JACKSON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Jackson,
County of Ocean, State of New Jersey)

Financial Statements and Supplementary Information

For the years ended December 31, 2023 and 2022

(With Independent Auditor's Report Thereon)

JACKSON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township Jackson,
County of Ocean, State of New Jersey)

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INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members
of the Jackson Township Municipal Utilities Authority
County of Ocean
Jackson Township, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Jackson Township Municipal Utilities Authority (hereafter referred to as the Authority), a component unit of the Township of Jackson, County of Ocean, State of New Jersey as of and for the years ended December 31, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority's, as of December 31, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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 opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of content, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

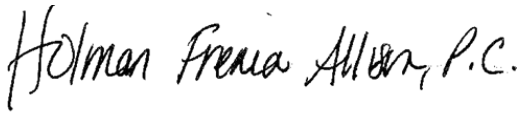
Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 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 Authority's internal control over financial reporting and compliance.



HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

December 9, 2024
Lakewood, New Jersey

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

Honorable Chairman and Members
of Jackson Township Municipal Utilities Authority
County of Ocean
Jackson Township, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of Jackson Township Municipal Utilities Authority, a component unit of the Township of Jackson, County of Ocean, State of New Jersey (hereafter referred to as the Authority), as of and for the year ended December 31, 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 December 9, 2024.

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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Holman Frenia Allison, P.C.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

December 9, 2024
Lakewood, New Jersey

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) is an element of required supplementary information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments* issued in June 1999.

Financial Statements

The financial statements included on this report are the statements of net position, statements of revenues, expenses and changes in net position and statements of cash flows as of and for the years ended December 31, 2023, and 2022.

The statement of net position shows the financial position of the Jackson Township Municipal Utilities Authority (Authority) at December 31st of each year. Assets are compared with liabilities and net position is the result.

The statement of revenues, expenses, and changes in net position measure performance for each year and how this performance impacts the Authority's net position.

Finally, the statement of cash flows demonstrates why cash balances increased or decreased during the year.

Financial Analysis

The Authority, as of December 31, 2023, had total assets and deferred outflow of resources of $123,163,969 compared to $122,677,251 as of December 31, 2022. The total assets and deferred outflow of resources increased by $486,718 from 2022 to 2023 primarily due to the increase of unrestricted cash and cash equivalents, inventory and other assets offset by the decrease of depreciable capital assets. The Authority, as of December 31, 2022, had total assets and deferred outflow of resources of $122,677,251 compared to $121,748,231 as of December 31, 2021. The total assets and deferred outflow of resources increased by $929,020 from 2021 to 2022 primarily due to the implementation of GASB 87: *Leases*, which resulted in a lease receivable of $1,046,587 for the year ended December 31, 2022.

The Authority as of December 31, 2023, had total liabilities and deferred inflow of resources of $54,909,779 compared to $55,911,023 as of December 31, 2022. The decrease in total liabilities and deferred inflow of resources of $1,001,244 primarily due to the Authority paying down the Authority's debt. The Authority's liabilities and deferred inflow of resources of $55,911,023 as of December 31, 2022, decreased from the December 31, 2021's balance of $56,851,375 primarily due to the Authority paying down debt.

In summary, the Authority's net position for the year ended December 31, 2023, reflects an increase of $1,487,962 from 2022, which was primarily due to net income before contributions of $701,866 in addition to $786,096 worth of capital contributions. The Authority's net position for the year ended December 31, 2022, reflects an increase of $1,869,372 from 2021, which was primarily due to net income before contributions of $1,824,772 in addition to $44,600 worth of capital contributions. The Authority's activity for the year increased from 2022 to 2023.

The Authority's net income for 2023 was $1,487,962 which includes $4,950,118 for annual depreciation. The decrease in net income before capital contributions of $1,122,906 from 2022 to 2023 was due to a decrease in operating revenues of $231,278 and an increase in costs of providing services of $1,135,885. Non-operating revenues increased by $371,029, which was primarily due to interest income, amortization of loan premium, capital reimbursement and debt service

reimbursement all in connection with the New Jersey Infrastructure Bank loan (NJIB) that the Authority closed on in 2021.

The capital contributions received for the year, which represent water and sewer infrastructure that is accepted by the Authority, totaled $786,096 and $44,600 in 2023 and 2022, respectively.

The Authority's net income for 2022 was $1,869,372 which includes $4,860,973 for annual depreciation and amortization. The increase in net income before contributions of $1,275,466 from 2021 to 2022 was due to an increase in operating revenues of $1,877,557 caused by customer growth during 2022 that was reflected in the water/sewer charges as well as water/sewer connection fees. Non-operating gains also increased by $250,067, which was primarily due to interest income on lease receivables, amortization of loan premium, capital reimbursement and debt service reimbursement all in connection with the New Jersey Infrastructure Bank loan (NJIB) that the Authority closed on in 2021.

Condensed Financial Information

Key Authority financial information for the years 2023, 2022, and 2021 include the following balances:

	2023	2022	2021
ASSETS			
Unrestricted current assets	$ 12,894,332	$ 10,836,819	$ 11,789,693
Restricted current assets	3,258,977	5,372,074	3,495,249
Unrestricted non-current assets	931,262	712,970	-
Capital assets, net of depreciation	100,805,426	102,062,361	103,059,800
Total assets	117,889,997	118,984,224	118,344,742
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows related to pensions	591,515	1,047,486	476,337
Deferred outflows related to other postemployment benefits	4,682,457	2,645,541	2,927,152
Total deferred outflow of resources	5,273,972	3,693,027	3,403,489
Total assets and deferred outflow of resources	$ 123,163,969	$ 122,677,251	$ 121,748,231
LIABILITIES			
Current liabilities payable from current unrestricted assets	$ 1,324,921	$ 1,323,016	$ 775,688
Current liabilities payable from current restricted assets	2,986,563	2,876,691	2,829,605
Non-current liabilities	42,480,065	43,643,910	45,388,242
Total liabilities	46,791,549	47,843,617	48,993,535
DEFERRED INFLOW OF RESOURCES			
Deferred inflows related to pensions	410,024	911,161	2,564,716
Deferred inflows related to other postemployment benefits	6,449,203	5,908,936	4,996,124
Deferred inflows related to lease receivable	1,059,003	997,309	-
Gain on loan refundings, net of accumulated amortization	200,000	250,000	297,000
Total deferred inflow of resources	8,118,230	8,067,406	7,857,840
Total liabilities and deferred outflow of resources	54,909,779	55,911,023	56,851,375
NET POSITION			
Net investment in capital assets	71,835,411	71,092,863	70,114,434
Restricted for debt service fund	2,228,898	2,234,821	2,247,262
Closure account	50,000	50,000	50,000
Unrestricted	(5,860,119)	(6,611,456)	(7,514,840)
Total net position	68,254,190	66,766,228	64,896,856
Total liabilities, deferred inflow of resources and net position	$ 123,163,969	$ 122,677,251	$ 121,748,231

OTHER FINANCIAL INFORMATION:

	2023	2022	2021
Total operating and non-operating revenues	$ 16,835,329	$ 16,782,827	$ 14,888,125
Total operating and non-operating expenses	(16,133,463)	(14,958,055)	(14,339,021)
Excess of revenues over expenses	$ 701,866	$ 1,824,772	$ 549,104
Capital additions	$ 3,693,184	$ 3,869,645	$ 5,039,667
Capital contributions	$ 786,096	$ 44,600	$ 2,275,415
Connection fees - non-cash	$ 713,713	$ 800,630	$ 507,009
Bonds and notes paid down	$ (1,702,908)	$ (1,664,739)	$ (21,737,515)
Bonds and notes received	$ -	$ -	$ 19,159,245
Bonds and notes payable	$ 28,770,015	$ 30,719,498	$ 32,648,336

The Authority's 2023 operating revenues did not exceed budget expectations by $1,622,649 primarily due to lower than expected water and sewer usage, as well as lower than expected connection fees. The Authority's 2022 operating revenues exceeded budget expectations by $253,639 primarily due to lower than expected water usage, as well as more than expected connection fees which improved in 2022 compared to 2021 due to various projects being completed during the prior year.

The Authority's total 2023 operating expenses did not exceed budget expectations by $33,413 for the year due to decreases in salaries, chemicals, and various other expense lines.

The Authority's total 2022 operating expenses exceeded budget expectations by $34,471 for the year due to increases in utility charges, chemicals, and various other expense lines.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The Authority's financial report is designed to provide users of the financial statements with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. The financial statements of the Authority are a matter of public record and may be examined at 135 Manhattan Street, Jackson, New Jersey during the Authority's business hours.

JACKSON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Jackson, County of Ocean, State of New Jersey)
Statements of Net Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current unrestricted assets:		
Cash and cash equivalents	$ 7,787,237	$ 5,614,120
Accounts receivable	4,363,696	4,537,139
Insurance receivable	22,140	32,665
Inventory	345,210	318,090
Current portion of lease receivable	340,472	333,617
Prepaid and other assets	130,293	1,188
Total current unrestricted assets	12,989,048	10,836,819
Current restricted assets:		
Cash and cash equivalents	3,258,977	5,372,074
Total current restricted assets	3,258,977	5,372,074
Total current assets	16,248,025	16,208,893
Non-current unrestricted assets:		
Lease receivable, net of current portion	836,546	712,970
Total non-current unrestricted assets	836,546	712,970
Capital assets, net:		
Non-depreciable	7,866,389	8,092,048
Depreciable	160,066,764	156,204,415
Accumulated depreciation	(67,127,727)	(62,234,102)
Total capital assets, net	100,805,426	102,062,361
Total assets	117,889,997	118,984,224
DEFERRED OUTFLOW OF RESOURCES		
Deferred outflows of resources related to pensions	591,515	1,047,486
Deferred outflows of resources related to other postemployment benefits	4,682,457	2,645,541
Total deferred outflow of resources	5,273,972	3,693,027
Total assets and deferred outflow of resources	$ 123,163,969	$ 122,677,251

The accompanying notes are an integral part of these financial statements.

