering Coordinator
Kevin Howarth	Alternate #1
James Neely	Alternate #2
MANAGEMENT	
William M. Krebs	Executive Director
Charles Jones	Assistant Executive Director
D. Paul Pheasant	Superintendent
PROFESSIONALS	
John Alice, Esq.	Solicitor
Mark R. Brunermer, PE, CME	Engineer

MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

PART I

FINANCIAL SECTION

For the Fiscal Years Ended September 30, 2023 and 2022

INDEPENDENT AUDITOR'S REPORT

The Chairman and Members of the
Mantua Township Municipal Utilities Authority
Mantua, New Jersey

Opinion

We have audited the accompanying financial statements of the business-type activities of the Mantua Township Municipal Utilities Authority, in the County of Gloucester, State of New Jersey, a component unit of the Township of Mantua (Authority) , as of and for the fiscal years ended September 30, 2023 and 2022 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Mantua Township Municipal Utilities Authority, in the County of Gloucester, State of New Jersey, a component unit of the Township of Mantua, as of September 30, 2023 and 2022 and the changes in its financial position and its cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

Restatement of Prior Period Financial Statements

During the fiscal year ended September 30, 2023, the Authority became aware of a Program Receivable and related Note Payable that were not recorded in the prior fiscal year. As a result, a restatement of the Current Restricted Assets, Current Restricted Liabilities and Net Position on the Statements of Net Position was required, as described in Note 12 to the financial statements. Our opinion is not modified with respect to this matter.

6 North Broad Street | Suite 201 | Woodbury, NJ 08096-4635 | P 856.853.0440 | F 856.845.4128 www.bowman.cpa

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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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
October 30, 2024

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

The Chairman and Members of the
Mantua Township Municipal Utilities Authority
Mantua, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Mantua Township Municipal Utilities Authority, in the County of Gloucester, State of New Jersey, a component unit of the Township of Mantua, (Authority), as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 30, 2024. Our report on the financial statements included an emphasis of matter paragraph describing the restatement of the prior period financial statements as a result of a prior period misstatement.

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 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

6 North Broad Street | Suite 201 | Woodbury, NJ 08096-4635 | P 856.853.0440 | F 856.845.4128 www.bowman.cpa

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
October 30, 2024

MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

397 Main Street
Mantua, New Jersey 08051
Phone: (856) 468-1111 Fax: (856) 464-0034
Website: www.mantuamua.com

Management's Discussion and Analysis
For the Fiscal Years Ended September 30, 2023 and 2022
(Unaudited)

FINANCIAL HIGHLIGHTS

Management believes the financial position of the Mantua Township Municipal Utilities Authority (the "Authority") is strong. According to its bond covenants, the Authority is required to make a 110% cover on debt service. For the current year, the Authority did meet the required coverage and remains confident of meeting all of its financial obligations. Key financial highlights for the Authority's fiscal year 2023 were:

- Operating expenses were $4,077,985.86 in fiscal year 2023, versus $4,205,504.40 in fiscal year 2022.

- Consumer accounts receivable, including unbilled revenues, as of September 30, 2023 and 2022 were $893,846.51 and $889,174.91, respectively.

- Service charges and connection fee revenues in fiscal year 2023 were $4,327,203.22 and $10,000.00, respectively and in fiscal year 2022 were $4,203,432.22 and $71,400.00, respectively.

- At year-end, total assets were $23,507,081.93; deferred outflows were $2,082,989.86; liabilities were $14,149,866.72; and deferred inflows were $3,923,502.34. The resultant net position at fiscal year-end was $7,516,682.73.

OVERVIEW OF THE FINANCIAL STATEMENTS

The entire annual financial report consists of five parts; Independent Auditor's Report, the management's discussion and analysis (this section), the basic financial statements, required supplementary information and supplemental schedules.

The basic financial statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies ("business-type activities"). The focus of the financials is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Statements of Net Position includes all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. As the Authority follows the accrual method of accounting, the current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses and Changes in Net Position regardless of when cash is received or paid. Net position - the difference between the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is a measure of the Authority's financial health or position. The Statements of Revenues, Expenses and Changes in Net Position provide a breakdown of the various areas of revenues and expenses encountered during the current fiscal year.

Mantua Township Municipal Utilities Authority
Management's Discussion and Analysis
For the Fiscal Years Ended September 30, 2023 and 2022
(Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

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

Schedules for the Authority's other post-retirement benefit plan and the State-administered pension plan are presented as Required Supplementary Information.

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

The Authority's total net position was $7,516,682.73 on September 30, 2023. Total assets, deferred outflows of resources, total liabilities, deferred inflows of resources, and total net position are detailed below.

Statements of Net Position
As of September 30, 2023, 2022, and 2021

		Restated		Change from 2022 to 2023	
	2023	2022	2021	Amount	Percent
Unrestricted Assets	$ 4,603,807.19	$ 4,179,053.93	$ 4,463,065.43	$ 424,753.26	10.16%
Restricted Assets	2,754,148.87	5,034,610.45	2,334,632.98	(2,280,461.58)	-45.30%
Noncurrent Assets	1,561,504.66	1,630,502.18	1,692,509.70	(68,997.52)	-4.23%
Capital Assets	14,587,621.21	13,166,900.39	13,322,708.86	1,420,720.82	10.79%
Total Assets	**23,507,081.93**	**24,011,066.95**	**21,812,916.97**	**(503,985.02)**	**-2.10%**
Deferred Outflows of Resources					
Related to Pensions	369,070.99	531,201.99	481,297.99	(162,131.00)	-30.52%
Related to Other Post-Employment Benefits	1,700,647.14	1,382,862.54	1,632,764.24	317,784.60	22.98%
Deferred Loss on Refinancing (Net of Accumulated Amortization)	13,271.73	18,484.22	24,465.77	(5,212.49)	-28.20%
Total Deferred Outflows of Resources	**2,082,989.86**	**1,932,548.75**	**2,138,528.00**	**150,441.11**	**7.78%**
Current Liabilities	4,321,453.02	6,290,465.50	3,375,846.62	(1,969,012.48)	-31.30%
Long-term Liabilities	9,828,433.70	8,272,973.35	9,090,826.33	1,555,460.35	18.80%
Total Liabilities	**14,149,886.72**	**14,563,438.85**	**12,466,672.95**	**(413,552.13)**	**-2.84%**
Deferred Inflows of Resources	**3,923,502.34**	**4,165,398.78**	**4,235,295.72**	**(241,896.44)**	**-5.81%**
Net Position:					
Net Investment in Capital Assets	7,932,826.08	8,248,934.62	7,446,928.94	(316,108.54)	-3.83%
Restricted	1,748,420.37	1,587,471.60	1,536,457.85	160,948.77	10.14%
Unrestricted (Deficit)	(2,164,563.72)	(2,621,628.15)	(1,733,910.49)	457,064.43	-17.43%
Total Net Position	**$ 7,516,682.73**	**$ 7,214,778.07**	**$ 7,249,476.30**	**$ 301,904.66**	**4.18%**

Mantua Township Municipal Utilities Authority
Management's Discussion and Analysis
For the Fiscal Years Ended September 30, 2023 and 2022
(Unaudited)

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE (CONT'D)

The Authority realized operating income of $376,474.71 for the current fiscal year. Combined with net non-operating expenses of $74,570.05, the Authority's total change in net position for the current fiscal year was an increase of $301,904.66. Major components of this activity are detailed below.

Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended September 30, 2023, 2022, and 2021

	2023	2022	2021	Change from 2022 to 2023 Amount	Percent
Operating Revenues:					
Utility Service Charges	$ 4,327,203.22	$ 4,203,432.22	$ 4,264,746.30	$ 123,771.00	2.86%
Other Operating Revenues	127,257.35	146,473.37	152,464.46	(19,216.02)	-15.10%
	4,454,460.57	**4,349,905.59**	**4,417,210.76**	**104,554.98**	**2.35%**
Operating Expenses:					
Administration	940,528.31	1,051,546.76	889,062.42	(111,018.45)	-11.80%
Cost of Providing Services	2,569,831.86	2,574,807.91	2,621,563.94	(4,976.05)	-0.19%
Depreciation and Amortization	567,625.69	579,149.73	596,710.61	(11,524.04)	-2.03%
	4,077,985.86	**4,205,504.40**	**4,107,336.97**	**(127,518.54)**	**-3.13%**
Operating Income	**376,474.71**	**144,401.19**	**309,873.79**	**232,073.52**	**61.64%**
Non-operating Revenues (Expenses):					
Tower Lease Revenue	79,135.92	79,135.92	79,135.92	-	0.00%
Lease Interest	38,806.60	40,352.48	41,694.16	(1,545.88)	-3.98%
Investment Income	170,099.28	7,523.50	823.38	162,575.78	95.58%
Interest on Debt	(91,850.45)	(73,214.37)	(77,514.85)	(18,636.08)	20.29%
Payment to the Township of Mantua	(232,027.00)	(221,089.00)	(218,230.00)	(10,938.00)	4.71%
Miscellaneous Non-operating Expenses	(38,734.40)	(11,807.95)	(1,313.50)	(26,926.45)	69.52%
Change in Net Position	**301,904.66**	**(34,698.23)**	**134,468.90**	**336,602.89**	**111.49%**
Net Position October 1	**7,214,778.07**	**7,249,476.30**	**6,835,198.87**	**(34,698.23)**	**-0.48%**
Restatement	**-**	**-**	**279,808.53**	**-**	**-**
Net Position October 1, As Restated	**7,214,778.07**	**7,249,476.30**	**7,115,007.40**	**(34,698.23)**	**-0.48%**
Net Position September 30	**$ 7,516,682.73**	**$ 7,214,778.07**	**$ 7,249,476.30**	**$ 301,904.66**	**4.02%**

Mantua Township Municipal Utilities Authority
Management's Discussion and Analysis
For the Fiscal Years Ended September 30, 2023 and 2022
(Unaudited)

OVERALL ANALYSIS

From 2022 to 2023, there was an increase in unrestricted current assets of $424,753.26, an increase in deferred outflows of $150,441.11, a decrease in current liabilities of $1,969,012.48, an increase in long-term liabilities of $1,555,335.50, and a decrease in deferred inflows of $241,896.44. These changes from 2022 to 2023 are due to the Authority's fiscal year 2023 activity in their pension plan (PERS) balances based on the June 30, 2023 PERS plan audit, the June 30, 2023 other post-employment benefits plan (OPEB) balances, and the amortization of the deferred loss on refinancing.

From 2021 to 2022, there was a decrease in unrestricted current assets of $284,011.50, a decrease in deferred outflows of $205,979.25, an increase in current liabilities of $2,914,618.88, a decrease in long-term liabilities of $817,852.98, and a decrease of deferred inflows of $69,896.94. These changes from 2021 to 2022 are due to the Authority's fiscal year 2022 activity in their pension plan (PERS) balances based on the June 30, 2022 PERS plan audit, the June 30, 2022 other post-employment benefits plan (OPEB) balances, and the amortization of the deferred loss on refinancing.

The Authority's overall financial position remains firm. From 2022 to 2023, the Authority experienced an increase in operating revenues – utility service charges of $123,771.00. The Authority maintained the number and overall mix of its residential, commercial, public, and industrial customer billing base. The rate structure approved in November 2013 resulted in a minimum water rate increase from $33/quarter to $45/quarter and the sewer rate increase from $82/quarter to $92/quarter.

Connection fee revenue in the current year was $10,000.00 in fiscal year 2023 versus $71,400.00 in fiscal year 2022 and $95,900.00 in fiscal year 2021. The decrease in connection fees can be attributed a reduction in new construction due to current economic conditions. Developers pay connection fees upon submittal of plans to connect residential developments, commercial properties, etc. into the Authority's water and/or sewer systems. The Authority recognizes these payments as revenue on the date of the Certificate of Occupancy.

Overall, the Authority believes it is managing its financial position as efficiently as possible despite the challenging fiscal environment. Net position increased by $301,904.66 in fiscal year 2023, decreased by $34,698.23 in fiscal year 2022, and increased by $134,468.90 in fiscal year 2021. The increase in 2023 was attributable to a decrease in operating expenses along with an increase in non-operating investment income. The decrease in 2022 was primarily attributable to increased operating expenses. The increase in 2021 was primarily attributable to increased service fees. The makeup of the ratepayer base is well diversified. The residential and public sectors, the most stable when considering the volatility of a billing base, comprise approximately 91.5% of the Authority's customers, however, there has been a noted increase in vacant residential properties due to the continuing economic malaise of the housing market. There is no particular emphasis or imbalance in the type of business enterprises within the commercial sector. Industrial users exist, but do not comprise a major portion of the Authority's billing base.