JACKSON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Jackson, County of Ocean, State of New Jersey)
Statements of Net Position (continued)
December 31, 2023 and 2022

	2023	2022
LIABILITIES		
Current liabilities payable from current unrestricted assets:		
Accounts payable	$ 160,797	$ 748,334
Accrued expenses	667,942	100,152
Pension payable	487,601	465,817
Unearned revenues	8,581	8,713
Total current liabilities payable from current unrestricted assets	1,324,921	1,323,016
Current liabilities payable from current restricted assets:		
Current portion of loans payable - NJIB, net	1,931,968	1,919,483
Current portion of loan payable - other	30,000	30,000
Accrued interest payable	206,558	225,208
Developer and customer deposits	818,037	702,000
Total current liabilities payable from current restricted assets	2,986,563	2,876,691
Total current liabilities	4,311,484	4,199,707
Non-current liabilities:		
Long-term portion of loans payable - NJIB, net	26,778,047	28,710,015
Long-term portion of loan payable - other	30,000	60,000
Compensated absences payable	353,007	331,924
Net pension liability	5,284,288	5,574,585
Net other postemployment benefit liability	10,034,723	8,967,386
Total non-current liabilities	42,480,065	43,643,910
Total liabilities	46,791,549	47,843,617
DEFERRED INFLOW OF RESOURCES		
Deferred inflows of resources related to pensions	410,024	911,161
Deferred inflows of resources related to other postemployment benefits	6,449,203	5,908,936
Deferred inflows of resources related to lease receivable	1,059,003	997,309
Gain on loan refunding, net of accumulated amortization	200,000	250,000
Total deferred inflow of resources	8,118,230	8,067,406
Total liabilities and deferred inflow of resources	54,909,779	55,911,023
NET POSITION		
Net investment in capital assets	71,835,411	71,092,863
Restricted and unrestricted net position:		
Restricted for debt service fund	2,228,898	2,234,821
Closure account	50,000	50,000
Unrestricted	(5,860,119)	(6,611,456)
Total net position	68,254,190	66,766,228
Total liabilities, deferred inflow of resources and net position	$ 123,163,969	$ 122,677,251

The accompanying notes are an integral part of these financial statements.

JACKSON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Jackson, County of Ocean, State of New Jersey)
Statements of Revenue, Expenses and Changes in Net Position
For the years ended December 31, 2023 and 2022

	2023	2022
Operating revenues:		
Water and sewer charges	$ 13,314,446	12,748,159
Connection fees	1,483,729	2,401,084
Antenna leases	406,441	371,211
Miscellaneous revenues	247,841	200,908
Total operating revenues	15,452,457	15,721,362
Operating expenses:		
Cost of providing services	10,621,010	9,485,125
Depreciation	4,950,118	4,860,973
Total operating expenses	15,571,128	14,346,098
Operating (loss)/income	(118,671)	1,375,264
Non-operating revenues/(expenses):		
Interest income	372,361	128,503
Interest income from leasing arrangements	113,367	89,530
Capital reimbursement	58,346	99,775
Interest expense	(522,975)	(566,486)
Insurance reimbursement	27,598	23,462
Gain on sale of assets	6,802	645
Loss on disposal of assets	-	(6,111)
Trustees' fees	(39,360)	(39,360)
Amortization of loan premium	239,173	256,816
Amortization of gain on refunding	50,000	47,000
Debt service reimbursement	465,847	415,734
Amortization	49,378	-
Total non-operating revenue	820,537	449,508
Net income before capital contributions	701,866	1,824,772
Capital contributions	786,096	44,600
Net income	1,487,962	1,869,372
Net position, January 1	66,766,228	64,896,856
Net position, December 31	$ 68,254,190	$ 66,766,228

The accompanying notes are an integral part of these financial statements.

JACKSON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Jackson, County of Ocean, State of New Jersey)
Statements of Cash Flows
For the years ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Cash received from service users	$ 15,606,541	$ 15,512,218
Cash paid to suppliers	(5,600,450)	(4,603,835)
Cash paid to employees	(5,810,660)	(5,198,194)
Net cash flows from operating activities	4,195,431	5,710,189
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(3,712,349)	(3,869,644)
Principal repayment on long term debt	(1,702,906)	(1,664,739)
Contributed capital	786,096	44,600
Interest expense	(522,975)	(566,486)
Debt service reimbursement	465,847	415,734
Capital reimbursement	58,346	99,775
Loss on disposal of assets	6,802	(22,567)
Net cash flows from capital and related financing activities	(4,621,139)	(5,563,327)
Cash flows from investing activities:		
Interest from lease arrangements	-	-
Interest income	485,728	218,033
Net cash flows from capital and related financing activities	485,728	218,033
Total change in cash and cash equivalents	60,020	364,895
Unrestricted and restricted cash and cash equivalents, January 1	10,986,194	10,621,299
Unrestricted and restricted cash and cash equivalents, December 31	$ 11,046,214	$ 10,986,194
Reconciliation to statement of net position:		
Current unrestricted assets:		
Cash and cash equivalents	$ 7,787,237	$ 5,614,120
Current restricted assets:		
Cash and cash equivalents	3,258,977	5,372,074
Total unrestricted and restricted cash, December 31	$ 11,046,214	$ 10,986,194

The accompanying notes are an integral part of these financial statements.

JACKSON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Jackson, County of Ocean, State of New Jersey)
Statements of Cash Flows
For the years ended December 31, 2023 and 2022

	2023	2022
Reconciliation of operating income to cash flows from operating activities:		
Operating (loss)/income	(118,671)	1,375,264
Adjustments to reconcile operating income to net cash flows from operating activities:		
Items which did not use cash:		
Depreciation	4,950,118	4,860,973
Unbudgeted pension credit	(335,463)	(623,896)
Unbudgeted other postemployment benefits credit	(429,312)	(240,805)
Amortization	49,378	-
Working capital changes which (used)/provided cash:		
Accounts receivable	173,443	(159,866)
Inventory	(27,120)	(33,793)
Insurance receivable	10,525	(32,665)
Lease receivable	(130,431)	(1,046,587)
Prepaid and other assets	(129,105)	885
Accounts payable	(587,537)	496,589
Accrued expenses	567,790	(22,865)
Pensions payable	21,784	72,979
Unearned revenues	(132)	625
Accrued interest payable	(18,650)	(18,428)
Developer and customer deposits	116,037	44,897
Compensated absences	21,083	39,573
Deferred inflows of resources related to lease receivable	61,694	997,309
Net cash flows from operating activities	$ 4,195,431	$ 5,710,189

The accompanying notes are an integral part of these financial statements.

NOTE 1: ORGANIZATION

The Jackson Township Municipal Utilities Authority (hereafter referred to as the Authority) was created by Ordinance 1-64 of the Township of Jackson, dated March 3, 1964. The Authority has a service contract with the Township of Jackson dated December 7, 1995, under which the Township has agreed to pay annual charges, if necessary, to supplement the Authority's income to pay debt service on certain obligations of the Authority.

The purposes for which the Authority was created include the acquisition and/or construction of plants and distribution systems to provide an adequate supply of water and the acquisition and/or construction of sewer facilities for the disposition and treatment of sewerage for the relief of waters from pollution.

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

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

The Authority is considered to be a component unit of the Township of Jackson under accounting principles generally accepted in the United States of America (GAAP). This determination is based on the oversight responsibility of the Township, which manifests itself primarily in the selection of members of the Authority and on accountability for fiscal matters as evidenced by the Deficiency Advance Contract dated December 7, 1995, which obligates the Township to provide for any deficits of the Authority which will be refunded to the Township through subsequent collection of user fees.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Authority have been prepared on the accrual basis of accounting and in accordance with GAAP applicable to enterprise funds of state and local governments.

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

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities and deferred inflow or outflow of resources associated with the operations are included on the statement of net position.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Net position (i.e., total assets net of total liabilities) are segregated into invested capital assets, net of related debt; restricted for capital activity; restricted for debt service; and unrestricted components.

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.

Revenue 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 or utilizing time payments in accordance with Jackson Township Ordinance 23-07 (Water Connections) and 38-01 (Sewer Connections). The Authority bills water and/or sewer service/usage charges upon the installation of a meter in accordance with the Authority's Rules & Regulations.

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 are 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 no later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the year by resolution of the board of commissioners. The budgetary basis of accounting is utilized to determine the Authority has sufficient cash to operate and pay debt service. As such, bond payments are included in the budgetary expenses as well as depreciation which is not required but necessary as good practice to account for the Authority's Renewal and Replacement initiatives.

The legal level of budgetary control is established at the detail shown on the Statements 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 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting (continued)

The encumbrance does not represent an expenditure for the period, only a commitment to expend resources. At year-end, the accounting records are adjusted to record only expenses in accordance with generally accepted accounting principles.

Cash and Cash Equivalents

Cash and cash equivalents include cash in banks and may include petty cash and change funds. It may also include 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 Authorities are required by *N.J.S.A. 40A:5-14* to deposit public funds into 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 of America or State of New Jersey or the New Jersey Cash Management Fund. *N.J.S.A. 40A:5-15.1* provides a list of securities which may be purchased by New Jersey Authorities. The Authority is required by *N.J.S.A. 17:9-41* to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

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 GUDPA. 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.

Accounts Receivable

Accounts receivable consist primarily of amounts due from customers for services provided by the Authority including water, sewer, and other utility services. Accounts receivables are recorded at their invoiced amounts, less an allowance for doubtful accounts. The Authority evaluates the collectability of accounts receivable based on the age of outstanding balances and historical collection experience. An allowance for doubtful accounts is recorded when it is probable that some portion of the receivables will not be collected. Receivables are written off when deemed uncollectible. Interest and penalties may be charged on delinquent customer accounts, and these amounts are recognized when incurred. Customer deposits, if required, are applied against unpaid receivable balances when accounts become delinquent or are closed.

Inventory

Inventory consists principally of chemicals (for the treatment of sewerage, water, and sludge), meters and supplies. All are stated at lower of cost (determined by the average cost method, which approximates the first in, first out method) or market. As of December 31, 2023, and 2022, inventory balances were $345,210 and $218,090, respectively.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The Authority is a lessor for noncancellable leases of telecommunications sites The Authority recognizes a lease receivable in its financial statements. The Authority recognizes lease receivables for leases with a term greater than 12 months. At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments related to leases include how the Authority determines: 1) the discount rate it uses to discount the expected lease receivable to present value, 2) lease term, and 3) lease revenue:

- The Authority uses rates ranging from of 7.50% to 8.50% at the lease inception date as the discount rate.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed and variable payments expected to be received during the lease period.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Prepaid Assets

Prepaid assets recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond the Authority's fiscal year end.

Capital Assets

Costs of the water and sewer systems incurred to date consist of facilities constructed or acquired, cost of acquisition of land, easements and rights-of-way, costs incidental to such construction or acquisitions, including engineering and inspection fees, costs of equipment, administrative and legal expenses, facilities contributed to the Authority by sub-dividers, the excess of value over cost of acquired facilities as determined by the Authority's consulting engineer, and interest on bonds incurred during the period of construction (less income earned on unexpended construction funds). The Authority has set the capitalization threshold at $5,000. Depreciation is calculated utilizing the straight-line method for financial reporting purposes. Depreciation is provided over the following estimated useful lives:

Description:	Useful Lives:
Building, water treatment plant and improvements	10 – 39 Years
Land improvements	10 – 39 Years
Machinery and equipment	5 – 7 Years
Meters	10 Years
Wells, pumping stations and water and sewer main extensions	40 Years

Statements of Cash Flows

For the purpose of the statements of cash flows, the Authority considers investments with maturities of three months or less to be cash equivalents.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ.

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 and is recorded as a liability until the revenue is both measurable and the Authority is eligible to realize the revenue.

Operating and Non-Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing activities or result from non-exchange transactions or ancillary activities.

When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the Authority's policy to apply those expenses to restricted net assets to the extent such are available and then to unrestricted net assets.

Pension and Other Post-employment Benefits Section

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* requires participating employers, including the Authority, in the State of New Jersey Public Employees Retirement System (PERS) plan to recognize their proportionate share of the collective total pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense based on the ratio of plan members of an individual employer to the total members of the plan. See Note 9: *Pension Obligations* for more information about the plan.

GASB Statement No. 75, *Accounting and Financial Reporting for the Post-employment Benefits Other Than Pensions* requires participating employers in the New Jersey State Health Benefit Local Government Retired Employees (OPEB Plan) plan to recognize their proportionate share of the collective total OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense based on the ratio of plan members of an individual employer to the total members of the plan. See Note 10: *Other post-employment Benefits Other Than Pension* for more information about the plan.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position

In accordance with the provisions of GASB Statement No. 34 *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 – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. 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.
Restricted Net Position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
Unrestricted Net Position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

Income Taxes

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

Recently Adopted Accounting Pronouncements

Accounting Pronouncements Adopted in Current Year

The following GASB Statements became effective for the fiscal year ended December 31, 2023:

- Statement No. 96, *Subscription-Based Information Technology Arrangements.*
- Statement No. 99, *Omnibus 2022.*

Management has determined that the implementation of these statements did not have a significant impact on the Authority's financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Adopted Accounting Pronouncements (continued)

Accounting Pronouncements Effective in Future Reporting Periods

The following accounting pronouncements will become effective in future reporting periods:

- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement 62*. The requirements of this statement are effective for fiscal years beginning after June 15, 2023.
- Statement No. 101, *Compensated Absences.* The requirements of this statement are effective for fiscal years beginning after December 15, 2023.
- Statement No. 102, *Certain Risk Disclosures.* The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Management has not yet determined the potential impact these Statements will have on the Authority's financial statements.

Subsequent Events

The Authority has evaluated subsequent events occurring after December 31, 2023 through December 9, 2024, which is the date the financial statements were available to be issued.

NOTE 3: SIGNIFICANT TRUST AGREEMENT AND BOND RESOLUTION REQUIREMENTS

Required Cash and Investment Accounts

In accordance with the Authority's Bond Resolutions, the Authority has established the following cash and investment accounts for the deposit, in priority of order listed, of all revenue received by the Authority from operations or other sources. Cash and investment accounts on the balance sheets have been classified accordingly.

Unrestricted Assets:

Operating Fund

Amount – Transfers from Revenue Fund in the amount necessary to meet operating expenses.

Use – Payment of operating expenses.

Restricted:

Debt Service

Amount – The Debt Service Fund is to be an amount equal to the debt service requirements for the following fiscal year not covered by the amount in the Bond Reserve Fund. This includes subordinated indebtedness and NJEIT loans payable.

Use – Payment for future principal and interest on bonds and loans payable.

NOTE 3: SIGNIFICANT TRUST AGREEMENT AND BOND RESOLUTION REQUIREMENTS (continued)

Required Cash and Investment Accounts (continued)

Bond Reserve

Amount – The Bond Reserve Fund is to be an amount equal to Bond Reserve Requirements. The Bond Reserve Requirement as of any particular date of calculation is equal to the lessor of 10% of the aggregate principal amount of the Bonds upon original issuance or the amount equal to the maximum annual debt service on the bonds.

Use – As further security for payment of the bonds.

Construction Fund

Amount – Any proceeds derived from the issuance of any bonds and of the proceeds of any condemnation award and which are to be applied by the Authority for the acquisition of construction of any portion of the system and any other monies.

Use – Payment for cost of the system.

Closure Account

Amount – The principal balance of $300,000 was reduced by $250,000 in 2018. Balance of $50,000 is maintained. The balance of $50,000 will be returned to Six Flags Theme Park, Inc. ("Great Adventure") in accordance with the Authority's Water Service Agreement dated October 24, 2014 (and amended February 28, 2018) and Sewer Service Agreement dated November 20, 2018, with Great Adventure.

Use – a.) Paying costs and expenses which may hereafter be incurred due to any closure of Great Adventure Facilities. b.) Paying costs and expenses related to Great Adventure facilities repair and/or replacement in advance of receipt of payment therefore by Great Adventure.

Revenue Fund

Amount – Required by the Trustee to have the amount estimated to be necessary for operating expenses as set forth in a certificate of Authority Officer or an amount which is consistent with the Annual Budget for the succeeding three-month period commending on such withdrawal date.

Use – Fund operations in the event of a revenue shortfall; transfers to various accounts.

Capital Reserves

Amount – Amount needed to fund future capital projects.

Use – Payment for the cost of future capital projects.

NOTE 3: SIGNIFICANT TRUST AGREEMENT AND BOND RESOLUTION REQUIREMENTS (continued)

Trust Agreement Requirements

In accordance with the Trust Agreement, the Authority should require the following:

- That the security (market value basis) be provided by depositories for all funds held by them. At the balance sheet dates, federal insurance and the par value of securities pledged were in excess of the deposits at all depositories used by the Authority with the exception of unremitted payroll withholdings.
- That all invested monies be pre-invested in direct obligation of the United States Government. All investments made by the depositories during the year were in accordance with this provision.
- That while any of the bonds or interest remain outstanding, the Authority covenants that it will at all times keep insured such parts of the system against:
  - Physical loss or damage, however caused, with such exceptions as are ordinarily required, in the amount recommended by the Consulting Engineer and,
  - Against such risks as the Consulting Engineer may recommend and as are customarily insured by other operating facilities of a similar type.
- That any profit realized from or interest accruing on investments shall belong to the account from which the monies for such investments were taken other than noted in the required cash and investment accounts above.

NOTE 4: CASH AND CASH EQUIVALENTS

The Authority is governed by the deposit and investment limitations of New Jersey state law. The deposits held at December 31, 2023 and 2022, and reported at fair value are shown below as follows:

	Carrying Value:	
	2023	2022
Type:		
Deposits:		
Demand deposits	$ 11,045,814	$ 10,985,794
Petty cash	400	400
Total	$ 11,046,214	$ 10,986,194

	2023	2022
Reconcilation to the Statements of Net Postion:		
Current unestricted assets:		
Cash and cash equivalents	$ 7,787,237	$ 5,614,120
Current restricted assets:		
Cash and cash equivalents	3,258,977	5,372,074
Total	$ 11,046,214	$ 10,986,194

NOTE 4: CASH AND CASH EQUIVALENTS (continued)

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 Projection Act (GUDPA). Under the Act, the first $250,000 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 such as salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. If the Authority had any such funds, they would be shown as uninsured and uncollateralized in the schedule below. As of December 31, 2023 and 2022, the Authority's bank balances were insured or exposed to credit risk as follows:

	2023	2022
Insured by FDIC	$ 750,000	$ 760,014
GUDPA	9,606,244	9,480,516
Uninsured and uncollateralized	904,930	771,476
Total	$ 11,261,174	$ 11,012,006

NOTE 5: ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2023 and 2022 consisted of the following:

	2023	2022
Accounts receivable - billed	$ 2,196,556	$ 2,340,859
Accounts receivable - unbilled	2,033,917	1,903,245
Accounts receivable - other	133,223	293,035
	$ 4,363,696	$ 4,537,139

The Authority believes that all receivables are collectible and has not established an allowance for doubtful accounts.