Mantua Township Municipal Utilities Authority
Management's Discussion and Analysis
For the Fiscal Years Ended September 30, 2023 and 2022
(Unaudited)

BUDGET VARIANCES

The budget for fiscal year 2023 was formulated in September 2022 and adopted within state guidelines. Following, is a narrative addressing the more significant budget line items, and how those budget line items compare to actual operating results for the current fiscal year.

Operating revenue exceeded the anticipated amount for the water utility by $43,421.89 and exceeded the anticipated amount for the sewer utility by $65,500.68.

Operating, principal payments and non-operating expenditures had favorable budget variances in the amount of $372,281.10 for the water utility and $142,386.05 for the sewer utility.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The footnotes to the Authority's financial statements detail changes in capital assets and long-term liabilities.

During the current year, the Authority had capital asset additions in the amount of $2,269,690.79 and expended $1,852,467.71 for construction in progress.

The Authority continues to maintain a proactive maintenance philosophy for its capital facilities. The Authority has several water and sewer capital projects along with additional equipment purchases funded through the budget, General Fund and Renewal and Replacement Fund.

The proposed five-year Capital Program in fiscal year 2024 is $70,000.00. The major line items making up the Capital Budget for fiscal year 2024 are comprised of the acquisition of equipment.

The Authority's 'AA-'/stable rating was reaffirmed in a thorough review of its financial position by Standard & Poor's Financial Services LLC in 2012, 2014, 2019 and 2023. The Authority does not anticipate any change in its excellent credit rating. Although the Authority does not operate under any debt limitations, it is required to receive approval from the Local Finance Board prior to issuing any debt.

The bond covenant requires that the Authority is required to make a 110% cover on debt service. The Authority did meet the required coverage. Due to aggressive fiscal management, the Excess of Revenue was $1,040,166.90 in 2023, in $734,853.24 in 2022, and $682,315.62 in 2021.

The Authority made scheduled debt service payments in the amount of $510,252.89 in fiscal year 2023.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide Mantua Township's citizens and our customers, clients, investors and creditors, with a general overview if the Authority's finances and to demonstrate the Authority's accountability for the public funds it receives. If you have questions about this report or need additional financial information, contact the Executive Director, Mantua Township Municipal Utilities Authority, 401 Main Street, Mantua, New Jersey 08051.

BASIC FINANCIAL STATEMENTS

MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Statements of Net Position
September 30, 2023 and 2022

	2023	Restated 2022
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	$ 3,576,323.46	$ 3,119,924.03
Consumer Accounts Receivable	893,846.51	889,174.91
Other Accounts Receivable	18,244.20	62,884.72
Leases Receivable - Current Portion	68,997.52	62,007.52
Inventory	31,647.00	31,647.00
Prepaid Expenses	14,748.50	13,415.75
Total Unrestricted Assets	4,603,807.19	4,179,053.93
Restricted Assets:		
Cash and Cash Equivalents	1,953,527.87	1,762,735.45
NJIB Program Receivable	800,621.00	3,271,875.00
Total Restricted Assets	2,754,148.87	5,034,610.45
Total Current Assets	7,357,956.06	9,213,664.38
Noncurrent Assets:		
Leases Receivable	1,561,504.66	1,630,502.18
Total Restricted Assets	1,561,504.66	1,630,502.18
Capital Assets:		
Utility Plant in Service, Net	12,294,689.25	10,592,624.15
Construction in Progress	2,292,931.96	2,574,276.24
Total Capital Assets	14,587,621.21	13,166,900.39
Total Noncurrent Assets	16,149,125.87	14,797,402.57
Total Assets	23,507,081.93	24,011,066.95
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	369,070.99	531,201.99
Related to Other Post-Employment Benefits	1,700,647.14	1,382,862.54
Deferred Loss on Refunding (Net of Accumulated Amortization)	13,271.73	18,484.22
Total Deferred Outflows of Resources	2,082,989.86	1,932,548.75

(Continued)

MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Statements of Net Position
September 30, 2023 and 2022

	2023	Restated 2022
LIABILITIES		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable and Accrued Expenses	$ 683,904.51	$ 525,697.45
Accounts Payable Related to Pension	163,592.00	150,024.00
Developers' Deposits	84,736.50	84,394.85
Compensated Absences	17,135.89	11,716.36
Total Current Liabilities Payable from Unrestricted Assets	949,368.90	771,832.66
Current Liabilities Payable from Restricted Assets:		
Revenue Bonds Payable - Current Portion	230,000.00	220,000.00
NJIB Note Payable	2,783,831.00	5,033,831.00
NJIB Loans - Current Portion	343,035.37	255,745.54
Accrued Interest Payable	15,217.75	9,056.30
Total Current Liabilities Payable from Restricted Assets	3,372,084.12	5,518,632.84
Long-term Liabilities:		
Compensated Absences	90,686.21	180,723.90
Revenue Bonds Payable	124.85	230,369.12
NJIB Loans Payable	4,111,696.64	2,468,379.33
Accrued Liabilities - Related to Pension	40,898.00	37,506.00
Pension Liability	1,772,899.00	1,795,387.00
Other Post-Employment Benefits Liability	3,812,129.00	3,560,608.00
Total Long-term Liabilities	9,828,433.70	8,272,973.35
Total Liabilities	14,149,886.72	14,563,438.85
DEFERRED INFLOWS OF RESOURCES		
Deferred Revenue	312,407.79	295,430.46
Related to Leases	1,289,880.55	1,366,600.32
Related to Other Post-Employment Benefits	2,206,522.00	2,223,101.00
Related to Pensions	114,692.00	280,267.00
Total Deferred Inflows of Resources	3,923,502.34	4,165,398.78
NET POSITION		
Net Investment in Capital Assets	7,932,826.08	8,248,934.62
Restricted for Bond Trust Indenture:		
Restricted Bond Reserve Fund	676,535.37	546,274.35
Restricted Operating Fund	1,071,885.00	1,041,197.25
Unrestricted (Deficit)	(2,164,563.72)	(2,621,628.15)
Total Net Position	$ 7,516,682.73	$ 7,214,778.07

The accompanying Notes to Financial Statements are an integral part of these statements.

MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended September 30, 2023 and 2022

	2023	2022
Operating Revenues:		
Utility Service Charges	$ 4,327,203.22	$ 4,203,432.22
Connection Fees	10,000.00	71,400.00
Other Operating Revenues	117,257.35	75,073.37
	4,454,460.57	4,349,905.59
Operating Expenses:		
Administration:		
Salaries and Wages	428,230.48	500,080.37
Fringe Benefits	221,410.88	278,701.63
Other Expenses	290,886.95	272,764.76
Cost of Providing Services:		
Salaries and Wages	415,794.91	489,368.28
Fringe Benefits	328,824.58	239,271.99
Other Expenses	1,825,212.37	1,846,167.64
Depreciation and Amortization	567,625.69	579,149.73
	4,077,985.86	4,205,504.40
Operating Income	376,474.71	144,401.19
Non-operating Revenue (Expenses):		
Tower Lease Revenue	79,135.92	79,135.92
Lease Interest Income	38,806.60	40,352.48
Investment Income	170,099.28	7,523.50
Interest on Debt	(91,850.45)	(73,214.37)
Payment to the Township of Mantua	(232,027.00)	(221,089.00)
Miscellaneous Non-operating Income (Expenses)	(38,734.40)	(11,807.95)
Change in Net Position	301,904.66	(34,698.23)
Net Position October 1	7,214,778.07	7,249,476.30
Net Position September 30	$ 7,516,682.73	$ 7,214,778.07

The accompanying Notes to Financial Statements are an integral part of these statements.

MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Statements of Cash Flows
For the Fiscal Years Ended September 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities:		
Receipts from Customers and Users	$ 4,339,508.95	$ 3,979,380.21
Receipts for Connection Fees	10,000.00	71,400.00
Other Operating Receipts	125,593.52	71,120.66
Payments to Suppliers	(2,038,078.83)	(2,014,772.90)
Payments to Employees	(1,570,693.61)	(1,584,412.83)
Net Cash Provided By Operating Activities	866,330.03	522,715.14
Cash Flows from Non-Capital Financing Activities		
Tower Rental Income	103,230.27	99,155.35
Payment to Township of Mantua	(221,089.00)	(218,230.00)
Miscellaneous Non-operating Income (Expenses)	(2,088.40)	(11,807.95)
Net Cash Used In Non-Capital Financing Activities	(119,947.13)	(130,882.60)
Cash Flows from Capital and Related Financing Activities:		
Principal Payments on Bonds	(220,000.00)	(210,000.00)
Principal Payments on Loans	(290,252.89)	(251,050.53)
NJIB Drawdowns	2,257,187.00	156,746.00
Acquisition of Capital Assets	(1,920,430.69)	(432,060.88)
Interest Payments on Debt	(95,793.75)	(74,609.23)
Net Cash Used In Capital and Related Financing Activities	(269,290.33)	(810,974.64)
Cash Flows from Investing Activities:		
Investment Income Received	170,099.28	7,523.50
Net Increase (Decrease) in Cash and Cash Equivalents	647,191.85	(411,618.60)
Cash and Cash Equivalents, October 1	4,882,659.48	5,294,278.08
Cash and Cash Equivalents, September 30	$ 5,529,851.33	$ 4,882,659.48

(Continued)

MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Statements of Cash Flows
For the Fiscal Years Ended September 30, 2023 and 2022

	2023	2022
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	$ 376,474.71	$ 144,401.19
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization of Capital Assets	567,625.69	579,149.73
Adjustment to Actuarial Pension Expense	(8,972.00)	(123,299.00)
Adjustment to Actuarial OPEB Expense	(82,842.60)	54,071.70
Changes in Assets and Liabilities		
(Increase) Decrease in Assets		
Consumer Accounts Receivable	(4,671.60)	(183,556.99)
Other Accounts Receivable	7,994.52	(26,227.43)
Inventory	-	14,488.00
Prepaid Expenses	(1,332.75)	(1,998.50)
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	79,353.24	91,670.00
Deferred Revenue	16,977.33	(40,495.02)
Developers' Deposits	341.65	22,274.72
Compensated Absences	(84,618.16)	(7,763.26)
Net Cash Provided by Operating Activities	$ 866,330.03	$ 522,715.14

Reconciliation of Cash and Cash Equivalents to the Statements of Net Position:

	2023	2022
Unrestricted Current	$ 3,576,323.46	$ 3,119,924.03
Restricted Current	1,953,527.87	1,762,735.45
Cash and Cash Equivalents, September 30	$ 5,529,851.33	$ 4,882,659.48

The accompanying Notes to Financial Statements are an integral part of these statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Authority is a public body corporate and politic of the State of New Jersey and was originally created as a municipal utilities authority by an ordinance adopted on April 10, 1973 by the governing body of the Township of Mantua (the "Township"), pursuant to the and in accordance with the provisions of Chapter 183 of the Laws of 1957, (the Municipal and County Utilities Authorities Law), as supplemental.

The Authority was created for the purpose of constructing, maintaining and operating water supply and distribution and sewerage collection. A Sanitary Sewage Collection System was constructed in 1978 to serve the Sewell area of the Township. This system was connected to the treatment facilities of the Gloucester County Utility Authority pursuant to the terms of the two treatment agreements dated April 2, 1974 and December 6, 1977. During the late 1970's, the Authority undertook a project to acquire five private utility companies which was completed on September 30, 1980.

The Authority currently provides water supply and distribution service along with sewerage collection and treatment service to approximately 75 percent of the Township's residences and businesses.

Component Unit

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity,* as amended. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Authority has no component units and is a component unit of the Township of Mantua.

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

Basis of Presentation

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

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

Basis of Accounting

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

Revenues -- Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. Water and sewer service charges are recognized as revenue when services are provided. Connection fees are collected in advance and, accordingly, the Authority defers these revenues until the municipality issues a release for certificate of occupancy and determines that water distribution and sewage collection services are being provided to the properties.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, contributed capital, and donations. Revenue from grants, contributed capital, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Budgets and Budgetary Accounting

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current fiscal year and to adopt not later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the fiscal year. The budget is adopted on the accrual basis of accounting with provisions for cash payments for bond principal. Depreciation and amortization expense, deferred loss on defeasance and the annual required contribution for pension and other postemployment benefits (OPEB) plans are not included in the budget appropriations.

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

Budgets and Budgetary Accounting (Cont'd)

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

The Authority records encumbrances. An encumbrance represents a commitment related to unperformed contracts for goods or services. The issuance of a purchase order or the signing of a contract would create an encumbrance. The encumbrance does not represent an expenditure for the period, only a commitment to expend resources. At fiscal year-end, the accounting records are adjusted to record only expenses in accordance with generally accepted accounting principles.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds and cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey governmental units. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of the school district of which the local unit is a part or within which the school district is located, bonds or other obligations approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

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

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

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

Inventories

Inventory consists principally of supplies at a level that is maintained to allow ongoing maintenance and repairs. Inventory is stated at cost and determined on a first-in, first-out basis.

Prepaid Expenses

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond the applicable fiscal year end.

Lease Receivable

Lease receivables recorded on the statements of net position represents a contract that conveys control of the right to use the Authority's (lessor) nonfinancial asset. At the commencement of the lease term, the lessor recognizes a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of lease payments expected to be received during the lease term.

Capital Assets

Capital assets primarily consist of expenditures to acquire, construct, place in operation and improve the facilities of the Authority.

Expenditures, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the capital asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Costs incurred during construction of an asset are recorded as construction in progress. In the year that the project is completed, these costs are transferred to Capital Assets - Completed. Interest costs incurred during construction are not capitalized into the cost of the asset.

Lease assets are measured on the statements of net position at the amount of the initial measurement of the related lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

Expenditures are capitalized when they meet the following requirements:

1) Cost of $5,000.00 or more
2) Useful life of more than one year
3) Asset is not affected by consumption

Amortization and Depreciation

Amortization on lease assets and depreciation on other capital assets is computed using the straight-line method over the shorter of the lease term or the following useful lives:

	Years
Utility Plant in Service	25-40
General Plant	40
Machinery and Equipment	5-20

A full year of depreciation is taken in the year of acquisition.

Utility Plan Acquisition Adjustment

The Authority accounts for the acquisition of existing operating utilities under the purchase method of accounting. The excess of the purchase price over the book value, original cost less depreciation, is recorded as utility plant acquisition adjustments and is amortized at an annual rate of 2.5%.

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

Bond and Loan Premiums

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

Deferred Outflows and Deferred Inflows of Resources

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

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Authority is required to report the following as deferred outflows of resources and deferred inflows of resources: leases, loss on refunding of debt, connection fees received prior to providing water and sewer services, defined benefit pension plans and postemployment benefit plans.

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Authority and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

Unearned Revenue

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

Pensions

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

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

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

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

Net Position

In accordance with the provisions of GASB Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board *"Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments"*, the Authority has classified its net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

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

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

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets." This component includes net position that may be allocated for specific purposes by the Board.

Income Taxes

The Authority operates as defined by the Internal Revenue Code Section 115 and appropriately is exempt from income taxes under Section 115.

Operating and Non-Operating Revenues and Expenses

Operating revenues include all revenues derived from facility charges (i.e., water and sewer rents and connection fees) and other revenue sources. Non-operating revenues principally consist of tower lease revenue, lease interest income and interest income earned on various interest-bearing accounts.

Operating expenses include expenses associated with the operation, maintenance and repair of the water treatment and sewer collection facilities and general administrative expenses. Non-operating expenses principally include expenses attributable to the Authority's interest on funded debt and payment of the Authority's budgeted surplus to the Township.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)</u>

Impact of Recently Issued Accounting Policies

<u>Recently Issued and Adopted Accounting Pronouncements</u>

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The adoption of this Statement had no impact on the Authority's financial statements.

Statement No. 96, *Subscription-Based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The adoption of this Statement had no impact on the Authority's financial statements.

Statement No. 99, *Omnibus 2022.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective immediately. The adoption of this Statement had no impact on the Authority's financial statements.

<u>Recently Issued Accounting Pronouncements</u>

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

Statement No. 100, *Accounting Changes and Error Corrections.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Statement will become effective for the Authority in the fiscal year ending September 30, 2024. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 101, *Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement will become effective for the Authority in the fiscal year ending September 30, 2025. Management is currently evaluating the impact this Statement will have on the basic financial statements of the Authority.

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

Impact of Recently Issued Accounting Policies

Recently Issued Accounting Pronouncements (Cont'd)

Statement No. 102, *Certain Risk Disclosures.* The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The Statement will become effective for the Authority in the year ending September 30, 2025. Management is currently evaluating the impact this Statement will have on the basic financial statements of the Authority.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions

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

General Bond Resolution

The Authority is subject to the provisions and restrictions of the General Bond Resolution adopted May 23, 1988 and Supplemental Resolutions adopted June 15, 1988, June 3, 1992, July 24, 1995, September 22, 1997, April 15, 2008 and October 31, 2008, July 21, 2009 and August 13, 2009, March 21, 2017, August 21, 2018 and November 20, 2018, May 19, 2020, and December 13, 2022 (collectively the "Bond Resolution"). A summary of the activities of each account created by the Bond Resolution is covered below.

Revenue Account - All annual charges, all service charges, and all fees, rents and charges and other income collected by the Authority related to the ownership, operation, use of services of the systems, and all investment income from the Revenue and General Funds is required to be deposited into this account. On a monthly basis, the Trustee is required to make payments into the other accounts to satisfy bond resolution requirements.

Operating Account - The balance on deposit must be equal to at least 25% of the annual appropriation for operating expenses in effect for three months subsequent to the fiscal year-end.

Bond Service Account - The balance on deposit must be sufficient to enable the Trustee to withdraw amounts equal to interest due on bonds, principal amount maturing on bonds and sinking fund installments when such payments are required.

Bond Reserve Account - The amount of funds on deposit must be maintained at a level equal to the Maximum Debt Service to ensure funds are available for payment of Debt Service.

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

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)

Debt Service Coverage

Although the 1988 Bonds have been subsequently refunded, certain provisions of the 1988 Bond Resolution are still in effect. Section 609 of the 1988 Bond Resolution requires certain ratios of Net Revenues to Debt Service. As of September 30, 2023 and 2022, the Authority was in compliance with this covenant which is calculated as follows:

	2023	2022
Revenues (accrual basis):		
Utility Service Charges	$ 4,327,203.22	$ 4,203,432.22
Other Operating Revenues	117,257.35	75,073.37
Connection Fees	10,000.00	71,400.00
Tower Lease Revenue	79,135.92	79,135.92
Lease Interest Income	38,806.60	40,352.48
Investment Income	170,099.28	7,523.50
Net Position Utilized	474,676.00	476,091.00
	5,217,178.37	4,953,008.49
Operating Expenses (net of depreciation)	3,510,360.17	3,626,354.67
Net Revenues	1,706,818.20	1,326,653.82
Less: 110% of Debt Service Fiscal Year Debt Service	606,046.64	538,000.53
	x 110%	x 110%
	666,651.30	591,800.58
Excess of Revenue	$ 1,040,166.90	$ 734,853.24

Note 3: DETAIL NOTES - ASSETS

Cash and Cash Equivalents

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. Although the Authority does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first $250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. If the Authority had any such funds, they would be shown as Uninsured and Uncollateralized in the schedule below.

As of September 30, 2023 and 2022, the Authority's bank balances were exposed to custodial credit risk as follows:

	September 30, 2023	September 30, 2022
Insured by FDIC	$ 250,000.00	$ 250,000.00
Insured and collateralized with securities held by pledging financial institutions	259,039.08	703,668.23
Uninsured and Uncollateralized	5,007,350.43	4,432,854.10
	$ 5,516,389.51	$ 5,386,522.33

Service Fees

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

Fiscal Year	Beginning Balance	Billings	Accrued Billings	Total Collections	Percent of Collections
2023	$ 889,174.91	$ 4,327,203.22	$ (242,953.56)	$ 4,372,556.63	87.92%
2022	705,617.92	4,203,432.22	(246,276.68)	4,039,726.06	86.64%
2021	584,611.57	4,264,746.30	(231,125.68)	4,124,997.49	89.32%

Note 3: DETAIL NOTES – ASSETS (CONT'D)

Leases Receivable

The Authority is reporting leases receivable of $1,630,502.18 and $1,692,509.70 at September 30, 2023 and 2022, respectively.

The Authority reported lease revenue of $79,135.92 and interest revenue of $38,806.60 related to lease payments received during the fiscal year ended September 30, 2023.

The leases as of September 30, 2023 are summarized as follows:

Lease Description	Lease Receivable	Lease Revenue	Lease Interest Revenue
Cell Tower Leases	$ 1,630,502.18	$ 79,135.92	$ 38,806.60

The Authority reported lease revenue of $79,135.92 and interest revenue of $40,352.48 related to lease payments received during the fiscal year ended September 30, 2022.

The leases as of September 30, 2022 are summarized as follows:

Lease Description	Lease Receivable	Lease Revenue	Lease Interest Revenue
Cell Tower Leases	$ 1,692,509.70	$ 79,135.92	$ 40,352.48

Cell Tower Lease - On December 1, 2004, the Authority entered into a five-year lease agreement with 5 five-year extensions with T-Mobile for the lease of space on the Authority's Water Tower. The implied interest rate is based on the Authority's estimated incremental borrowing rate of 3.50%. Based on this agreement, the Authority expects to receive payments through November 30, 2034.

Cell Tower Lease - On December 1, 2013, the Authority entered into a five-year lease agreement with 4 five-year extensions with AT&T for the lease of space on the Authority's Water Tower. The implied interest rate is based on the Authority's estimated incremental borrowing rate of 2.00%. Based on this agreement, the Authority expects to receive payments through November 30, 2038.

Cell Tower Lease - On May 1, 2018, the Authority entered into a five-year lease agreement with 4 five-year extensions with Verizon for the lease of space on the Authority's Water Tower. The implied interest rate is based on the Authority's estimated incremental borrowing rate of 2.00%. Based on this agreement, the Authority expects to receive payments through April 30, 2043.

Note 3: DETAIL NOTES – ASSETS (CONT'D)

Capital Assets

During the fiscal year ended September 30, 2023, the following changes in Capital Assets occurred:

	Balance Oct. 1, 2022	Additions	Deletions	Adjustments	Balance Sept. 30, 2023
Capital Assets not being Depreciated:					
Land and Land Rights	$ 8,325.00				$ 8,325.00
Intangible Plant	5,976.00				5,976.00
Construction in Progress	2,574,276.24	$ 1,852,467.71		$ (2,133,811.99)	2,292,931.96
Total Capital Assets not being Depreciated:	2,588,577.24	1,852,467.71	-	(2,133,811.99)	2,307,232.96
Capital Assets being Depreciated:					
Utility Plant in Service					
Collecting System	9,265,054.81				9,265,054.81
Pumping System	3,371,505.11			2,133,811.99	5,505,317.10
Source of Supply Plant	1,310,071.97				1,310,071.97
Water Treatment Plant	1,086,823.32				1,086,823.32
Transmission and Distribution Plant	9,023,536.86				9,023,536.86
General Plant	271,482.40				271,482.40
Machinery and Equipment	2,425,808.86	135,878.80			2,561,687.66
Total Capital Assets being Depreciated	26,754,283.33	135,878.80	-	2,133,811.99	29,023,974.12
Less: Accumulated Depreciation					
Utility Plant in Service					
Collecting System	5,812,637.87	202,304.00			6,014,941.87
Pumping System	994,932.47	70,637.93			1,065,570.40
Source of Supply Plant	713,484.49	33,882.19			747,366.68
Water Treatment Plant	835,167.26	16,354.77			851,522.03
Transmission and Distribution Plant	6,014,870.20	161,389.85			6,176,260.05
General Plant	269,952.40	510.00			270,462.40
Machinery and Equipment	1,535,060.54	82,401.90			1,617,462.44
Total Accumulated Depreciation	16,176,105.23	567,480.64	-	-	16,743,585.87
Capital Assets being Depreciated, Net	10,578,178.10	(431,601.84)	-	2,133,811.99	12,280,388.25
Utility Plant Acquisition Costs	2,247,656.72				2,247,656.72
Less: Accumulated Amortization	2,247,511.67	145.05			2,247,656.72
Utility Plant Acquisition Costs, Net	145.05	(145.05)	-	-	-
Total Capital Assets, being Depreciated or Amortized, Net	10,578,323.15	(431,746.89)	-	2,133,811.99	12,280,388.25
Total Capital Assets, Net	$ 13,166,900.39	$ 1,420,720.82	$ -	$ -	$ 14,587,621.21

Note 3: DETAIL NOTES – ASSETS (CONT'D)

Capital Assets (Cont'd)

During the fiscal year ended September 30, 2022, the following changes in Capital Assets occurred:

	Balance Oct. 1, 2021	Additions	Deletions	Adjustments	Balance Sept. 30, 2022
Capital Assets not being Depreciated:					
Land and Land Rights	$ 8,325.00				$ 8,325.00
Intangible Plant	5,976.00				5,976.00
Construction in Progress	2,220,164.36	$ 354,111.88			2,574,276.24
Total Capital Assets not being Depreciated:	2,234,465.36	354,111.88	-	-	2,588,577.24
Capital Assets being Depreciated:					
Utility Plant in Service					
Collecting System	9,265,054.81				9,265,054.81
Pumping System	3,371,505.11				3,371,505.11
Source of Supply Plant	1,280,051.97	30,020.00			1,310,071.97
Water Treatment Plant	1,086,823.32				1,086,823.32
Transmission and Distribution Plant	9,023,536.86				9,023,536.86
General Plant	271,482.40				271,482.40
Machinery and Equipment	2,377,879.86	47,929.00			2,425,808.86
Total Capital Assets being Depreciated	26,676,334.33	77,949.00	-	-	26,754,283.33
Less: Accumulated Depreciation					
Utility Plant in Service					
Collecting System	5,610,331.58	202,306.29			5,812,637.87
Pumping System	924,294.54	70,637.93			994,932.47
Source of Supply Plant	682,604.23	30,880.26			713,484.49
Water Treatment Plant	818,812.49	16,354.77			835,167.26
Transmission and Distribution Plant	5,828,797.74	186,072.46			6,014,870.20
General Plant	269,442.40	510.00			269,952.40
Machinery and Equipment	1,454,104.48	80,956.06			1,535,060.54
Total Accumulated Depreciation	15,588,387.46	587,717.77	-	-	16,176,105.23
Capital Assets being Depreciated, Net	11,087,946.87	(509,768.77)	-	-	10,578,178.10
Utility Plant Acquisition Costs	2,247,656.72				2,247,656.72
Less: Accumulated Amortization	2,247,360.09	151.58			2,247,511.67
Utility Plant Acquisition Costs, Net	296.63	(151.58)	-		145.05
Total Capital Assets, being Depreciated or Amortized, Net	11,088,243.50	(509,920.35)	-		10,578,323.15
Total Capital Assets, Net	$ 13,322,708.86	$ (155,808.47)	$ -		$ 13,166,900.39

Note 4: DETAIL NOTES – DEFERRED OUTFLOWS OF RESOURCES

Deferred Loss of Defeasance of Debt

In 2016, the Authority used unspent loan proceeds to defease $765,000.00 of future loan principal payments to the New Jersey Environmental Infrastructure Trust (NJEIT) to which the Authority is a pooled loan participant. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $69,356.13. The difference, net of accumulated amortization of $56,084.40 and $50,871.91 in fiscal year 2023 and 2022, respectively, is reported in the accompanying financial statements as of September 30, 2023 and 2022, respectively, as a deferred outflow of resources. Amortization is being charged to operations as a component of interest expense over the life of the refunding bonds using the effective interest method. The refunding resulted in a present value economic gain of $129,615.44. See note 5 for additional information on the debt refunding.

Note 5: DETAIL NOTES – LIABILITIES

Long-term Liabilities

During the fiscal year ended September 30, 2023, the following changes occurred in long-term obligations:

	Balance Sept. 31, 2022	Additions	Reductions	Balance Sept. 31, 2023	Due Within One Year
Bonds and Loans Payable:					
Bonds Payable	$ 450,369.12		$ (220,244.27)	$ 230,124.85	$ 230,000.00
Loans Payable	2,724,124.87	$ 2,035,933.00	(305,325.86)	4,454,732.01	343,035.37
Total Bonds and Loans Payable	3,174,493.99	2,035,933.00	(525,570.13)	4,684,856.86	573,035.37
Other Liabilities:					
Net Pension Liability	1,795,387.00	749,492.00	(771,980.00)	1,772,899.00	
Net OPEB Obligation	3,560,608.00	3,558,451.07	(3,306,930.07)	3,812,129.00	
Other Liabilities - Related to Pension	37,506.00	40,898.00	(37,506.00)	40,898.00	
Compensated Absences	192,440.26	1,614.15	(86,232.31)	107,822.10	17,135.89
Total Other Liabilities	5,585,941.26	4,350,455.22	(4,202,648.38)	5,733,748.10	17,135.89
Total Long-term Liabilities	$ 8,760,435.25	$ 6,386,388.22	$(4,728,218.51)	$ 10,418,604.96	$ 590,171.26

During the fiscal year ended September 30, 2022, the following changes occurred in long-term obligations:

	Balance Sept. 31, 2021	Additions	Reductions	Balance Sept. 31, 2022	Due Within One Year
Bonds and Loans Payable:					
Bonds Payable	$ 660,727.38		$ (210,358.26)	$ 450,369.12	$ 220,000.00
Loans Payable	2,989,518.31		(265,393.44)	2,724,124.87	255,745.54
Total Bonds and Loans Payable	3,650,245.69	-	(475,751.70)	3,174,493.99	475,745.54
Other Liabilities:					
Net Pension Liability	1,324,137.00	$ 1,350,114.00	(878,864.00)	1,795,387.00	
Net OPEB Obligation	4,355,598.00	2,944,057.79	(3,739,047.79)	3,560,608.00	
Other Liabilities - Related to Pension	32,725.00	37,506.00	(32,725.00)	37,506.00	
Compensated Absences	200,203.52	17,357.23	(25,120.49)	192,440.26	11,716.36
Total Other Liabilities	5,912,663.52	4,349,035.02	(4,675,757.28)	5,585,941.26	11,716.36
Total Long-term Liabilities	$ 9,562,909.21	$ 4,349,035.02	$(5,151,508.98)	$ 8,760,435.25	$ 487,461.90

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

Revenue Bonds Payable

The Revenue Bonds Series 2009 are direct obligations of the Authority. The Bonds are secured by a pledge on the Revenues derived by the Authority from the operation of its water supply and distribution facilities and its sewerage treatment facilities. The Bonds are further secured by the limited-service agreement between the Authority and the Township (See Note 8).

The 2009 Series Bonds were issued to fund various capital improvements to the Authority's system consisting of the construction of sanitary sewer lines along Barnsboro Road and Mantua Terrace and paying certain costs and expenses incidental to the issuance and delivery of the 2009 Bonds. The Bonds were issued originally for $1,830,000.00 and carried interest rates ranging from 2.0% to 4.0%. The final maturity of the 2009 Bonds is September 1, 2024.

The following schedule reflects the Debt Requirements until 2024.

Fiscal Year Ending September 30,	Principal	Interest	Total
2024	$ 230,000.00	$ 9,200.00	$ 239,200.00
Less: Current Maturities	230,000.00		
Add: Premium on Bonds	124.85		
Long-term Portion	$ 124.85		

New Jersey Environmental Infrastructure Trust

In November 2008, the Authority closed on loans from the New Jersey Environmental Infrastructure Trust totaling $1,185,000.00 from the Trust and $1,169,631.00 from the Fund. The loan proceeds are being used to fund the Main Street and Lambs Road water main extension. As of September 30, 2023, the Authority has drawn all these funds.

The Fund Loan is a noninterest-bearing loan with the first semi-annual principal payment paid August 1, 2009. The Trust Loan carries rates from 5.00% to 5.50%. The fund and trust loans have a final maturity date of August 1, 2025 and August 1, 2028, respectively.

The Authority did not spend all the available funding from the NJEIT loans available for the Lambs Road Water project. As of September 30, 2011, the NJEIT prepared a final settlement of the funding, and the remaining amount of the Fund portion of the grant reduced the scheduled payments due in fiscal years 2025 to 2028 for the Fund portion of the loan. The remaining amount of the Trust portion of the grant was being held by the NJEIT and reduced the scheduled payments due for the Trust portion of the loan at the discretion of the NJEIT in the form of credits against the scheduled payment amounts due.

In 2016, the State of New Jersey Environmental Infrastructure Trust (NJEIT) Program partially refunded the Authority's NJEIT 2008A loans. This refund debt became the 2016-A-R1 loans. The NJEIT adjusted the amortization schedule for the remaining payments due for the Trust portion of the loan. Principal was reduced by $78,000.00 and interest was reduced by $64,404.84 in accordance with the terms of the refunding. See note 4 for more information on the deferred amount on refunding associated with this refunding.

In November 2018, the Authority closed on loans from the New Jersey Infrastructure Bank totaling $660,000.00 from the Trust and $2,024,329.00 from the Fund. The loan proceeds are being used to fund various water system capital improvements. As of September 30, 2023, the Authority has drawn all these funds.

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

New Jersey Environmental Infrastructure Trust (Cont'd)

The Fund Loan is a noninterest-bearing loan with the first semi-annual principal payment paid August 1, 2019. The Trust Loan carries rates from 4.00% to 5.00%. The fund and trust loans have a final maturity date of August 1, 2037 and August 1, 2038, respectively.

The Authority did not spend all the available funding from the NJIB loans available for the Well 2A Rehabilitation project. As of September 30, 2023, the NJIB prepared a final settlement of the funding, and the remaining amount of the Fund portion of the grant reduced the scheduled payments due in fiscal years 2037 to 2038 for the Fund portion of the loan. The remaining amount of the Trust portion of the grant was being held by the NJIB and reduced the scheduled payments due for the Trust portion of the loan at the discretion of the NJIB in the form of credits against the scheduled payment amounts due.

In December 2022, the Authority closed on loans from the New Jersey Infrastructure Bank totaling $915,000.00 from the Trust and $1,0174,967.00 from the Fund. The loan proceeds are being used to fund various sewer system capital improvements. As of September 30, 2023, the Authority has drawn all these funds.

The Fund Loan is a noninterest-bearing loan with the first semi-annual principal payment paid August 1, 2023. The Trust Loan carries an interest rate of 5.00%. The fund and trust loans have a final maturity date of August 1, 2042.

The following schedule reflects the Debt Service Requirements for the Authority's Loans through 2042:

Fiscal Year Ending September 30,	Principal	Interest	Total
2024	$ 343,035.37	$ 87,300.00	$ 430,335.37
2025	320,295.67	80,950.00	401,245.67
2026	295,693.00	74,350.00	370,043.00
2027	299,693.00	67,680.00	367,373.00
2028	308,693.00	60,830.00	369,523.00
2029-2033	1,168,465.00	235,050.00	1,403,515.00
2034-2038	1,109,597.06	137,050.00	1,246,647.06
2039-2042	477,044.35	34,250.00	511,294.35
	4,322,516.45	$ 777,460.00	$ 5,099,976.45
Less: Current Maturities	343,035.37		
Add: Premium on Loans	132,215.56		
Long-term Portion	$ 4,111,696.64		

Project Notes Payable

On August 17, 2022, the Authority adopted Resolution 2021-65 authorizing the issuance and sale of Notes, in the principal amount not to exceed $4,000,000.00 to fund the Royal Oaks and Austin Street Pump Station Projects. On August 17, 2022, the Authority issued Project Note Series 2022 A in the amount of $1,837,632.00 and Series 2022 B in the amount of $946,199.00, to the New Jersey Infrastructure Bank (NJIB), at an interest rate to be set by the NJIB each State fiscal year. Accrued interest will be paid when the note is permanently financed. The Project note maturity date is August 17, 2024.

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

Compensated Absences

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

Authority employees may accumulate unused sick days with no restrictions. Employees who have at least 5 years of full-time employment with the Authority are compensated for accumulated sick leave upon retirement at 75% of the overall accrual which should not exceed 365 days, paid in equal installments over 4 years post-retirement. Up to 5 vacation days, or as approved by the Board, not used during the year may be carried forward for one year and lost after that year has passed, if unused. Upon separation from the Authority, the employee will be paid for all accrued vacation times at their then current hourly rate, prorated based on their termination of employment. The accrued liability for accumulated sick leave and vacation time as of September 30, 2023 and 2022 is estimated at $107,822.10 and $192,440.26, respectively.

Net Pension Liability

For details on the net pension liability, see the Pension Plans section of this note that follows. The Authority's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis.

Net OPEB Liability

For details on other postemployment benefits, see the Postemployment Benefits Other Than Pensions (OPEB) section of this note that follows. The Authority's contributions to the postemployment benefits plan are budgeted and paid as they are due.

Pension Plans

A substantial number of the Authority's employees participate in the Public Employees' Retirement System ("PERS") which is administered by the New Jersey Division of Pensions and Benefits. In addition, several Authority employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Empower (formerly Prudential Financial) for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. As a local participation employer of these pension plans, the Authority is referred to as "Employer" throughout this note. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS and PFRS plans' fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
https://www.state.nj.us/treasury/pensions/financial-reports.shtml

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

Pension Plans (Cont'd)

General Information about the Pension Plans

Plan Descriptions

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

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of P.L. 2007, c. 92 and P.L. 2007, c. 103, and expanded under the provisions of P.L. 2008, c. 89 and P.L. 2010, c. 1. The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are state or local officials who are elected or appointed on or after July 1, 2007; employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least $5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least $5,000.00 annually.