NOTE 6: CAPITAL ASSETS

The activity in capital assets for the year ended December 31, 2023 is as followed:

	Beginning Balance	Additions	Adjustments/ Retirements	Ending Balance
Capital assets, net:				
Capital assets not being depreciated:				
Land	$ 2,481,858	$ -	$ -	$ 2,481,858
Construction in progress	5,610,190	3,079,620	(3,305,279)	5,384,531
Subtotal capital assets not being depreciated	8,092,048	3,079,620	(3,305,279)	7,866,389
Capital assets being depreciated:				
Wells, pumping stations and well and sewer main extensions	118,676,836	3,247,666	-	121,924,502
Land improvements	2,653,995	11,316	-	2,665,311
Machinery and equipment	11,599,634	353,314	(56,493)	11,896,455
Building, water treatment plant and improvements	18,515,750	-	-	18,515,750
Meters	4,758,200	306,546	-	5,064,746
Subtotal capital assets being depreciated	156,204,415	3,918,842	(56,493)	160,066,764
Total capital assets at historical cost	164,296,463	6,998,462	(3,361,772)	167,933,153
Less: accumulated depreciation	(62,234,102)	(4,950,118)	56,493	(67,127,727)
Total capital assets, net of accumulated depreciation	$ 102,062,361	$ 2,048,344	$ (3,305,279)	$ 100,805,426

The activity in capital assets for the year ended December 31, 2022 is as followed:

	Beginning Balance	Additions	Adjustments/ Retirements	Ending Balance
Capital assets, net:				
Capital assets not being depreciated:				
Land	$ 2,481,858	$ -	$ -	$ 2,481,858
Construction in progress	4,281,072	3,881,013	(2,551,895)	5,610,190
Subtotal capital assets not being depreciated	6,762,930	3,881,013	(2,551,895)	8,092,048
Capital assets being depreciated:				
Wells, pumping stations and well and sewer main extensions	117,512,962	1,163,874	-	118,676,836
Land improvements	2,565,018	88,977	-	2,653,995
Machinery and equipment	10,636,317	992,963	(29,646)	11,599,634
Building, water treatment plant and improvements	18,515,750	-	-	18,515,750
Meters	4,463,487	294,713	-	4,758,200
Subtotal capital assets being depreciated	153,693,534	2,540,527	(29,646)	156,204,415
Total capital assets at historical cost	160,456,464	6,421,540	(2,581,541)	164,296,463
Less: accumulated depreciation	(57,396,664)	(4,860,973)	23,535	(62,234,102)
Total capital assets, net of accumulated depreciation	$ 103,059,800	$ 1,560,567	$ (2,558,006)	$ 102,062,361

Depreciation expense for the years ended December 31, 2023 and 2022 was $4,950,118 and $4,860,973, respectively.

NOTE 7: LONG-TERM OBLIGATIONS

During the year ended December 31, 2023, the following changes occurred in long-term obligations:

	Begining Balance	Accrued/ Increases	Retired/ Decreases	Ending Balance	Due Within One Year
Loans payable - NJIB, net:					
Loans payable - NJIB	$ 28,935,365	$ -	$ (1,672,908)	$ 27,262,457	$ 1,703,159
Premium on loans payable - NJIB	1,694,133	-	(246,575)	1,447,558	228,809
Total loans payable - NJIB, net	30,629,498	-	(1,919,483)	28,710,015	1,931,968
Loan payable - other	90,000	-	(30,000)	60,000	30,000
Compensated absences	331,924	21,083	-	353,007	-
Net pension liability	5,574,585	-	(290,297)	5,284,288	-
Net other postemployment benefit liabillity	8,967,386	1,067,337	-	10,034,723	-
Total	$ 45,593,393	$ 1,088,420	$ (2,239,780)	$ 44,442,033	$ 1,961,968

During the year ended December 31, 2022, the following changes occurred in long-term obligations:

	Begining Balance	Accrued/ Increases	Retired/ Decreases	Ending Balance	Due Within One Year
Loans payable - NJIB, net:					
Loans payable - NJIB	$ 30,570,104	$ -	$ (1,634,739)	$ 28,935,365	$ 1,672,908
Premium on loans payable - NJIB	1,958,262	-	(264,129)	1,694,133	246,575
Total loans payable - NJIB, net	32,528,366	-	(1,898,868)	30,629,498	1,919,483
Loan payable - other	120,000	-	(30,000)	90,000	30,000
Compensated absences	292,351	39,573	-	331,924	-
Net pension liability	3,973,777	1,600,808	-	5,574,585	-
Net other postemployment benefit liabillity	10,402,614	-	(1,435,228)	8,967,386	-
Total	$ 47,317,108	$ 1,640,381	$ (3,364,096)	$ 45,593,393	$ 1,949,483

Compensated Absences

For details on the compensated absences, see Note 12: *Compensated Absences.*

Net Pension Liability

For details on the net pension liability, see the Pension Obligations in Note 9: *Pension Obligations*. The Authority's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis.

Other Postemployment Benefits Liability

For details on the net pension liability, see the Pension Obligations in Note 10: *Pension Obligations*. The Authority's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis.

NOTE 7: LONG-TERM OBLIGATIONS (continued)

Loans Payable – NJIB, net

Loans payable – NJIB, net at December 31, 2023 and 2022 consist of the following:

	2023	2022
2007 New Jersey Environmental Trust Fund loan of $5,901,000 (Fund Loan)maturity dates semiannually beginning August 1, 2008 and ending August 1,2027, no interest payable.	$ 1,261,081	$ 1,577,357
2007 New Jersey Infrastructure Bank (2015A-R1 NJEIT Refunding Bonds)Bonds) of $3,646,000 (Trust Loan), net interest cost of 2.32%, maturitydates annually beginning August 2017 and ending August 2027. Interestpaid semiannually on February 1 and August 1, on the Trust loan.	1,555,000	1,900,000
2013 (CW) New Jersey Environmental Infrastructure Bank loan, maturityTrust loan of $142,099 (Trust loan) and $409,901 (Fund loan) varyinginterest rates of 0.25% to 3.32% on the semiannually beginning August 1, 2013 and ending August 1, 2032. Interest paid semiannually on February 1and August 1, on the Trust loan and no interest payable on the Fund loan.	262,021	290,077
2013 (DW) New Jersey Infrastructure Bank loan of $202,851 (Trust loan)and $585,149 (Fund loan), varying interest rates of 0.25% to 3.32% on theTrust loan, maturity dates semi-annually beginning August 1, 2013 andending August 1, 2032. Interest paid semiannually on February 1 andAugust 1, on the Trust loan and no interest payable on the Fund loan.	374,043	414,095
2020 A-1 New Jersey Infrastructure Bank loan of $1,695,000 (Trust loan) and $5,181,802 (Fund loan), varying interest rates of 2.125% to 5.00% on the Trust loan, maturity dates semi-annually beginning August 1, 2020 and Ending August 1, 2049. Interest paid semi-annually on February 1 and August 1, on the Trust loan and no interest payable on the Fund loan.	6,131,355	6,341,022
2021 A-1 New Jersey Infrastructure Bank loan of $18,100,000 (Trust loan) and $1,059,245 (Fund loan), varying interest rates of 2.125% to 5.00% on the Trust loan, maturity dates semi-annually beginning August 1, 2021 and Ending August 1, 2050. Interest paid semi-annually on February 1 and August 1, on the Trust loan and no interest payable on the Fund loan.	17,678,957	18,412,815
Subtotal	27,262,457	28,935,366
Less: current portion	(1,703,159)	(1,672,909)
Loans payable – NJIB, long-term portion	$ 25,559,298	$ 27,262,457

NOTE 7: LONG-TERM OBLIGATIONS (continued)

Loans Payable – NJIB, net

Schedule of annual debt service for principal and interest for bonds and loans payable, over the next five years and thereafter are as follows:

	Principal	Interest	Total
2024	$ 1,703,158	$ 495,739	$ 2,198,897
2025	1,748,596	442,190	2,190,786
2026	1,786,253	387,282	2,173,535
2027	1,844,016	331,072	2,175,088
2028	1,134,072	273,304	1,407,376
2029-2033	5,996,300	881,669	6,877,969
2034-2038	6,117,627	426,540	6,544,167
2039-2043	3,905,567	181,309	4,086,876
2044-2048	2,327,525	84,602	2,412,127
2049-2050	699,343	7,163	706,506
Total	$ 27,262,457	$ 3,510,870	$ 30,773,327

Loan Payable – other

The Authority has an agreement with Six Flags Great Adventure under which the Authority must reimburse Six Flags Great Adventure for depreciation charged to them in previous years. The original principal sum of the debt was $1,600,000. As of December 31, 2023 and 2022, the balance due is $60,000 and $90,000, respectively, which will be paid in annual installments of $30,000 due August 1 of each year. The loan bears interest at the rate established by the State of New Jersey Board of Regulatory Authority for customers' deposits less 0.25%*. The balance of the loan payable - other at December 31, 2023 and 2022 was:

Current portion:	2023	2022
Loan payable – other	$ 30,000	$ 30,000
Total current portion	30,000	30,000
Long-term portion:		
Loan payable – other	30,000	60,000
Total long-term portion	30,000	60,000
Total	$ 60,000	$ 90,000

Schedule of annual debt service for principal and interest for Six Flags Great Adventure, over the next five years and thereafter are as follows:

	Principal	Interest	Total
2024	$ 30,000	$ -	$ 30,000
2025	30,000	-	30,000
Total	$ 60,000	$ -	$ 60,000

NOTE 7: LONG-TERM OBLIGATIONS (continued)

Loan Payable – other (continued)

**As of December 31, 2023 and 2022, the customer deposit rate established by the State of New Jersey Board of Regulatory Authority is less than .25%, therefore future minimum interest rate calculated to be 0%.*

Refunding of 2007 New Jersey Infrastructure Trust Loan

On November 10, 2015, the Authority issued Series 2015A-R1 NJIB Refunding Bonds in the amount of $3,646,000. The proceeds of this issuance were utilized to refund the 2007 NJIB trust loan outstanding. The Refunding Bonds issued resulted in a net gain on refunding of $524,000 in the year ended December 31, 2015. The refunding is expected to produce a new savings of approximately $593,373 over the life of the new bond series. The entire amount of $524,000 was recorded as a deferred inflow and as of December 31, 2023 and 2022, deferred inflows totaled $200,000 and $250,000, respectively.