Vesting and Benefit Provisions

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service. The following represents the membership tiers for PERS:

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

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

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

Pension Plans (Cont'd)

General Information about the Pension Plans (Cont'd)

Vesting and Benefit Provisions (Cont'd)

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

Contributions

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

Special Funding Situation Component - Under N.J.S.A. 43:15A, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. One of such legislations, which legally obligate the State, is Chapter 133, P.L. 2001. This legislation increased the accrual rate from 1/60 to 1/55. In addition, it lowered the age required for a veteran benefit equal to 1/55 of highest 12-month compensation for each year of service from 60 to 55. Chapter 133, P.L. 2001 also established the Benefit Enhancement Fund (BEF) to fund the additional annual employer normal contribution due to the State's increased benefits. If the assets in the BEF are insufficient to cover the normal contribution for the increased benefits for a valuation period, the State will pay such amount for both the State and local employers.

The Employer's contractually required contribution rate for the fiscal years ended September 30, 2023 and September 30, 2022 was 20.35% and 16.54% of the Employer's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2023, the Employer's contractually required contribution to the pension plan for the fiscal year ended September 30, 2023 was $163,592.00, and was payable by April 1, 2024. For the prior year measurement date of June 30, 2022, the Employer's contractually required contribution to the pension plan for the fiscal year ended September 30, 2022 was $150,024.00, and was paid by April 1, 2023.

Employee contributions to the Plan for the fiscal year ended September 30, 2023 and 2022 were $60,945.89 and $69,580.80, respectively.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Employer, under Chapter 133, P.L. 2001, for the fiscal years ended September 30, 2023 and 2022 was .69% and .42% of the Employer's covered payroll.

Based on the most recent PERS measurement date of June 30, 2023, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Employer, to the pension plan for the fiscal year ended September 30, 2023 was $5,529.00, and is payable by April 1, 2024. For the prior year measurement date of June 30, 2022, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Employer, to the pension plan for the fiscal year ended September 30, 2022 was $3,778.00, and was paid by April 1, 2023.

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

Pension Plans (Cont'd)

General Information about the Pension Plans (Cont'd)

Contributions (Cont'd)

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Employer contributes 3% of the employees' base salary, for each pay period.

For the fiscal year ended September 30, 2023 and 2022, there were no employees enrolled in this plan.

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees' Retirement System

Pension Liability - As of September 30, 2023, there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The Employer's proportionate share of the PERS net pension liability was $1,772,899.00. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2023. The Employer's proportion of the net pension liability was based on a projection of the Employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2023 measurement date, the Employer's proportion was .0122400796%, which was an increase of .0003433082% from its proportion measured as of June 30, 2022.

As of September 30, 2022, there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The Employer's proportionate share of the PERS net pension liability was $1,795,387.00. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. The Employer's proportion of the net pension liability was based on a projection of the Employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2022 measurement date, the Authority's proportion was .0118967714%, which was an increase of .0007193155% from its proportion measured as of June 30, 2021.

Pension (Benefit) Expense - For the fiscal years ended September 30, 2023 and 2022, the Employer recognized its proportionate share of the PERS pension (benefit) expense of $141,052.00 and $26,725.00, respectively. These amounts were based on the Plan's June 30, 2023 and 2022 measurement dates, respectively.

For the fiscal years ended September 30, 2023 and September 30, 2022, the Employer has recognized as a revenue and an expenditure on-behalf payments made by the State for the State's proportionate share of the PERS pension expense, associated with the Employer, under Chapter 133, P.L. 2001, calculated by the Plan as of the June 30, 2023 and 2022 measurement date. The amounts recognized as a revenue and an expenditure in the financial statements was $5,529.00 and $3,778.00, respectively.

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

Pension Plans (Cont'd)

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Public Employees' Retirement System (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources – At September 30, 2023 and 2022, the Employer had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	September 30, 2023		September 30, 2022	
	Measurement Date June 30, 2023		Measurement Date June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 16,951.00	$ 7,247.00	$ 12,958.00	$ 11,427.00
Changes of Assumptions	3,895.00	107,445.00	5,563.00	268,840.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	8,164.00	-	74,309.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	299,163.00	-	400,866.00	-
Contributions Subsequent to the Measurement Date	40,898.00	-	37,506.00	-
	$ 369,071.00	$ 114,692.00	$ 531,202.00	$ 280,267.00

Deferred outflows of resources in the amounts of $40,898.00 and $37,506.00 will be included as a reduction of the net pension liability during the fiscal years ending September 30, 2024 and 2023, respectively. These amounts are based on an estimated April 1, 2025 and April 1, 2024 contractually required contribution, prorated from the pension plan's measurement date of June 30, 2023 and 2022 to the Employer's fiscal year end of September 30, 2023 and 2022.

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

Pension Plans (Cont'd)

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Public Employees' Retirement System (Cont'd)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	-	5.13
June 30, 2022	-	5.04
June 30, 2023	5.08	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
June 30, 2022	5.00	-
June 30, 2023	5.00	-
Changes in Proportion		
Year of Pension Plan Deferral:		
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13
June 30, 2022	5.04	5.04
June 30, 2023	5.08	5.08

Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

Fiscal Year Ending September 30,	
2024	$ 38,837.00
2025	54,434.00
2026	119,804.00
2027	(716.00)
2028	1,122.00
	$ 213,481.00

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

Pension Plans (Cont'd)

Actuarial Assumptions

Public Employees' Retirement System

The net pension liability was measured as of June 30, 2023 and 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 and 2021. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2023 and 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.75% - 6.55% Based on Years of Service
Investment Rate of Return	7.00%
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021

For the June 30, 2023 measurement date, Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

For the June 30, 2022 measurement date, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

Pension Plans (Cont'd)

Actuarial Assumptions (Cont'd)

Public Employees' Retirement System (Cont'd)

In accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2023 and 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2023 and 2022 are summarized in the table below:

	Measurement Date June 30, 2023		Measurement Date June 30, 2022	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%	27.00%	8.12%
Non-U.S. Developed Markets Equity	12.75%	9.22%	13.50%	8.38%
International Small Cap Equity	1.25%	9.22%		
Emerging Markets Equity	5.50%	11.13%	5.50%	10.33%
Private Equity	13.00%	12.50%	13.00%	11.80%
Real Estate	8.00%	8.58%	8.00%	11.19%
Real Assets	3.00%	8.40%	3.00%	7.60%
High Yield	4.50%	6.97%	4.00%	4.95%
Private Credit	8.00%	9.20%	8.00%	8.10%
Investment Grade Credit	7.00%	5.19%	7.00%	3.38%
Cash Equivalents	2.00%	3.31%	4.00%	1.75%
U.S. Treasuries	4.00%	3.31%	4.00%	1.75%
Risk Mitigation Strategies	3.00%	6.21%	3.00%	4.91%
	100.00%		100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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 would be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

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

Pension Plans (Cont'd)

Actuarial Assumptions (Cont'd)

Public Employees' Retirement System (Cont'd)

Discount Rate (Cont'd) - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.54% as of the June 30, 2022 measurement date based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity would be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

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

Public Employees' Retirement System

The following presents the Employer's proportionate share of the net pension liability as of the June 30, 2023 measurement date, calculated using a discount rate of 7.00%, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability	$ 2,307,937.00	$ 1,772,899.00	$ 1,317,511.00

The following presents the Employer's proportionate share of the net pension liability as of the June 30, 2022 measurement date, calculated using a discount rate of 7.00%, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	September 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability	$ 2,306,546.00	$ 1,795,387.00	$ 1,360,369.00

Note 5: <u>DETAIL NOTES – LIABILITIES (CONT'D)</u>

Pension Plans (Cont'd)

<u>Pension Plan Fiduciary Net Position</u>

Public Employees' Retirement System

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

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

<u>General Information about the State Health Benefit Local Government Retired Employees Plan</u>

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

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

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

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

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

General Information about the State Health Benefit Local Government Retired Employees Plan (Cont'd)

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

The Employer was billed monthly by the Plan and paid $142,672.84 and $97,162.86, for the fiscal years ended September 30, 2023 and 2022, respectively. These amounts represent 17.75% and 10.71% of the Employer's covered payroll. During the fiscal years ended September 30, 2023 and 2022, retirees were not required to contribute to the Plan.

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

OPEB Liability - At September 30, 2023, the Employer's proportionate share of the net OPEB liability was $2,961,090.00.

The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023.

The Employer's proportion of the net OPEB liability was based on the ratio of the Plan members of an individual employer to the total members of the Plan' during the measurement period July 1, 2022 through June 30, 2023. For the June 30, 2023 measurement date, the Employer's proportion was .019732%, which was an increase of .002792% from its proportion measured as of the June 30, 2022 measurement date, as adjusted.

At September 30, 2022, the Employer's proportionate share of the net OPEB liability was $2,735,741.00.

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022.

The Employer's proportion of the net OPEB liability was based on the ratio of the Plan members of an individual employer to the total members of the Plan' during the measurement period July 1, 2021 through June 30, 2022. For the June 30, 2022 measurement date, the Employer's proportion was .016940%, which was a decrease of .001061% from its proportion measured as of the June 30, 2021 measurement date.

OPEB (Benefit) Expense - At September 30, 2023, the Employer's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2023 measurement date, is ($13,333.00).

At September 30, 2022, the Employer's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2022 measurement date, is $31,069.00.

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - At September 30, 2023 and 2022, the Employer had deferred outflows of resources and deferred inflows of resources from the following sources:

	September 30, 2023		September 30, 2022	
	Measurement Date June 30, 2023		Measurement Date June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 136,550.00	$ 804,135.00	$ 141,277.00	$ 507,090.00
Changes of Assumptions	383,572.00	837,005.00	365,096.00	933,656.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	489.00	720.00	-
Changes in Proportion	1,060,383.00	360,136.00	671,739.00	494,123.00
Contributions Subsequent to the Measurement Date	35,293.14	-	25,422.54	-
	$ 1,615,798.14	$ 2,001,765.00	$ 1,204,254.54	$ 1,934,869.00

Deferred outflows of resources in the amount of $35,293.14 was the result of the Employer contributions subsequent to the Plan's measurement date of June 30, 2023. This amount will be included as a reduction of the Employer's net OPEB liability during the fiscal year ending September 30, 2024. Deferred outflows of resources in the amount of $25,422.54 was the result of the Employer contributions subsequent to the Plan's measurement date of June 30, 2022. This amount was included as a reduction of the Employer's net OPEB liability during the fiscal year ending September 30, 2023.

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

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

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

The Employer will amortize the above other deferred outflows of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	Deferred Outflows of Resources	Deferred Inflows of Resources		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience			Net Difference between Projected and Actual Investment Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:			Year of OPEB Plan Deferral:		
June 30, 2018	-	8.14	June 30, 2018	5.00	-
June 30, 2019	-	8.05	June 30, 2019	5.00	-
June 30, 2020	7.87	-	June 30, 2020	5.00	-
June 30, 2021	-	7.82	June 30, 2021	5.00	-
June 30, 2022	7.82	-	June 30, 2022	5.00	-
June 30, 2023	-	7.89	June 30, 2023	5.00	-
Changes of Assumptions			Changes in Proportion		
Year of OPEB Plan Deferral:			Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04	June 30, 2017	8.04	8.04
June 30, 2018	-	8.14	June 30, 2018	8.14	8.14
June 30, 2019	-	8.05	June 30, 2019	8.05	8.05
June 30, 2020	7.87	-	June 30, 2020	7.87	7.87
June 30, 2021	7.82	-	June 30, 2021	7.82	7.82
June 30, 2022	-	7.82	June 30, 2022	7.82	7.82
June 30, 2023	7.89	-	June 30, 2023	7.89	7.89

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

Fiscal Year Ending		
September 30, 2024	$	(254,262.00)
September 30, 2025		(127,199.00)
September 30, 2026		(25,739.00)
September 30, 2027		72,198.00
September 30, 2028		(55,332.00)
Thereafter		(30,926.00)
	$	(421,260.00)

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

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

Actuarial Assumptions

The actuarial valuation at June 30, 2023 and 2022 used the following actuarial assumptions, applied to all periods in the measurement:

	Measurement Date June 30, 2023	Measurement Date June 30, 2022
Salary Increases *		
PERS:		
Rate for All Future Years	2.75% to 6.55%	2.75% to 6.55%

Mortality:

PERS - Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

* salary increases are based on years of service within the respective Plan

Actuarial assumptions used in the valuation were based on the results of the PERS experience studies prepared for July 1, 2018 to June 30, 2021.

100% of active members in both the June 30, 2023 and June 30, 2022 measurement dates are considered to participate in the Plan upon retirement.

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

Discount Rate - The discount rate used to measure the OPEB liability at June 30, 2023 and 2022 were 3.65% and 3.54%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Note 5: <u>DETAIL NOTES – LIABILITIES (CONT'D)</u>

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

Actuarial Assumptions (Cont'd)

Health Care Trend Assumptions – The health care trend assumptions used is as follows:

	Annual Rate of Increase					
	Medical Trend			Prescription Drug Trend		
Fiscal Year Ending	Pre-65	PPO Post-65	HMO Post-65	Pre-65	Post-65	EGWP
2024	6.50%	-5.63%	-6.04%	14.00%	9.50%	14.28%
2025	6.25%	8.22%	8.33%	10.00%	8.75%	11.21%
2026	6.00%	16.85%	17.28%	7.50%	7.50%	7.50%
2027	5.75%	14.31%	14.65%	6.75%	6.75%	6.75%
2028	5.50%	12.43%	12.71%	6.00%	6.00%	6.00%
2029	5.25%	11.02%	11.24%	5.25%	5.25%	5.25%
2030	5.00%	9.91%	10.09%	4.50%	4.50%	4.50%
2031	4.75%	8.98%	9.14%	4.50%	4.50%	4.50%
2032	4.50%	6.46%	6.53%	4.50%	4.50%	4.50%
2033 and Later	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%

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

The net OPEB liability as of June 30, 2023, the Plan's measurement date, for the Employer calculated using a discount rate of 3.65%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used, is as follows:

	September 30, 2023		
	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Authority's Proportionate Share of the Net OPEB Liability	$ 3,429,886.00	$ 2,961,090.00	$ 2,584,016.00

The net OPEB liability as of June 30, 2022, the Plan's measurement date, for the Employer calculated using a discount rate of 3.54%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used, is as follows:

	September 30, 2022		
	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Authority's Proportionate Share of the Net OPEB Liability	$ 3,171,275.00	$ 2,735,741.00	$ 2,385,314.00

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

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

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

The Employer's proportionate share of the net OPEB liability as of June 30, 2023, using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	September 30, 2023		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Authority's Proportionate Share of the Net OPEB Liability	$ 2,516,578.00	$ 2,961,090.00	$ 3,530,201.00

The Employer's proportionate share of the net OPEB liability as of June 30, 2022, using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	September 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Authority's Proportionate Share of the Net OPEB Liability	$ 2,320,811.00	$ 2,735,741.00	$ 3,267,149.00

OPEB Plan Fiduciary Net Position

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

Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

The Authority has established a postemployment benefit plan to assist retirees in paying for medical coverage. The plan provides a lifetime monthly payment of $500 to all eligible employees with full vesting occurring at retirement age 60 with 25 years of service. No assets are accumulated in a trust. In accordance with GASB Statement 75, this plan is considered a Single Employer, Defined Benefit OPEB Plan that is not administered through a Trust that meets the criteria in paragraph 4 of GASB Statement 75.

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

Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)

General Information about the OPEB Plan (Cont'd)

Employees Covered by Benefit Terms

At September 30, 2023 and 2022, the following employees were covered by the benefit terms:

	September 30, 2023	September 30, 2022
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	7	7
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments		
Active Employees	11	11
	18	18

Contributions

Employees are not required to contribute to the plan.

Total OPEB Liability

The Authority's total OPEB liability of $851,039.00 as of September 30, 2023 and $824,867.00 as of September 30, 2022 was measured as of October 1, 2023 and October 1, 2022, respectively. The liabilities were determined by actuarial valuations as of October 1, 2023 and October 1, 2022, respectively.

Actuarial Assumptions and Other Inputs

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

	Sept. 30, 2023	Sept. 30, 2022
Inflation	2.5% Annually	2.5% Annually
Salary Increases	3.0% Annually	3.0% Annually
Discount Rate	4.02%	4.09%
Healthcare Cost Trend Rates		
Medicare Part B	5.0%	5.0%
Retirees' Share of Benefit-Related Costs	None	None

The discount rate was based on the 20-Bond GO Index.

Mortality rates were based upon the following:

Pre-Retirement: PUB-2010 General Headcount – Weighted Healthy Employee Male / Female Mortality.

Post-Retirement: PUB-2010 General Headcount – Weighted Healthy Annuitant Male / Female Mortality.

Disabled: PUB-2010 General Headcount – Weighted Disabled Retiree Male / Female Mortality.

Annual Per Capita Claims Cost were updated to include the actual Medicare Part B monthly premium of $164.90 for fiscal year 2023 and $170.10 for fiscal year 2022.

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

Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

The following changes in assumptions were noted:

The discount rate assumption was revised from 4.02% to 4.09% in fiscal year 2023 and 2.15% to 4.02% in fiscal year 2022.

An experience study was not performed on the actuarial assumptions used in the October 1, 2023 valuation since the plan had insufficient data to produce a study with credible results. Mortality rates and termination rates were based on standard tables either issued by the SOA or developed for the applicable grade of employee. The actuary has used his/her professional judgement in applying these assumptions to this plan.

Changes in the Total OPEB Liability

The following table shows the changes in the total OPEB liability for the years ended September 30, 2023 and 2022, respectively:

	September 30, 2023		September 30, 2022	
Balance at Beginning of Year		$ 824,867.00		$1,115,457.00
Changes for the Year:				
Service Cost	$ 17,203.00		$ 36,968.00	
Interest Cost	33,547.00		24,628.00	
Benefit Payments	(15,115.00)		(13,835.00)	
Changes of Assumptions	(15,123.00)		(384,309.00)	
Differences Between Expected and Actual Demographic Experience	5,660.00		45,958.00	
Net Changes		26,172.00		(290,590.00)
Balance at End of Year		$ 851,039.00		$ 824,867.00

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

Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)

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

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

	September 30, 2023		
	1.00% Decrease (3.09%)	Current Discount Rate (4.09%)	1.00% Increase (5.09%)
Total OPEB Liability	$ 1,032,298.00	$ 851,039.00	$ 712,065.00

	September 30, 2022		
	1.00% Decrease (3.02%)	Current Discount Rate (4.02%)	1.00% Increase (5.02%)
Total OPEB Liability	$ 1,005,091.00	$ 824,867.00	$ 687,198.00

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

	September 30, 2023		
	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
Total OPEB Liability	$ 708,670.00	$ 851,039.00	$ 1,038,158.00

	September 30, 2022		
	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
Total OPEB Liability	$ 684,024.00	$ 824,867.00	$ 1,010,402.00

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

Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)

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

For the years ended September 30, 2023 and 2022, the Authority recognized OPEB (benefit) expense of $51,571.00 and $112,440.00. At September 30, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	September 30, 2023		September 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 32,117.00	$ 204,757.00	$ 89,085.00	$ 288,232.00
Differences Between Expected and Actual Demographic Experience	52,732.00	-	89,523.00	-
	$ 84,849.00	$ 204,757.00	$ 178,608.00	$ 288,232.00

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

Fiscal Year Ending September 30,	
2024	$ (29,011.00)
2025	(86,168.00)
2026	(1,578.00)
2027	(1,578.00)
2028	(1,573.00)
Thereafter	-
	$ (119,908.00)

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

Postemployment Benefits Other Than Pensions (OPEB) – Summary of State and Authority Plans

At September 30, 2023 and 2022, the Authority reported deferred outflows of resources, net OPEB liability and deferred inflows of resources related to OPEB from the following sources:

	Balance September 30, 2022	Additions	Reductions	Balance September 30, 2023
Deferred Outflows of Resources - Related to OPEB				
State Plan	$ 1,204,254.54	$ 731,831.46	$ (320,287.86)	$ 1,615,798.14
Authority Plan	178,608.00	5,660.00	(99,419.00)	84,849.00
Total Deferred Outflows of Resources - Related to OPEB	$ 1,382,862.54	$ 737,491.46	$ (419,706.86)	$ 1,700,647.14
Net OPEB Liability				
State Plan	$ 2,735,741.00	$ 3,502,041.07	$ (3,276,692.07)	$ 2,961,090.00
Authority Plan	824,867.00	56,410.00	(30,238.00)	851,039.00
Total Net OPEB Liability	$ 3,560,608.00	$ 3,558,451.07	$ (3,306,930.07)	$ 3,812,129.00
Deferred Inflows of Resources - Related to OPEB				
State Plan	$ 1,934,869.00	$ 692,613.32	$ (625,717.32)	$ 2,001,765.00
Authority Plan	288,232.00	15,123.00	(98,598.00)	204,757.00
Total Deferred Inflows of Resources - Related to OPEB	$ 2,223,101.00	$ 707,736.32	$ (724,315.32)	$ 2,206,522.00

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

Postemployment Benefits Other Than Pensions (OPEB) – Summary of State and Authority Plans (Cont'd)

	Balance September 30, 2021	Additions	Reductions	Balance September 30, 2022
Deferred Outflows of Resources - Related to OPEB				
State Plan	$ 1,353,193.24	$ 145,665.12	$ (294,603.82)	$ 1,204,254.54
Authority Plan	279,571.00	45,958.00	(146,921.00)	178,608.00
Total Deferred Outflows of Resources - Related to OPEB	$ 1,632,764.24	$ 191,623.12	$ (441,524.82)	$ 1,382,862.54
Net OPEB Liability				
State Plan	$ 3,240,141.00	$ 2,836,503.79	$ (3,340,903.79)	$ 2,735,741.00
Authority Plan	1,115,457.00	107,554.00	(398,144.00)	824,867.00
Total Net OPEB Liability	$ 4,355,598.00	$ 2,944,057.79	$ (3,739,047.79)	$ 3,560,608.00
Deferred Inflows of Resources - Related to OPEB				
State Plan	$ 1,623,941.00	$ 827,453.58	$ (516,525.58)	$ 1,934,869.00
Authority Plan		384,309.00	(96,077.00)	288,232.00
Total Deferred Inflows of Resources - Related to OPEB	$ 1,623,941.00	$ 1,211,762.58	$ (612,602.58)	$ 2,223,101.00

Note 6: DETAIL NOTES – DEFERRED INFLOWS OF RESOURCES

Connection Fees

The Authority receives payments for connection fees when new users connect to the water and/or sewer system. The Authority does not supply the user with supplies or services to make the physical connection and is therefore considered a non-exchange transaction. The Authority recognizes the revenue in the period that the user exercises their right to connect to the system.

Service Charges

The Authority bills sewer service charges, water minimum services and fire service charges 3 months in advance. The Authority recognizes these revenues in the period the user receives the services.

Note 7: DETAIL NOTES – NET POSITION

The following is a summary of the Authority's unrestricted net position for the fiscal year ended September 30, 2023 and 2022:

	September 30, 2023	Restated September 30, 2022
Unresticted Net Position (Deficit):		
Unrestricted (Deficit)	$ (2,164,563.72)	$ (2,621,628.15)
	$ (2,164,563.72)	$ (2,621,628.15)
Reconcilation of Unrestricted Net Position (Deficit):		
Effects of GASB 68 and 71 Pension Related Items	$ (1,518,520.01)	$ (1,544,452.01)
Effects of GASB 75 OPEB Related Items	(4,318,003.86)	(4,400,846.46)
Undesignated before GASB 68 and 71 Pension Items and GASB 75 OPEB Related Items	3,671,960.15	3,323,670.32
	$ (2,164,563.72)	$ (2,621,628.15)

Note 8: INTERGOVERNMENTAL AGREEMENTS

Township of Mantua Debt Service Agreement

In conjunction with the aforementioned Bond Resolution, the Authority has entered into a service agreement with the Township. The Township has agreed to advance to the Authority sufficient monies to eliminate any deficiency in the Authority's revenues required for its operation and administrative expenses, including certain debt service requirements, and to meet certain coverage requirements. Any monies advanced in accordance with this agreement would be repaid if the Authority can make such payments from its excess of revenue over expenses. The Authority has not had the need to request any such advances from the Township.

Note 9: COMMITMENTS

The Authority had several outstanding or planned construction projects as of September 30, 2023. These projects are evidenced by contractual commitments with contractors and include:

Project	Awarded	Commitment Remaining
Royal Oaks Pump Station	$ 580,000.00	$ 97,936.17
Austin Pump Station (A1)	589,480.52	60,300.12
Austin Pump Station (B)	667,550.00	99,689.00
	$ 1,837,030.52	$ 257,925.29

Note 10: RISK MANAGEMENT

The Authority is a member of New Jersey Utilities Joint Insurance Fund. The Fund provides the Authority with the following coverage:

Commercial Property
General and Auto Liability
Workers' Compensation and Employer's Liability
Public Official's Liability
Excess Public Official's and Employment Practices
Fidelity Bond/Employee Dishonesty
Environmental Liability

Contributions to the Fund, including a reserve for contingencies are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations. The Authority's agreement with the pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial insurance for claims in excess of $500,000.00 for each insured event.

The Fund publishes its own financial report that can be obtained from:

New Jersey Utilities Authority Joint Insurance Fund
9 Campus Drive, Suite 216
Parsippany, New Jersey 07054

Note 11: CONTINGENCIES

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

Note 12: RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

During the fiscal year ended September 30, 2023, the Authority became aware of a Program Receivable and related Note Payable that were not recorded in the prior fiscal year. As a result, a restatement of the Authority's Current Restricted Assets, Current Restricted Liabilities, and Net Position on the Statements of Net Position was required. The cumulative effect on the financial statements as reported for September 30, 2022 is shown on the following page.