2021 New Jersey Infrastructure Trust Loan

On June 10, 2021, the Authority issued the 2021 A-1 New Jersey Infrastructure Bank loan in the amount of $18,100,000. The proceeds of this issuance totaled $ 20,433,884 inclusive of a $2,025,650 premium to be amortized over the life of the loan and $308,234 of loan issuance costs that were waived at the time of issuance. The entire $2,025,650 balance was recorded as a loan premium in 2021. As of December 31, 2023 and 2022, the unamortized loan premium balance totaled $1,447,556 and $1,694,133, respectively.

NOTE 8: OCUA CREDIT/DEFICIENCY

The Authority makes quarterly payments to the Ocean County Utilities Authority (OCUA) for the treatment of its sewerage. These payments are based on gallons sent for treatment and are estimated billings. After the calendar year is over, in accordance with a service agreement executed by the parties, a final invoice is sent by the OCUA based upon actual flows. At the end of the year, the OCUA is required to provide the Authority with a "Deficiency Notification" in accordance with Articles V and IX of the Service Agreement. The credit or (deficiency) is computed by taking the actual flows for the year and comparing this number to the estimated flows. Credits are recorded as revenue when received and deficiencies are recorded as expenses when billed. Due to unresolved OCUA sewer metering/billing issues, the 2019 Deficiency Notification remains held in abeyance. As of December 31, 2023 and 2022, the Authority has recorded a credit in the amount of $-0- and $81,681, respectively.

NOTE 9: PENSION OBLIGATIONS

Public Employees' Retirement System (PERS)

Plan Description

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

NOTE 9: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Plan Description (continued)

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

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

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

Basis of Presentation

Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions

The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2023, the State's pension contribution was more than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

NOTE 9: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Contributions (continued)

Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012, and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2023, the Authority's contractually required contribution to PERS plan was $487,601.

Components of Net Pension Liability

On December 31, 2023, the Authority's proportionate share of the PERS net pension liability was $5,284,288. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The Authority's proportion of the net pension liability was based on the Authority's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The Authority's proportion measured as of June 30, 2023, was 0.034648% which was a decrease of 0.000456% from its proportion measured as of June 30, 2022.

	Balance December 31,	
	2023	2022
Actuarial valuation date (including roll forward)	June 30, 2023	June 30, 2022
Deferred Outflows of Resources	$ 591,515	$ 1,047,486
Deferred Inflows of Resources	410,024	911,161
Net Pension Liability	5,284,288	5,574,585
Authority's portion of the plan's total Net Pension Liability	0.03648%	0.03694%

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

On December 31, 2023, the Authority's proportionate share of the PERS (benefit) expense, calculated by the plan as of the June 30, 2023, measurement date is $152,139. On December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

NOTE 9: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 50,525	$ 21,600
Changes of assumptions	11,609	320,521
Net difference between projected and actual earnings on pension plan investments	24,335	-
Changes in proportion and differences between the Authority's contributions and proportion share of contributions	505,046	68,173
	$ 591,515	$ 410,024

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

Year Ending December 31,	Amount
2024	$ (191,616)
2025	(68,347)
2026	304,986
2027	48,431
2028	88,037
Total	$ 181,491

Special Funding Situation

Under *N.J.S.A. 43:15A-15*, 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. The legislation which legally obligates the State, are Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

NOTE 9: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Special Funding Situation

In addition, each local participating employer must recognize pension expense associated with the employers as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Additionally, the State has no proportionate share of the PERS net pension liability attributable to the Authority as of December 31, 2023. On December 31, 2023, the State's proportionate share of the PERS expense, associated with the Authority, calculated by the plan as of the June 30, 2023, measurement date was $16,480.

Actuarial Assumptions

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

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75% - 6.55% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010 General Below – Median Income Employee Mortality table fully generational mortality improvement projections from the central year using Scale MP-2021
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021

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 9: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Actuarial Assumptions

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return

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

Asset Class	Target Allocation	Long –Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

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 will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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 9: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

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

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

	1 % Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the Net Pension Liability	$ 6,937,015	$ 5,284,288	$ 3,960,069

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the Other Post-employment Benefits Plan

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

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.

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

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB)(continued)

General Information about the Other Post-employment Benefits Plan (continued)

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.

Basis of Presentation

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

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense (benefit). The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2023, were $3,461,898,890 and $11,427,677,896, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2022, through June 30, 2023. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Net OPEB Liability

The components of the collective net OPEB liability of the plan as of June 30, 2023, is as follows:

Total OPEB liability	$ 14,889,576,786
Plan fiduciary net position	(116,962,691)
Net OPEB liability	$ 15,006,539,477

The total OPEB liability as of June 30, 2023, was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Net OPEB Liability (continued)

Salary Increases*:	
PERS:	
Rate for all future years	2.75% to 6.55%
Police and Firemen's Retirement System (PFRS):	
Rate of all future years	3.25% to 16.25%
Mortality Rate Table:	
PERS	Pub-2010 general classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021
PFRS	Pub-2010 safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021

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

Actuarial assumptions used in the July 1, 2022, valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018, to June 30, 2021.

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

OPEB Obligation and OPEB (Benefit) Expense

The Authority's proportionate share of the total OPEB Obligations was $10,034,723. The OPEB Obligation was measured as of June 30, 2023, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The State's proportionate share of the OPEB Obligation associated with the Authority was based on projection of the State's long-term contributions to the OPEB plan associated with the Authority relative to the projected contributions by the State associated with all participating entities, actuarially determined. At June 30, 2023, the State proportionate share of the OPEB Obligation attributable to the Authority was 0.06687%, which was an increase of 0.011342% from its proportion measured as of June 30, 2022.

For the fiscal year ended June 30, 2023, the State of New Jersey recognized an OPEB (benefit) expense in the amount of $(103,659) for the State's proportionate share of the OPEB (benefit) expense attributable to the Authority. This OPEB (benefit) expense was based on the OPEB plans June 30, 2023, measurement date.

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.5% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend rate is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% decreasing to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

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

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the collective net OPEB liability of the participating employers as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1 % Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
State's proportionate share of the Net OPEB Liability associated with the Authority	$ 11,623,408	$ 10,034,723	$ 8,756,871
State's Total Nonemployer OPEB Liability	$ 17,382,355,978	$ 15,006,539,477	$ 13,095,561,553

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

The following presents the net OPEB liability as of June 30, 2023, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1 % Decrease	Healthcare Cost Trend Rate	1% Increase
State's proportionate share of the Net OPEB Liability associated with the Authority	$ 8,528,334	$ 10,034,723	$ 11,963,361
State's Total Nonemployer OPEB Liability	$ 12,753,792,805	$ 15,006,539,477	$ 17,890,743,651

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Additional Information

The following is a summary of the deferred outflows of resources, deferred inflows of resources, and net OPEB liability balances as of June 30, 2023:

	Balance December 31,	
	2023	2022
Actuarial valuation date (including roll forward)	June 30, 2023	June 30, 2022
Deferred Outflows of Resources	$ 4,682,457	$ 2,645,541
Deferred Inflows of Resources	6,449,203	5,908,936
Net OPEB Liability	10,034,723	8,967,386
Authority's portion of the plan's total Net OPEB Liability	0.06687%	0.05553%

OPEB Deferred Outflows/Inflows of Resources

At December 31, 2023, the Authority's proportionate share of the OPEB outflows and inflows, calculated by the plan as of the June 30, 2023 measurement date is $2,227,045 and $2,938,187, respectively. At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 462,750	$ 2,725,103
Changes of assumptions	1,299,873	2,836,495
Net difference between projected and actual earnings on pension plan investments	-	1,656
Changes in proportion	2,919,834	885,949
	$ 4,682,457	$ 6,449,203

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

Year Ending December 31,	Amount
2024	$ (847,878)
2025	(641,894)
2026	(213,884)
2027	54,092
2028	(186,756)
Thereafter	68,574
Total	$ (1,766,746)

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 7.89, 7.82, 7.82, 7.87, 8.05, 8.14 and 8.04 years for the 2023, 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

Plan Membership

At July 1, 2022, the Program membership consisted of the following:

Active plan members	65,613
Retirees currently receiving benefits	34,771
Total plan members	100,384

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the measurement date June 30, 2023, is as follows:

Service cost	$ 597,135,801
Interest on Total OPEB Liability	581,375,849
Changes in benefit terms	23,039,435
Differences in expected and actual experience	(2,123,324,632)
Changes in assumptions	255,103,873
Contributions from the employer	(431,386,179)
Contributions from non-employer contributing entities	(55,614,980)
Net investment income	(2,001,914)
Administrative expenses	12,616,746
Net changes	(1,143,056,001)
Total OPEB Liability (Beginning)	16,149,595,478
Total OPEB Liability (Ending)	$ 15,006,539,477

NOTE 11: DEFERRED COMPENSATION PROGRAM

The Authority offers its employees a Deferred Compensation Plan (Plan) created in accordance with Internal Revenue Code Section 457. The Plan, available to all Authority employees, permits them to defer a portion of their salary until future years. The Authority does not make contributions to the Plan for the benefit of its employees.

During December 1998, the Authority, in accordance with Internal Revenue Code 457, amended the Deferred Compensation Plan to establish an exclusive benefit trust whereby all Plan investments are held for the exclusive benefit of the Plan's participants and beneficiaries and are not subject to the claims of the Authority's general creditors. As such, the Deferred Compensation Plan amounts as of December 31, 2023 and 2022 are not reflected on the Authority's statements of net position.

NOTE 12: COMPENSATED ABSENCES

Authority employees are entitled to sick leave. Employees hired after December 12, 1993, are eligible to receive payment for 80% of all accumulated sick days upon retirement up to a maximum of $15,000. Amounts are calculated on the employee's average earnings for the last three years excluding overtime pay, and all other supplemental compensation. Vacation days not used during the year by Authority employees may not be carried forward for more than two calendar years. The liability for vested compensated absences is recorded as a non-current liability in the accompanying financial statements. The current portion of the compensated absence balance is not considered material and is therefore not shown separately from the long-term liability balance of compensated absences. As of December 31, 2023 and 2022, accumulated compensated absences amount to $353,007 and $331,924, respectively and are reported as non-current liabilities on the statements of net position.

NOTE 13: CREDITED CONNECTION FEES

The Authority has entered into agreements with various developers which entitles them to a credit for water and sewer connection fees. In exchange for the credited connection fees, the developers have agreed to design, construct and install various infrastructures with no cash outlay by the Authority. The developers are granted the connection fee credits based on the percentage of completion method. During the years ending December 31, 2023 and 2022, these non-cash connection fees which are recognized as revenues amounted to $713,713 and $800,630, respectively. The corresponding assets are recorded in construction in progress until they are received.

NOTE 14: CONTRIBUTED CAPITAL

In 2023 and 2022, various property owners constructed and donated water and sewer mains to the Authority. The total value of the dedicated water and sewer mains for the years ended December 31, 2023 and 2022 was $786,096 and $44,600, respectively. Ownership was assumed, recorded and acceptance of the maintenance bond was authorized at the completion of each project.

All of these donated properties were treated as non-operating revenue in the statement of revenues, expenses and changes in net position and capitalized on the Authority's statement of net position for the years ended December 31, 2023 and 2022.

NOTE 15: LEASE RECEIVABLE

The Authority has entered into various lease agreements to lease the Authority's telecommunications sites. The lease terms arrange is for five years including noncancellable period of the leases and extensions the Authority is reasonably certain to exercise and vary with every agreement. The agreements allows for a three to five percent annual increase to the lease payments on the anniversary of the agreement. The required payments to be received range from $12,480 to $81,595. During the fiscal year, the Authority recognized $406,441 in lease revenues and $113,367 in interest income related to the agreement. Lease receivables for the year ended December 31, 2023, was $1,177,018. Also, the Authority has deferred inflows of resources associated with this lease that will be recognized as revenues over the lease terms. The deferred inflows of resources related to lease receivables are amortized on a straight-line basis over the terms of the related lease. Deferred inflows of resources related to lease receivables for the year ended December 31, 2023, was $1,059,003. The following is a schedule of the remaining future minimum rent payments to be received under these lease obligations at December 31,:

NOTE 15: LEASE RECEIVABLE (continued)

	Principal	Interest	Total
2024	$ 340,472	$ 82,795	$ 423,267
2025	309,318	58,981	368,299
2026	303,119	36,795	339,914
2027	224,109	17,121	241,230
	$ 1,177,018	$ 195,692	$ 1,372,710

NOTE 16: RISK MANAGEMENT

The Authority is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Authority is a member of the New Jersey Utilities Authorities Joint Insurance Fund (JIF). The joint insurance pool is both an insured and self-administered group of 80 authorities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The JIF will be self-sustaining through member premiums. The JIF participates in the Municipal Excess Liability Insurance program which has a contract for excess insurance. There were no settlements in excess of insurance coverage for 2018-2023.

NOTE 17: DEFICIT UNRESTRICTED NET POSITION

The Authority had a deficit in unrestricted net position in the amount of $(5,860,119) and $(6,611,456) at December 31, 2023 and 2022, respectively. The primary cause of this deficit is due to the recording of the net pension liability and other net postemployment benefit liability, as required by generally accepted accounting principles. If this was not required, the unrestricted net position before the net pension liability and net other postemployment benefit liability and deferred outflows and inflows related to pensions and other postemployment benefits would be $11,044,147 and $11,057,585 as of December 31, 2023 and 2022. This deficit in unrestricted net position does not indicate that the Authority is facing financial difficulties.

Schedule I

JACKSON MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Jackson, County of Ocean, State of New Jersey)
Schedule of the Authority's Proportionate Share of Net Pension Liability
Public Employees' Retirement System
Last Ten Fiscal Years

	Measurement Date Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability	0.03648%	0.03694%	0.03354%	0.03328%	0.03147%	0.03224%	0.03082%	0.03060%	0.02848%	0.03057%
Authority's proportionate share of the net pension liability	$ 5,284,288	$ 5,574,585	$ 3,973,777	$ 5,427,718	$ 5,669,742	$ 6,348,789	$ 7,176,555	$ 9,064,242	$ 6,348,789	$ 5,724,411
Authority's covered-employee payroll	$ 2,801,026	$ 2,690,674	$ 2,492,631	$ 2,405,680	$ 2,153,895	$ 2,259,915	$ 2,111,404	$ 2,073,896	$ 1,971,536	$ 2,099,873
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	188.66%	207.18%	159.42%	225.62%	263.23%	280.93%	339.89%	437.06%	322.02%	272.61%
Plan fiduciary net position as a percentage of total net pension liability	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

Schedule II

JACKSON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Jackson, County of Ocean, State of New Jersey)
Schedule of Authority Contributions
Public Employees' Retirement System
Last Ten Fiscal Years

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 487,601	$ 465,817	$ 392,838	$ 364,108	$ 306,074	$ 320,729	$ 285,600	$ 271,888	$ 244,861	$ 252,053
Contributions in relation to the contractually required contribution	(487,601)	(465,817)	(392,838)	(364,108)	(306,074)	(320,729)	(285,600)	(271,888)	(244,861)	(252,053)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$ 2,897,574	$ 2,801,026	$ 2,690,674	$ 2,492,631	$ 2,405,680	$ 2,153,895	$ 2,259,915	$ 2,111,404	$ 2,073,896	$ 1,971,536
Contributions as a percentage of covered-employee payroll	16.83%	16.63%	14.60%	14.61%	12.72%	14.89%	12.64%	12.88%	11.81%	12.78%

JACKSON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of the Authority's Proportionate Share of Net Other Postemployment Benefit Liability
Local Government Retired Employees Plan
Last Eight Fiscal Years *

	Measurement Date Ended June 30,							
	2023	2022	2021	2020	2019	2018	2017	2016
Authority's proportion of the other postemployment benefit liability	0.06687%	0.05553%	0.05779%	0.05854%	0.05186%	0.05504%	0.05433%	0.05899%
Authority's proportionate share of the net other postemployment benefit liability	$ 10,034,723	$ 8,967,386	$ 10,402,614	$ 10,506,127	$ 7,025,534	$ 8,622,750	$ 11,091,694	$ 12,810,046
Authority's covered-employee payroll	$ 2,801,026	$ 2,690,674	$ 2,492,631	$ 2,405,680	$ 2,153,895	$ 2,259,915	$ 2,111,404	$ 2,073,896
Authority's proportionate share of the net other postemployment benefit liability as a percentage of its covered-employee payroll	358.25%	333.28%	417.33%	436.72%	326.18%	381.55%	525.32%	617.68%
Plan fiduciary net position (deficit) as a percentage of the total other postemployment benefit liability	(0.79%)	(0.36%)	0.28%	0.91%	1.98%	1.97%	1.03%	0.69%

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

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

None noted.

Changes of 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%

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

Other Post-Employment Benefits (OPEB)

Changes in Benefits

The increase in benefit terms from June 30, 2022, to June 30, 2023 was a result of employers adopting and or changing Chapter 48 provisions which provide different levels of subsidy than in the prior year.

Differences Between Expected and Actual Experiences

The increase in differences between expected and actual experiences from June 30, 2022, to June 30, 2023 was a result of an update in census information, and premiums and claims experience.

Changes of Assumptions

The increase in changes in assumptions from June 30, 2022, to June 30, 2023 is a result of a change in the discount rate, trend update, and an experience study update.

The discount rate used as of June 30, measurement date for the last six fiscal years is as follows:

Year	Rate	Year	Rate	Year	Rate
2023	3.65%	2020	2.21%	2017	3.58%
2022	3.54%	2019	3.50%	2016	2.85%
2021	2.16%	2018	3.87%		

JACKSON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Jackson, County of Ocean, State of New Jersey)
Schedule of Operating Revenues and Costs Funded by
Operating Revenues (Budget vs. Actual)
For the years ended December 31, 2023 and 2022

	2023						2022					
	Original Water Budget	Original Sewer Budget	Original Budget Total	Final Budget Total	Actual	Variance Favorable/ (Unfavorable)	Original Water Budget	Original Sewer Budget	Original Budget Total	Final Budget Total	Actual	Variance Favorable/ (Unfavorable)
Operating revenues:												
Water and sewer charges	$ 7,844,199	$ 5,805,414	$ 13,649,613	$ 13,649,613	$ 13,314,446	$ (335,167)	$ 7,368,518	$ 5,802,866	$ 13,171,384	$ 13,171,384	$ 12,671,100	$ (500,284)
Connection fees	1,651,480	761,250	2,412,730	2,412,730	1,483,729	(929,001)	1,122,000	498,250	1,620,250	1,620,250	2,401,084	780,834
Antenna lease	242,766	242,766	485,532	485,532	406,441	(79,091)	220,728	220,728	441,456	441,456	411,463	(29,993)
Miscellaneous	336,325	197,708	534,033	534,033	254,643	(279,390)	195,240	80,290	275,530	275,530	278,612	3,082
Total operating revenues	10,074,770	7,007,138	17,081,908	17,081,908	15,459,259	(1,622,649)	8,906,486	6,602,134	15,508,620	15,508,620	15,762,259	253,639
Cost of providing services:												
Operations control:												
Ads and notices	3,500	1,500	5,000	8,362	7,830	532	4,000	1,500	5,500	10,556	10,419	137
Bank and other fees	17,500	7,400	24,900	31,445	31,444	1	15,000	6,200	21,200	32,183	32,183	-
Chemicals	425,500	30,000	455,500	519,710	498,439	21,271	162,500	25,000	187,500	187,000	266,865	(79,865)
Communications costs	111,087	47,609	158,696	155,611	154,143	1,468	107,613	46,119	153,732	155,673	154,596	1,077
Community relations	4,500	1,200	5,700	5,700	2,728	2,972	4,000	1,000	5,000	4,439	4,282	157
Dues/subscriptions/membership	8,300	4,200	12,500	11,119	9,985	1,134	7,000	4,000	11,000	10,229	10,073	156
Education and training	11,000	28,000	39,000	15,748	13,341	2,407	12,000	6,000	18,000	9,621	9,610	11
Employee benefits	1,387,156	594,495	1,981,651	1,830,443	2,250,104	(419,661)	1,118,109	479,190	1,597,299	1,604,479	1,604,473	6
Pension expense	150,000	64,820	214,820	214,820	-	214,820	150,000	64,820	214,820	107,900	72,979	34,921
Equipment rental	1,000	300	1,300	17,260	16,259	1,001	1,000	200	1,200	202	150	52
Equipment and tools	5,000	2,250	7,250	7,170	10,015	(2,845)	5,250	2,250	7,500	7,500	10,015	(2,515)
Insurance	153,500	65,700	219,200	221,156	221,153	3	125,000	53,000	178,000	201,546	201,546	-
Laboratory services	50,000	500	50,500	48,858	47,807	1,051	45,000	1,220	46,220	37,584	37,584	-
License permits	28,735	7,200	35,935	29,921	26,694	3,227	28,120	6,282	34,402	27,072	25,718	1,354
Meter testing	3,000	-	3,000	3,882	3,882	-	3,000	-	3,000	2,495	2,491	4
NJA Sewer fees	-	16,000	16,000	16,290	16,288	2	-	16,000	16,000	16,000	10,307	5,693
OCUA Regional Sewer fee	-	2,956,685	2,956,685	2,999,198	2,999,198	-	-	3,030,665	3,030,665	2,920,791	2,901,912	18,879
Toms River Sewer fees	-	40,000	40,000	55,055	55,051	4	-	38,000	38,000	48,520	48,519	1
Outside services	107,453	43,393	150,846	97,310	77,792	19,518	68,987	26,660	95,647	66,571	65,533	1,038
Penalty and fines	100	50	150	150	-	150	100	50	150	50	-	50
Personal safety equipment	15,745	6,475	22,220	21,930	21,121	809	16,863	9,205	26,068	29,960	29,960	-
Postage	22,500	10,000	32,500	40,000	39,999	1	20,000	9,000	29,000	35,423	35,423	-
Professional fees	90,500	40,000	130,500	185,805	175,159	10,646	91,000	40,800	131,800	98,986	85,446	13,540
Repairs and maintenance	247,000	145,000	392,000	371,692	345,555	26,137	218,000	145,000	363,000	453,708	393,929	59,779
Shipping	3,260	1,750	5,010	5,010	3,285	1,725	2,400	1,500	3,900	4,183	3,612	571
Supplies	52,500	14,200	66,700	73,055	52,025	21,030	53,250	15,750	69,000	63,609	60,647	2,962
Taxes - Water use	8,900	-	8,900	11,070	11,067	3	10,000	-	10,000	10,893	10,893	-
Transportation	77,600	45,250	122,850	120,760	86,199	34,561	54,560	36,250	90,810	93,638	115,291	(21,653)
Trustee fees - Administration	8,225	1,025	9,250	9,250	9,250	-	8,225	1,025	9,250	9,250	9,250	-
Uniforms	14,000	6,000	20,000	20,000	17,625	2,375	12,000	5,000	17,000	18,043	18,042	1

JACKSON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Jackson, County of Ocean, State of New Jersey)
Schedule of Operating Revenues and Costs Funded by
Operating Revenues (Budget vs. Actual) (continued)
For the years ended December 31, 2023 and 2022

	2023						2022					
	Original Water Budget	Original Sewer Budget	Original Budget Total	Final Budget Total	Actual	Variance Favorable/ (Unfavorable)	Original Water Budget	Original Sewer Budget	Original Budget Total	Final Budget Total	Actual	Variance Favorable/ (Unfavorable)
Cost of providing services (continued):												
Operations control (continued):												
Utilities	398,500	91,500	490,000	572,427	571,741	686	357,120	83,500	440,620	448,758	546,674	(97,916)
Write-offs	3,000	3,000	6,000	6,000	828	5,172	3,500	3,500	7,000	9,846	9,844	2
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Payroll Taxes	206,528	88,513	295,041	270,721	252,153	18,568	190,839	81,789	272,628	252,038	248,773	3,265
Administration Control:												
Salaries	1,203,717	515,878	1,719,595	1,623,160	1,611,520	11,640	1,081,875	463,660	1,545,535	1,556,984	1,552,486	4,498
Sick/vacation buyback	11,900	5,100	17,000	19,539	19,538	1	11,900	5,100	17,000	32,195	32,188	7
Executive (management) control:												
Salaries	-	-	-	-	-	-	-	-	-	-	-	-
Member Salaries	14,700	6,300	21,000	21,002	21,000	2	14,700	6,300	21,000	20,388	20,125	263
Field control:												
Salaries	1,138,314	487,850	1,626,164	1,678,102	1,631,360	46,742	1,076,329	461,284	1,537,613	1,668,670	1,665,039	3,631
Safety officer	-	-	-	-	-	-	-	-	-	-	-	-
Sick/vacation buyback	5,250	2,250	7,500	24,992	24,985	7	8,750	3,750	12,500	5,210	2,131	3,079
Water Six Flags Great Adventure control:												
Chemicals	-	7,000	7,000	8,100	8,097	3	-	7,000	7,000	7,334	7,334	-
Equipment rental	-	-	-	-	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-	-	-	-	-
License permits	-	700	700	715	715	-	-	640	640	660	660	-
Outside services	-	550	550	910	907	3	-	550	550	550	440	110
OCUA Regional sewer fee	-	250	250	250	-	250	-	250	250	1,410	1,408	2
Repairs and maintenance	-	1,200	1,200	1,200	485	715	-	1,000	1,000	1,000	744	256
Shipping	-	75	75	75	-	75	-	75	75	75	-	75
Supplies	-	500	500	500	-	500	-	500	500	500	-	500
Taxes - Water use	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	-	100	100	100	-	100	-	100	100	100	-	100
Maple Glen control:												
Ads and notices	-	250	250	250	-	250	-	250	250	250	-	250
Chemicals	-	200	200	200	-	200	-	200	200	350	350	-
Laboratory services	-	5,000	5,000	5,000	4,922	78	-	4,800	4,800	4,800	4,740	60
License permits	-	4,000	4,000	4,000	3,512	488	-	4,000	4,000	4,000	3,364	636
Outside services	-	1,000	1,000	1,000	80	920	-	1,500	1,500	1,500	80	1,420
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-
Repairs and maintenance	-	6,000	6,000	11,115	11,114	1	-	7,000	7,000	7,000	592	6,408
Shipping	-	130	130	130	-	130	-	130	130	148	148	-
Supplies	-	700	700	700	-	700	-	700	700	700	672	28
Utilities	-	18,200	18,200	18,230	18,056	174	-	17,000	17,000	18,785	18,779	6
Wastewater and sludge removal	-	3,000	3,000	3,000	1,334	1,666	-	4,000	4,000	4,000	1,507	2,493
Total cost of providing services	5,989,470	5,430,248	11,419,718	11,419,198	11,385,785	33,413	5,087,990	5,230,264	10,318,254	10,315,355	10,349,826	(34,471)

JACKSON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Jackson, County of Ocean, State of New Jersey)
Schedule of Operating Revenues and Costs Funded by
Operating Revenues (Budget vs. Actual) (continued)
For the years ended December 31, 2023 and 2022

	2023						2022					
	Original Water Budget	Original Sewer Budget	Original Budget Total	Final Budget Total	Actual	Variance Favorable/ (Unfavorable)	Original Water Budget	Original Sewer Budget	Original Budget Total	Final Budget Total	Actual	Variance Favorable/ (Unfavorable)
Other costs funded by revenues:												
Principal maturity	1,874,769	58,056	1,932,825	1,932,825	1,702,906	229,919	1,854,300	57,906	1,912,206	1,894,033	1,664,739	229,294
Total costs funded by revenues	7,864,239	5,488,304	13,352,543	13,352,023	13,088,691	263,332	6,942,290	5,288,170	12,230,460	12,209,388	12,014,565	194,823
Net operating revenues	2,210,531	1,518,834	3,729,365	3,729,885	2,370,568	(1,359,317)	1,964,196	1,313,964	3,278,160	3,299,232	3,747,694	448,462
Non-operating revenues/(expenses):												
Interest and other income	66,110	40,600	106,710	106,710	399,959	293,249	77,900	27,340	105,240	105,240	151,965	46,725
Interest and other expense	(347,518)	(3,236)	(350,754)	(350,234)	(562,335)	(212,101)	(373,632)	(3,686)	(377,318)	(377,318)	(605,846)	(228,528)
Depreciation and amortization	(3,650,251)	(1,520,556)	(5,170,807)	(5,170,807)	(4,950,118)	220,689	(3,170,234)	(1,348,860)	(4,519,094)	(4,504,134)	(4,860,973)	(356,839)
Amortization of gain on refunding	50,000	-	50,000	50,000	50,000	-	47,000	-	47,000	47,000	47,000	-
Loan premium	246,577	-	246,577	246,577		(246,577)						
NJIB loan issuance costs	-	-	-	-	-	-	-	-	-	-	-	-
NJIB loan issuance costs - waived	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of loan premium	-	-	-	-	239,173	239,173	-	-	-	-	256,816	256,816
Loss on disposal of assets	-	-	-	-	-	-	-	-	-	(6,112)	(6,111)	1
Capital reimbursement	-	-	-	-	58,346	58,346	-	-	-	-	99,775	99,775
Debt service reimbursement	466,107	-	466,107	466,107	465,847	(260)	405,348	-	405,348	405,348	415,734	10,386
Total non-operating revenues/(expenses)	(3,168,975)	(1,483,192)	(5,118,274)	(4,651,647)	(4,299,128)	352,519	(3,013,618)	(1,325,206)	(4,744,172)	(4,329,976)	(4,501,640)	(171,664)
Excess/(deficiency) of revenues over expenses	$ (958,444)	$ 35,642	$ (1,388,909)	$ (921,762)	(1,928,560)	$ (1,006,798)	$ (1,049,422)	$ (11,242)	$ (1,466,012)	$ (1,030,744)	(753,946)	$ 276,798
Reconciliation of Budgetary Basis to Net Income before Capital Contributions:												
Adjustments to budgetary basis:												
Principal maturities					1,702,906						1,664,739	
Unbudgeted pension credit					335,463						623,896	
Unbudgeted other postemployment benefit					429,312						240,805	
Lease adjustments					-						(40,252)	
Interest income from leasing arrangements					113,367						89,530	
Amortization					49,378						-	
Net income before capital contributions					$ 701,866						$ 1,824,772	

Schedule V

JACKSON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Jackson, County of Ocean, State of New Jersey)
Schedule of Debt Service Requirements by Years
December 31, 2023

	NJIB 2007 Loans Payable		
For the year ended December 31,	**Principal**	**Interest**	**Total**
2024	$ 315,121	$ -	$ 315,121
2025	316,122	-	316,122
2026	313,312	-	313,312
2027	316,526	-	316,526
Total	$ 1,261,081	$ -	$ 1,261,081

JACKSON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Jackson, County of Ocean, State of New Jersey)
Schedule of Debt Service Requirements by Years
December 31, 2023

	NJIB 2013 Loans Payable - CW		
For the year ended December 31,	**Principal**	**Interest**	**Total**
2024	$ 28,223	$ 2,244	$ 30,467
2025	28,403	2,063	30,466
2026	28,595	1,871	30,466
2027	28,821	1,645	30,466
2028	29,061	1,405	30,466
2029	29,314	1,152	30,466
2030	29,582	885	30,467
2031	29,862	604	30,466
2032	30,160	309	30,469
Total	$ 262,021	$ 12,178	$ 274,199

JACKSON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Jackson, County of Ocean, State of New Jersey)
Schedule of Debt Service Requirements by Years
December 31, 2023

	NJIB 2013 Loans Payable - DW		
For the year ended December 31,	**Principal**	**Interest**	**Total**
2024	$ 40,289	$ 3,203	$ 43,492
2025	40,546	2,946	43,492
2026	40,821	2,671	43,492
2027	41,144	2,348	43,492
2028	41,486	2,005	43,491
2029	41,848	1,644	43,492
2030	42,229	1,263	43,492
2031	42,629	863	43,492
2032	43,051	441	43,492
Total	$ 374,043	$ 17,384	$ 391,427

JACKSON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Jackson, County of Ocean, State of New Jersey)
Schedule of Debt Service Requirements by Years
December 31, 2023

	NJIB 2015 Loans Payable		
For the year ended December 31,	**Principal**	**Interest**	**Total**
2024	$ 361,000	$ 77,750	$ 438,750
2025	380,000	59,700	439,700
2026	395,000	40,700	435,700
2027	419,000	20,944	439,944
Total	$ 1,555,000	$ 199,094	$ 1,754,094

JACKSON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Jackson, County of Ocean, State of New Jersey)
Schedule of Debt Service Requirements by Years
December 31, 2023

	NJIB 2020 A-1 Loans Payable		
For the year ended December 31,	**Principal**	**Interest**	**Total**
2024	$ 209,667	$ 51,231	$ 260,898
2025	214,667	49,481	264,148
2026	214,667	47,481	262,148
2027	219,667	45,481	265,148
2028	219,667	43,231	262,898
2029	224,667	40,981	265,648
2030	224,667	38,481	263,148
2031	229,667	35,981	265,648
2032	229,667	33,781	263,448
2033	229,667	32,613	262,280
2034	229,667	31,375	261,042
2035	234,667	30,069	264,736
2036	234,667	28,644	263,311
2037	234,668	27,144	261,812
2038	239,668	25,644	265,312
2039	239,668	23,938	263,606
2040	239,668	22,231	261,899
2041	244,668	20,525	265,193
2042	244,668	18,600	263,268
2043	244,668	16,500	261,168
2044	249,668	14,400	264,068
2045	249,668	12,150	261,818
2046	254,668	9,900	264,568
2047	254,668	7,500	262,168
2048	259,668	5,100	264,768
2049	259,668	2,550	262,218
Total	$ 6,131,355	$ 715,012	$ 6,846,367

JACKSON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Jackson, County of Ocean, State of New Jersey)
Schedule of Debt Service Requirements by Years
December 31, 2023

	NJIB 2021 A-1 Loans Payable		
For the year ended December 31,	**Principal**	**Interest**	**Total**
2024	$ 748,858	$ 361,311	$ 1,110,169
2025	768,858	328,000	1,096,858
2026	793,858	294,559	1,088,417
2027	818,858	260,654	1,079,512
2028	843,858	226,663	1,070,521
2029	873,858	192,450	1,066,308
2030	893,858	157,716	1,051,574
2031	923,858	131,185	1,055,043
2032	933,858	113,790	1,047,648
2033	943,858	97,530	1,041,388
2034	953,858	82,198	1,036,056
2035	978,858	67,587	1,046,445
2036	993,858	53,287	1,047,145
2037	998,858	47,061	1,045,919
2038	1,018,858	33,531	1,052,389
2039	1,028,858	24,763	1,053,621
2040	1,038,858	18,963	1,057,821
2041	204,837	13,063	217,900
2042	209,837	11,963	221,800
2043	209,837	10,763	220,600
2044	209,837	9,563	219,400
2045	209,837	8,363	218,200
2046	209,837	7,163	217,000
2047	214,837	5,963	220,800
2048	214,837	4,500	219,337
2049	214,837	3,038	217,875
2050	224,838	1,575	226,413
Total	$ 17,678,957	$ 2,567,202	$ 20,246,159

JACKSON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Jackson, County of Ocean, State of New Jersey)
Board of Commissioners and Management
December 31, 2023

William J. Allmann	Chairman
Clara Glory	Vice-Chairwoman
Todd Porter	Treasurer
Janet Longo	Secretary
Lewis Wildman	Assistant Secretary/Treasurer
Karen Bressi	Alternate
David Harpell	Executive Director (Retired February 2024)
James R. Diaz	Assistant Executive Director/Director of Finance

HFA
Certified Public Accountants + Advisors

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Honorable Chairman and Members
of the Jackson Township Municipal Utilities Authority
County of Ocean
Jackson, New Jersey

We have audited the financial accounts and transactions of the Jackson Township Municipal Utilities Authority (hereafter referred to as the Authority), a component unit of the Township of Jackson, County of Ocean, State of New Jersey for the year ended December 31, 2023. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS AND RECOMMENDATIONS

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

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate $44,000 except by contract or agreement.

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

The minutes indicate that bids were requested by public advertising and awarded by resolution.

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. The results or our examination did not disclose any discrepancies.

The examination of expenditures revealed individual payments, contracts or agreements in excess of $6,600 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of *N.J.S.A.40A:11-6.1*.

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

Examination of Cash Receipts

A test check of cash receipts was made. The results of the examination did not disclose any discrepancies with respect to cash receipts.

Examination of Bills

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

Examination of Payroll

The examination of the payroll account included the detailed computation of various deductions or other credits from the payroll of the Authority employees, and we ascertained that the accumulated withholdings were disbursed to the proper agencies.

Capital Assets

The capital asset subsidiary ledger was maintained properly and a reconciliation between the physical and perpetual inventory records was performed at year-end.

Budget Adoption

The State of New Jersey requires that the Authority's operating and capital budgets be approved and adopted for each fiscal year. The Authority approved its operating budget on October 27, 2022, and adopted its operating budget on November 17, 2022.

Current Year Findings

There were no current year findings.

Follow-Up of Prior Years' Findings

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

Acknowledgment

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

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please call us.

Holman Frenia Allison, P.C.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

December 9, 2024
Lakewood, New Jersey