Note 12: RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS (CONT'D)

	Previously Reported	Cumulative Effect - Increase / (Decrease)	Restated Balance
ASSETS			
Current Assets:			
Restricted Assets:			
NJIB Program Receivable	$ 488,044.00	$ 2,783,831.00	$ 3,271,875.00
Total Restricted Assets	2,250,779.45	2,783,831.00	5,034,610.45
Total Current Assets	6,429,833.38	2,783,831.00	9,213,664.38
Total Assets	21,227,235.95	2,783,831.00	24,011,066.95
LIABILITIES			
Current Liabilities Payable from Restricted Assets:			
NJIB Note Payable	2,250,000.00	2,783,831.00	5,033,831.00
Total Current Liabilities Payable from Restricted Assets	2,734,801.84	2,783,831.00	5,518,632.84
Total Liabilities	11,779,607.85	2,783,831.00	14,563,438.85
NET POSITION			
Net Investment in Capital Assets	7,760,890.62	488,044.00	8,248,934.62
Unrestricted (Deficit)	(2,133,584.15)	(488,044.00)	(2,621,628.15)
Total Net Position	$ 7,214,778.07	$ -	$ 7,214,778.07

REQUIRED SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ended September 30,			
	2023	**2022**	**2021**	**2020**
Service Cost	$ 17,203.00	$ 36,968.00	$ 23,365.00	$ 19,625.00
Interest Cost	33,547.00	24,628.00	19,290.00	19,881.00
Benefit Payments	(15,115.00)	(13,835.00)	(10,614.00)	(9,448.00)
Actuarial Assumption Changes	(15,123.00)	(384,309.00)	128,474.00	99,393.00
Difference Between Expected and Actual Experience	5,660.00	45,958.00	100,154.00	19,919.00
Net Change in Total OPEB Liability	26,172.00	(290,590.00)	260,669.00	149,370.00
Total OPEB Liability - Beginning of Fiscal Year	824,867.00	1,115,457.00	854,788.00	705,418.00
Total OPEB Liability - End of Fiscal Year	$ 851,039.00	$ 824,867.00	$ 1,115,457.00	$ 854,788.00
Covered-Employee Payroll	$ 803,945.00	$ 907,126.00	$ 811,640.00	$ 797,619.00
Total OPEB Liability as a Percentage of Covered Employee Payroll	105.86%	90.93%	137.43%	107.17%

	Fiscal Year Ended September 30,		
	2019	**2018**	**2017**
Service Cost	$ 11,886.00	$ 13,743.00	$ 13,955.00
Interest Cost	20,658.00	18,835.00	17,353.00
Benefit Payments	(6,454.00)	(3,685.00)	(2,580.00)
Actuarial Assumption Changes	193,780.00	(29,736.00)	(64,673.00)
Difference Between Expected and Actual Experience		(20,587.00)	(11,518.00)
Net Change in Total OPEB Liability	219,870.00	(21,430.00)	(47,463.00)
Total OPEB Liability - Beginning of Fiscal Year	485,548.00	506,978.00	554,441.00
Total OPEB Liability - End of Fiscal Year	$ 705,418.00	$ 485,548.00	$ 506,978.00
Covered-Employee Payroll	$ 714,714.00	$ 746,147.87	$ 692,391.37
Total OPEB Liability as a Percentage of Covered Employee Payroll	98.70%	65.07%	73.22%

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

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

	Measurement Date Ended June 30,			
	2023	**2022**	**2021**	**2020**
Authority's Proportion of the Net OPEB Liability	0.019732%	0.016940%	0.018001%	0.016315%
Authority's Proportionate Share of the Net OPEB Liability	$ 2,961,090.00	$ 2,735,741.00	$ 3,240,141.00	$ 2,927,990.00
Authority's Covered Payroll (Plan Measurement Period)	$ 823,090.00	$ 895,945.00	$ 805,142.00	$ 794,779.00
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	359.75%	305.35%	402.43%	368.40%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.79%	-0.36%	0.28%	0.91%

	Measurement Date Ended June 30,		
	2019	**2018**	**2017**
Authority's Proportion of the Net OPEB Liability	0.014307%	0.015449%	0.014297%
Authority's Proportionate Share of the Net OPEB Liability	$ 1,938,036.00	$ 2,420,336.00	$ 2,918,845.00
Authority's Covered Payroll (Plan Measurement Period)	$ 688,288.00	$ 626,194.00	$ 590,498.00
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	281.57%	386.52%	494.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.97%	1.03%

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

MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Required Supplementary Information
Schedule of the Authority's OPEB Contributions - State Plan
Last Seven Fiscal Years

	Fiscal Year Ended September 30,			
	2023	**2022**	**2021**	**2020**
Authority's Required Contributions	$ 142,672.84	$ 97,162.86	$ 80,843.94	$ 61,964.36
Authority's Contributions in Relation to the Required Contribution	(142,672.84)	(97,162.86)	(80,843.94)	(61,964.36)
Authority's Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Authority's Covered Payroll (Fiscal Year)	$ 803,945.00	$ 907,126.00	$ 811,640.00	$ 797,619.00
Authority's Contributions as a Percentage of Covered Payroll	17.75%	10.71%	9.96%	7.77%

	Fiscal Year Ended September 30,		
	2019	**2018**	**2017**
Authority's Required Contributions	$ 78,546.92	$ 107,066.08	$ 94,581.03
Authority's Contributions in Relation to the Required Contribution	(78,546.92)	(107,066.08)	(94,581.03)
Authority's Contribution Deficiency (Excess)	$ -	$ -	$ -
Authority's Covered Payroll (Fiscal Year)	$ 714,714.00	$ 639,158.00	$ 600,058.00
Authority's Contributions as a Percentage of Covered Payroll	10.99%	16.75%	15.76%

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

MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

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

	Measurement Date Ending June 30,				
	2023	2022	2021	2020	2019
Authority's Proportion of the Net Pension Liability	0.0122400796%	0.1189677140%	0.0111774559%	0.0096599518%	0.0091221861%
Authority's Proportionate Share of the Net Pension Liability	$ 1,772,899.00	$ 1,795,387.00	$ 1,324,137.00	$ 1,575,286.00	$ 1,643,680.00
Authority's Covered Payroll (Plan Measurement Period)	$ 929,208.00	$ 802,744.00	$ 819,128.00	$ 699,036.00	$ 581,520.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	190.80%	223.66%	161.65%	225.35%	282.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.23%	62.91%	70.33%	58.32%	56.27%

	Measurement Date Ending June 30,				
	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.0084596313%	0.0083119133%	0.0079507131%	0.0082761856%	0.0086005871%
Authority's Proportionate Share of the Net Pension Liability	$ 1,665,659.00	$ 1,934,881.00	$ 2,354,773.00	$ 1,857,838.00	$ 1,610,265.00
Authority's Covered Payroll (Plan Measurement Period)	$ 594,084.00	$ 574,356.00	$ 546,952.00	$ 570,900.00	$ 594,776.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	280.37%	336.88%	430.53%	325.42%	270.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%	3.00%	52.08%

MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Required Supplementary Information
Schedule of the Authority's Pension Contributions
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years

	Fiscal Year Ended September 30,				
	2023	**2022**	**2021**	**2020**	**2019**
Authority's Contractually Required Contribution	$ 163,592.00	$ 150,024.00	$ 130,901.00	$ 105,675.00	$ 88,732.00
Authority's Contribution in Relation to the Contractually Required Contribution	(163,592.00)	(150,024.00)	(130,901.00)	(105,675.00)	(88,732.00)
Authority's Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll (Fiscal Year)	$ 803,945.00	$ 907,126.00	$ 811,640.00	$ 797,619.00	$ 714,714.00
Authority's Contributions as a Percentage of Covered Payroll	20.35%	16.54%	16.13%	13.25%	12.42%

	Fiscal Year Ended September 30,				
	2018	**2017**	**2016**	**2015**	**2014**
Authority's Contractually Required Contribution	$ 84,146.00	$ 77,001.00	$ 70,633.00	$ 71,153.00	$ 70,902.00
Authority's Contribution in Relation to the Contractually Required Contribution	(84,146.00)	(77,001.00)	(70,633.00)	(71,153.00)	(70,902.00)
Authority's Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll (Fiscal Year)	$ 639,158.00	$ 600,058.00	$ 569,937.00	$ 539,733.00	$ 550,200.00
Authority's Contributions as a Percentage of Covered Payroll	13.17%	12.83%	12.39%	13.18%	12.89%

MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Required Supplementary Information
Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2023

Note 1: POSTEMPLOYMENT BENEFITS - PENSION

Public Employees' Retirement System (PERS)

Changes in Benefit Terms:

The Division of Pensions and Benefits adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions. Previously, after termination of employment, but prior to retirement or death, interest was credited on member accumulated deductions at the valuation interest rate for the entire period. Effective July 1, 2018, interest is only credited at the valuation interest rate for the first two years of inactivity prior to retirement or death.

Changes in Assumptions:

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

Year	Rate	Year	Rate
2023	7.00%	2018	5.66%
2022	7.00%	2017	5.00%
2021	7.00%	2016	3.98%
2020	7.00%	2015	4.90%
2019	6.28%	2014	5.39%

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

Year	Rate	Year	Rate
2023	7.00%	2018	7.00%
2022	7.00%	2017	7.00%
2021	7.00%	2016	7.65%
2020	7.00%	2015	7.90%
2019	7.00%	2014	7.90%

(Continued)

MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Required Supplementary Information
Notes to Required Supplementary Information (Cont'd)
For the Year Ended September 30, 2023

Note 2: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)

State Health Benefits Local Government Retired Employees Plan

Change in Benefit Terms:

The actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023, included changes due to employers adopting and /or changing Chapter 48 provisions.

Changes in Assumptions:

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

Year	Rate	Year	Rate
2023	3.65%	2019	3.50%
2022	3.54%	2018	3.87%
2021	2.16%	2017	3.58%
2020	2.21%		

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

In addition to changes in the discount rate, other factors that affected the valuation of the net OPEB liability included changes in the trend and updated experience study.

There were no changes to mortality projections.

Note 3: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - AUTHORITY PLAN

Change in Benefit Terms:

None

Changes in Assumptions:

Year	Rate	Year	Rate
2023	4.09%	2019	2.76%
2022	4.02%	2018	4.18%
2021	2.15%	2017	3.63%
2020	2.21%		

There were no changes to mortality projections.

SUPPLEMENTARY SCHEDULES

MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue, Expenses and Changes in Net Position by Utility
For the Fiscal Year Ended September 30, 2023

	Water Utility	Sewer Utility	Total
Operating Revenue:			
Service Charges	$ 2,203,294.23	$ 2,123,908.99	$ 4,327,203.22
Connection Fees	6,400.00	3,600.00	10,000.00
Other Operating Revenue	77,939.03	39,318.32	117,257.35
Total Operating Revenue	2,287,633.26	2,166,827.31	4,454,460.57
Operating Expenses:			
Administration:			
Salaries and Wages	213,431.20	214,799.28	428,230.48
Fringe Benefits	111,741.01	109,669.87	221,410.88
Other Expenses	149,320.92	141,566.04	290,886.95
Cost of Service:			
Salaries and Wages	234,698.05	181,096.86	415,794.91
Fringe Benefits	183,343.80	145,480.78	328,824.58
Other Expenses	781,276.70	1,043,935.67	1,825,212.37
Depreciation and Amortization	320,349.58	247,276.11	567,625.69
Total Operating Expenses	1,994,161.26	2,083,824.60	4,077,985.86
Operating Income	293,472.00	83,002.71	376,474.71
Non-Operating Revenue (Expenses):			
Tower Lease Revenue	79,135.92		79,135.92
Lease Interest Income	38,806.60		38,806.60
Investment Income	85,049.69	85,049.59	170,099.28
Interest on Debt	(38,109.14)	(53,741.31)	(91,850.45)
As Appropriated to Municipality	(117,299.00)	(114,728.00)	(232,027.00)
Miscellaneous Non-operating Income/Expenses	(19,429.85)	(19,304.55)	(38,734.40)
Net Non-Operating Expenses	28,154.22	(102,724.27)	(74,570.05)
Change in Net Position	321,626.22	(19,721.56)	301,904.66
Net Position October 1	4,817,139.40	2,397,638.67	7,214,778.07
Net Position September 30	$ 5,138,765.62	$ 2,377,917.11	$ 7,516,682.73
Net Position:			
Net Investment in Capital Assets	$ 3,862,814.01	$ 4,070,012.08	$ 7,932,826.08
Restricted for Bond Trust Indenture	844,422.35	903,998.02	1,748,420.37
Unrestricted (Deficit)	431,529.26	(2,596,092.99)	(2,164,563.72)
	$ 5,138,765.62	$ 2,377,917.11	$ 7,516,682.73

MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Water Utility Operations -- Revenue, Operating Appropriations, Principal Payments and
Non-Operating Appropriations Compared to Budget - Budgetary Basis
For the Fiscal Year Ended September 30, 2023

	Adopted Budget	Transfers/ Modifications	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:					
Service Charges	$ 2,241,281.00		$ 2,241,281.00	$ 2,203,294.23	$ (37,986.77)
Connection Fees				6,400.00	6,400.00
Other Operating Revenues				75,008.66	75,008.66
Total Operating Revenues	2,241,281.00	-	2,241,281.00	2,284,702.89	43,421.89
Non-Operating Revenues:					
Investment Income (Exclusive of Unrealized/Realized Gain)				85,049.69	85,049.69
Mobile Antenna Lease				103,230.27	103,230.27
Total Anticipated Revenues	2,241,281.00	-	2,241,281.00	2,472,982.85	231,701.85
Operating Appropriations:					
Administration:					
Salaries and Wages	223,844.00		223,844.00	225,540.06	(1,696.06)
Fringe Benefits	137,952.00		137,952.00	127,364.31	10,587.69
Other Expenses	171,739.00		171,739.00	154,311.38	17,427.62
Total Administration	533,535.00	-	533,535.00	507,215.75	26,319.25
Cost of Service:					
Salaries and Wages	289,518.00		289,518.00	267,436.82	22,081.18
Fringe Benefits	250,177.00		250,177.00	214,280.29	35,896.71
Other Expenses	1,017,000.00		1,017,000.00	787,909.65	229,090.35
Total Cost of Service	1,556,695.00	-	1,556,695.00	1,269,626.76	287,068.24
Principal Payments on Debt Service in Lieu of Depreciation and Amortization	255,746.00	-	255,746.00	255,745.54	0.46
Total Operating Appropriations	2,345,976.00	-	2,345,976.00	2,032,588.05	313,387.95
Non-Operating Appropriations:					
Interest on Debt	46,150.00		46,150.00	46,150.00	-
Renewal and Replacement Reserves	60,000.00		60,000.00	1,106.85	58,893.15
As Appropriated to Municipality	117,299.00		117,299.00	117,299.00	-
Total Non-Operating Appropriations	223,449.00	-	223,449.00	164,555.85	58,893.15
Total Operating, Principal Payments and and Non-Operating Appropriations	2,569,425.00	-	2,569,425.00	2,197,143.90	372,281.10
Unrestricted Net Position Utilized	(328,144.00)		(328,144.00)	-	(328,144.00)
Total Appropriations	2,241,281.00	-	2,241,281.00	2,197,143.90	44,137.10
Excess of Budgetary Revenue Over Budgetary Appropriations	$ -	$ -	$ -	$ 275,838.95	$ 275,838.95

MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Sewer Utility Operations -- Revenue, Operating Appropriations, Principal Payments and
Non-Operating Appropriations Compared to Budget - Budgetary Basis
For the Fiscal Year Ended September 30, 2023

	Adopted Budget	Transfers/ Modifications	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:					
Service Charges	$ 2,098,728.00		$ 2,098,728.00	$ 2,123,908.99	$ 25,180.99
Connection Fees				3,600.00	3,600.00
Other Operating Revenues				36,719.69	36,719.69
Total Operating Revenues	2,098,728.00	-	2,098,728.00	2,164,228.68	65,500.68
Non-Operating Revenues:					
Investment Income (Exclusive of Unrealized/Realized Gain)				85,049.59	85,049.59
Total Anticipated Revenues	2,098,728.00	-	2,098,728.00	2,249,278.27	150,550.27
Operating Appropriations:					
Administration:					
Salaries and Wages	223,844.00		223,844.00	225,537.32	(1,693.32)
Fringe Benefits	131,705.00		131,705.00	126,154.74	5,550.26
Other Expenses	152,296.00		152,296.00	146,556.50	5,739.50
Total Administration	507,845.00	-	507,845.00	498,248.56	9,596.44
Cost of Service:					
Salaries and Wages	227,478.00		227,478.00	210,129.35	17,348.65
Fringe Benefits	203,178.00		203,178.00	168,721.72	34,456.28
Other Expenses	1,136,058.00		1,136,058.00	1,037,940.67	98,117.33
Total Cost of Service	1,566,714.00	-	1,566,714.00	1,416,791.74	149,922.26
Principal Payments on Debt Service in Lieu of Depreciation and Amortization	220,000.00	-	220,000.00	254,507.35	(34,507.35)
Total Operating Appropriations	2,294,559.00	-	2,294,559.00	2,169,547.65	125,011.35
Non-Operating Appropriations:					
Interest on Debt	18,000.00		18,000.00	49,643.75	(31,643.75)
Renewal and Replacement Reserves	50,000.00		50,000.00	981.55	49,018.45
As Appropriated to Municipality	114,728.00		114,728.00	114,728.00	-
Total Non-Operating Appropriations	182,728.00	-	182,728.00	165,353.30	17,374.70
Total Operating, Principal Payments, and and Non-Operating Appropriations	2,477,287.00	-	2,477,287.00	2,334,900.95	142,386.05
Unrestricted Net Position Utilized	(378,559.00)	-	(378,559.00)	-	(378,559.00)
Total Appropriations	2,098,728.00	-	2,098,728.00	2,334,900.95	(236,172.95)
Deficit of Budgetary Revenue Over Budgetary Appropriations	$ -	$ -	$ -	$ (85,622.68)	$ (85,622.68)

MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedules of Anticipated Revenue, Operating Appropriations, Principal Payments and
Non-Operating Appropriations Compared to Budget - Budgetary Basis
For the Fiscal Year Ended September 30, 2023

Reconciliation of Excess (Deficit) of Budgetary Revenue over Budgetary Expenses to Operating Income

Excess (Deficit) of Revenue Over Expenses and Other Costs		
Schedule 2 - Water Utility	$ 275,838.95	
Schedule 3 - Sewer Utility	(85,622.68)	
		$ 190,216.27
Add:		
Debt Service Principal Payments	510,252.89	
Interest on Debt	95,793.75	
Payment to Township of Mantua	232,027.00	
Miscellaneous Non-operating (Income)/Expenses	2,088.40	
Difference of GAAP Pension and Other Post Retirement Benefits Expense vs. Budgetary Basis	91,814.60	
Encumbrances	21,276.13	
GAAP Accruals	73,960.91	
		1,027,213.68
		1,217,429.95
Less:		
Tower Lease Revenue	103,230.27	
Investment Income, Including Unrealized Gain	170,099.28	
Depreciation and Amortization	567,625.69	
		840,955.24
Operating Income (Exhibit B)		$ 376,474.71

MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Bonds Payable
For the Fiscal Year Ended September 30, 2023

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding September 30, 2023 Date	Maturities of Bonds Outstanding September 30, 2023 Amount	Interest Rate	Balance Oct. 1, 2022	Paid	Balance Sept. 30, 2023
Revenue Bonds, 2009 Series A	08/26/09	$ 1,830,000.00	09/01/24	$ 230,000.00	4.00%	$ 450,000.00	$ 220,000.00	$ 230,000.00
						Add: Unamortized Premium		124.85
								$ 230,124.85

MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Infrastructure Bank Loans Payable
For the Fiscal Year Ended September 30, 2023

Purpose	Year of Issue	Original Issue	Maturities of Loans Outstanding September 30, 2023 Year	Amount	Interest Rate	Balance Oct. 1, 2022	Issued	Paid	Balance Sept. 30, 2023
New Jersey Environmental Infrastructure Fund	11/06/08	$ 1,169,631.00	2024	$ 61,342.37					
Fund Loan, Series 2008 (2016A-R1)			2025	33,602.67					
				94,945.04		$ 155,758.60		$ 60,813.56	$ 94,945.04
New Jersey Environmental Infrastructure Trust	11/06/08	1,107,000.00	2024	72,000.00	5.00%				
Trust Loan, Series 2008 (2016A-R1)			2025	72,000.00	5.00%				
			2026	76,000.00	5.00%				
			2027	80,000.00	5.00%				
			2028	84,000.00	5.00%				
				384,000.00		451,000.00		67,000.00	384,000.00
New Jersey Infrastructure Bank	11/29/18	1,865,461.00	2024	102,931.98					
Fund Loan, Series 2018			2025	102,931.98					
			2026	102,931.98					
			2027	102,931.98					
			2028	102,931.98					
			2029	102,931.98					
			2030	102,931.98					
			2031	102,931.98					
			2032	102,931.98					
			2033	102,931.98					
			2034	102,931.98					
			2035	102,931.98					
			2036	102,931.98					
			2037	46,996.02					
				1,385,111.76		1,488,043.74		102,931.98	1,385,111.76
New Jersey Infrastructure Bank	11/29/18	660,000.00	2024	25,000.00	5.00%				
Trust Loan, Series 2018			2025	30,000.00	5.00%				
			2026	30,000.00	5.00%				
			2027	30,000.00	5.00%				
			2028	35,000.00	4.00%				
			2029	35,000.00	4.00%				
			2030	35,000.00	4.00%				
			2031	35,000.00	4.00%				
			2032	40,000.00	4.00%				

(Continued)

MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Infrastructure Bank Loans Payable
For the Fiscal Year Ended September 30, 2023

Purpose	Year of Issue	Original Issue	Maturities of Loans Outstanding September 30, 2023 Year	Amount	Interest Rate	Balance Oct. 1, 2022	Issued	Paid	Balance Sept. 30, 2023
New Jersey Infrastructure Bank Trust Loan, Series 2018 (Cont'd)	11/29/18	$ 660,000.00	2033	$ 40,000.00	4.00%				
			2034	40,000.00	4.00%				
			2035	45,000.00	4.00%				
			2036	45,000.00	4.00%				
			2037	45,000.00	4.00%				
			2038	50,000.00	4.00%				
				560,000.00		$ 585,000.00		$ 25,000.00	$ 560,000.00
New Jersey Infrastructure Bank Fund Loan, Series 2022A-2	12/22/22	1,017,967.00	2024	51,761.02					
			2025	51,761.02					
			2026	51,761.02					
			2027	51,761.02					
			2028	51,761.02					
			2029	51,761.02					
			2030	51,761.02					
			2031	51,761.02					
			2032	51,761.02					
			2033	51,761.02					
			2034	51,761.02					
			2035	51,761.02					
			2036	51,761.02					
			2037	51,761.02					
			2038	51,761.02					
			2039	51,761.02					
			2040	51,761.02					
			2041	51,761.02					
			2042	51,761.29					
				983,459.65			$ 1,017,967.00	34,507.35	983,459.65
New Jersey Infrastructure Bank Trust Loan, Series 2022A-2	12/22/22	915,000.00	2024	30,000.00	5.00%				
			2025	30,000.00	5.00%				
			2026	35,000.00	5.00%				
			2027	35,000.00	5.00%				
			2028	35,000.00	5.00%				
			2029	40,000.00	5.00%				
			2030	40,000.00	5.00%				
			2031	40,000.00	5.00%				
			2032	45,000.00	5.00%				
			2033	45,000.00	5.00%				
			2034	50,000.00	5.00%				
			2035	50,000.00	5.00%				
			2036	55,000.00	5.00%				
			2037	55,000.00	5.00%				

(Continued)

MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Infrastructure Bank Loans Payable
For the Fiscal Year Ended September 30, 2023

Purpose	Year of Issue	Original Issue	Maturities of Loans Outstanding September 30, 2023 Year	Amount	Interest Rate	Balance Oct. 1, 2022	Issued	Paid	Balance Sept. 30, 2023
New Jersey Infrastructure Bank Trust Loan, Series 2022A-2 (Cont'd)	12/22/22	$ 915,000.00	2038	$ 60,000.00	5.00%				
			2039	65,000.00	5.00%				
			2040	65,000.00	5.00%				
			2041	70,000.00	5.00%				
			2042	70,000.00	5.00%				
				915,000.00			$ 915,000.00		$ 915,000.00
						$ 2,679,802.34	$ 1,932,967.00	$ 290,252.89	4,322,516.45
						Add: Unamortized Premiums			132,215.56
									$ 4,454,732.01

MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

PART II

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

For the Fiscal Year Ended September 30, 2023

MANTUA TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Recommendations
For the Fiscal Year Ended September 30, 2023

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to financial statements for which *Government Auditing Standards* and audit requirements as prescribed the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires.

None.

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MANTUA TOWNSHIIP MUNICIPAL UTILITIES AUTHORITY

Summary Schedule of Prior Year Audit Findings
And Recommendations as Prepared by Management

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

FINANCIAL STATEMENT FINDINGS

None.

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APPRECIATION

We express our appreciation for the assistance and courtesies rendered by the Authority officials during the course of the audit.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants