

**RARITAN TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY**

REPORT OF AUDIT

**WITH
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

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**RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
ROSTER OF OFFICIALS
As of December 31, 2023**

Authority Commissioners

POSITION

John Tully

Chairperson

Gary Hazard

Vice Chairperson

Scott Sipos

Assistant Treasurer and
Assistant Secretary
Treasurer

Jeffery Anclien

Secretary

Frank Scipione

OFFICIALS

Johnson, Mirmiran & Thompson

Engineer

Archer & Greiner

Attorney

Ray Frank

Chief Operator

Michael Sciss

Executive Director

Lynn LaMonte

Manager Accounting Operations /
Human Resource Administrator

**RARITAN TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY**

PART I

FINANCIAL SECTION

**FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

INDEPENDENT AUDITOR'S REPORT

The Chairperson and Members of
Raritan Township Municipal Utilities Authority
Flemington, New Jersey

Qualified Opinion

We have audited the accompanying financial statements of the business-type activities of the Raritan Township Municipal Utilities Authority, in the County of Hunterdon, State of New Jersey, a component unit of the Township of Raritan (Authority), 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, except for the effects of the matter described in the Basis for Qualified Opinion on the 2023 Financial Statements section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Raritan Township Municipal Utilities Authority, in the County of Hunterdon, State of New Jersey, a component unit of the Township of Raritan, as of December 31, 2023 and 2022, and the changes in its financial position and its cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion on the 2023 Financial Statements

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Raritan Township Municipal Utilities Authority, in the County of Hunterdon, State of New Jersey, a component unit of the Township of Raritan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the 2023 financial statements.

Basis for Qualified Opinion on the 2023 Financial Statements (Cont'd)

Matter Giving Rise to the Qualified Opinion on the 2023 Financial Statements

As more fully described in Note 5, the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, for the State of New Jersey State Health Benefits Local Government Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey (the "Division") and the report for the Authority Plan has not been released as of the date of this report. As a result, the Authority has not recorded the related expenses in the statement of revenues, expenses and changes in net position. Accounting principles generally accepted in the United States of America require that such expense be recorded, which would affect deferred inflows and outflows of resources related to OPEB, net OPEB obligation, unrestricted net position, expenses and the note disclosures in the 2023 basic financial statements. The amount by which this departure would affect the basic financial statements is not reasonably determinable.

Emphasis of Matter

Prior Period Restatement

The report for Governmental Accounting Standards Board ("GASB") Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, for the State of New Jersey State Health Benefits Local Government Retired Employees Plan ("SHBP") has been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey (the "Division") and the information on the Authority Plan has been updated. As a result, the accompanying 2022 financial statements as of and for the year ended December 31, 2022 have been restated, as discussed in note 11 to the financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the Authority's total OPEB liability and related ratios, schedule of the Authority's proportionate share of the net OPEB liability, schedule of the Authority's OPEB contributions, schedule of the Authority's proportionate share of the net pension liability and schedule of the Authority's pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information for the management's discussion and analysis, schedule of the Authority's proportionate share of the net pension liability and schedule of the Authority's pension contributions 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. As of December 31, 2023 and for the year then ended, we were unable to apply certain limited procedures to the management's discussion and analysis and the required supplementary information for the schedule of changes in the Authority's total OPEB liability and related ratios, schedule of the Authority's proportionate share of the net OPEB liability and the schedule of the Authority's OPEB contributions in accordance with auditing standards generally accepted in the United States of America because the information was unavailable. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The accompanying supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects on the supplementary information of the qualified opinion on the basic financial statements as explained in the Basis for Qualified Opinion on the 2023 Financial Statements section, the accompanying supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
August 28, 2024

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

INDEPENDENT AUDITOR'S REPORT

The Chairperson and Members of
Raritan Township Municipal Utilities Authority
Flemington, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Raritan Township Municipal Utilities Authority, in the County of Hunterdon, State of New Jersey, a component unit of the Township of Raritan (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 August 28, 2024. Our report on the financial statements was qualified as a result of information for Postemployment Benefits Other Than Pensions for the measurement date as required by Governmental Accounting Standards Board ("GASB") Statement No. 75 not being available. Also, our report on the financial statements included an emphasis of matter paragraph describing the restatement of the prior period financial statements resulting from correction of an error.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
August 28, 2024

**RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022
(UNAUDITED)**

The Raritan Township Municipal Utilities Authority (the Authority) is a public agency providing wastewater services to Raritan Township, the Borough of Flemington and the Township of Readington. This section of the Authority's annual financial report provides a discussion and analysis of the financial performance for the year ended December 31, 2023. The entire annual financial report consists of five parts; Independent Auditor's Reports, the management's discussion and analysis, the basic financial statements, required supplementary information and supplemental schedules.

FINANCIAL HIGHLIGHTS

- **Total Assets** - Total assets as of December 31, 2023 were \$42,467,246.79. After adding deferred outflows of resources of \$3,180,043.33 and deducting liabilities of \$20,229,329.07 and deferred inflows of resources of \$5,403,162.48; the resulting net position is \$20,014,798.57.
- **Total Operating Revenue**- Revenues for the year ended December 31, 2023 totaling \$8,034,071.03 were comparable to last year's ending amount of \$8,084,479.81.
- **Total Operating Expenses** – Operating expenses for the year ended December 31, 2023 of \$6,806,743.84 were up 8.71% from last year's amount of \$6,261,567.23, mainly due to an increase in fringe benefits due to the accruals for net pension liability and increased maintenance costs.
- **Interest Income** – For the year ended December 31, 2023, the Authority generated \$328,198.82 interest income from investments.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies. The comparative statements of net position includes all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources. As the Authority follows the accrual method of accounting, the current year's revenues and expenses are accounted for in the comparative statements of revenues, expenses and changes in net position when revenues are earned and expenses are incurred. Net position – the difference between the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources – is a measure of the Authority's financial health or position.

The comparative statements of revenues, expenses and changes in net position provide a breakdown of the various areas of revenues and expenses encountered during the year.

The comparative statements of cash flows provide a breakdown of the various sources of cash flow, categorized into three areas: operating activities, capital and related financing activities and investing activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D) (UNAUDITED)

FINANCIAL ANALYSIS OF THE AUTHORITY

The Authority's total net position was \$20,014,798.57 on December 31, 2023. Total assets, deferred outflows of resources, total liabilities, deferred inflows of resources and total net position are detailed below.

A significant portion of the Authority's net position represents its investment in capital assets (i.e. sewer lines, buildings, improvements and equipment); less the related debt outstanding used to acquire those capital assets. Although the Authority's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the Authority's net position represents resources that are subject to external restrictions on how they can be used under the Bond Resolution covenants.

The remaining portion of the Authority's net position is a deficit in unrestricted net position. The deficit is primarily a result of the Authority's net pension liability and net OPEB obligation.

Comparative Statements of Net Position

	As of December 31, 2023	(Restated) As of December 31, 2022	As of December 31, 2021	Change from 2022 to 2023	
				Amount	Percentage
Current Assets	\$ 12,828,059.55	\$ 11,569,826.07	\$ 9,948,129.22	\$ 1,258,233.48	10.88%
Noncurrent Assets					
Capital Assets	28,033,144.25	28,604,646.96	29,512,560.79	(571,502.71)	-2.00%
Other Assets	1,606,042.99	1,747,271.96	973,767.22	(141,228.97)	-8.08%
Total Assets	42,467,246.79	41,921,744.99	40,434,457.23	545,501.80	1.30%
Total Deferred Outflows of Resources	3,180,043.33	3,448,155.22	3,207,647.43	(268,111.89)	-7.78%
Current Liabilities	1,792,844.22	1,509,211.07	1,376,985.90	283,633.15	18.79%
Long-Term Liabilities	18,436,484.85	19,487,862.69	20,513,528.69	(1,051,377.84)	-5.40%
Total Liabilities	20,229,329.07	20,997,073.76	21,890,514.59	(767,744.69)	-3.66%
Total Deferred Inflows of Resources	5,403,162.48	5,833,545.46	5,971,869.65	(430,382.98)	-7.38%
Net Position					
Net Investment in Capital Assets	21,666,310.03	21,880,047.43	21,491,306.58	(213,737.40)	-0.98%
Restricted	1,485,398.39	1,473,335.90	765,363.91	12,062.49	0.82%
Unrestricted (Deficit)	(3,136,909.85)	(4,814,102.34)	(6,476,950.07)	1,677,192.49	-34.84%
Total Net Position	\$ 20,014,798.57	\$ 18,539,280.99	\$ 15,779,720.42	\$ 1,475,517.58	7.96%

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D) (UNAUDITED)

FINANCIAL ANALYSIS OF THE AUTHORITY (CONT'D)

Comparative Statements of Revenues, Expenses and Changes in Net Position

	Year Ended December 31, 2023	(Restated) Year Ended December 31, 2022	Year Ended December 31, 2021	Change from 2022 to 2023 Amount	Percentage
Utility Service Charges	\$ 6,784,304.02	\$ 7,212,809.17	\$ 6,425,638.83	\$ (428,505.15)	-5.94%
Connection Fees	755,041.25	322,340.00	272,683.38	432,701.25	134.24%
Other Operating Revenues	494,725.76	549,330.64	475,936.24	(54,604.88)	-9.94%
Total Operating Revenues	8,034,071.03	8,084,479.81	7,174,258.45	(50,408.78)	-0.62%
Operating Expenses	5,324,830.96	4,783,966.45	4,662,890.51	540,864.51	11.31%
Depreciation Expense	1,481,912.88	1,477,600.78	1,224,750.93	4,312.10	0.29%
Total Operating Expenses	6,806,743.84	6,261,567.23	5,887,641.44	545,176.61	8.71%
Operating Income	1,227,327.19	1,822,912.58	1,286,617.01	(595,585.39)	-32.67%
Net Non-Operating Expenses	248,190.39	130.87	(66,454.78)	248,059.52	189546.51%
Capital Contributions	-	936,517.12	12,914.37	(936,517.12)	-100.00%
Change in Net Position	1,475,517.58	2,759,560.57	1,233,076.60	(1,284,042.99)	-46.53%
Net Position - Beginning	18,539,280.99	15,779,720.42	14,546,643.82	2,759,560.57	17.49%
Net Position - Ending	\$ 20,014,798.57	\$ 18,539,280.99	\$ 15,779,720.42	\$ 1,475,517.58	7.96%

OVERALL ANALYSIS

The RTMUA is operating the Main Plant at 365 Old York Road Flemington under a NJDEP NJPDES permit that expired December 31, 2023 and is currently in discussions with NJDEP for the new permit. The Authority is under the threshold for the requirement of a Capacity Assurance Program by maintaining a discharge rate that remains under 95% of the main plant's permitted capacity of 3.8 million gallons per day for a 90-day moving average. The Authority continues to do a quarterly review for compliance, but continue to remain under the 95% threshold. The Authority is not issuing allocation as the Authority has reserved allocations that, when all fulfilled, will bring the main plant to its design capacity. The Authority is currently only allowing a one-time increase of 1 EDU (300 gals/day) per lot, if requested. Since very little, if any, reservations are returned, there are no new allocations beyond the 1 EDU per lot, being granted at this time.

The RTMUA is operating the Flemington Wet Weather Facility under a NJDEP NJPDES permit effective June 7, 2023 that contains limits on biological oxygen demand (BOD) and total suspended solids (TSS). The facility provides screening and disinfection, but does not have a sustained biological process that would treat BOD. The amount of solids will vary significantly by storm event. The Authority has appealed this decision and are still awaiting the results of the appeal. RTMUA is in the planning stages of a stream study, that will hopefully allow these limits to be removed or just revert to being just monitored. The cost of removing this facility is extremely high and the RTMUA commissioners routinely discuss alternatives if the Authority begins to be fined for exceeding these limits.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D) **(UNAUDITED)**

OVERALL ANALYSIS (CONT'D)

In this difficult economic period, the Governor and Legislature are attempting to bring about financial relief and a balanced budget by many means including Executive Orders and new legislation. If some of these are passed and made into law, Municipal Utility Authorities will be affected, and the financial impact could be significant, but is unknown at this time.

The Authority raised rates for the year beginning January 1, 2024. The user fee for one EDU (Equivalent Dwelling Unit or 300 gallons per day) was increased from \$674.00 to \$694.00 per year and the base user fee portion increased from \$174.00 to \$179.00. The connection fee, regulated by statute, decreased from \$4,409.00 to \$4,359.00 as of January 1, 2024.

BUDGET VARIANCES

As the original budget was formulated in October 2022, certain actual events during the year caused the Authority to go over budget in a few line items. The Authority did not overspend the budget as a whole.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

During the year ended December 31, 2023, the Authority expended \$910,410.17 for capital activities. All expenditures were classified as capital assets.

The proposed six year capital programs total \$10,722,886.00. The major line items making up a portion of the Capital Budget are:

1. Mechanical Screen & Headworks Building
2. Sewer Evaluation Rehabilitation
3. Phosphorus Removal
4. Repaving and Milling Driveway
5. Sludge Holding Tank Replacement
6. Two Generators and Professional Fees
7. Flemington Wastewater Facility Equalization Tank Construction
8. Klampress Partial Reconditioning
9. 4x4 Utility Truck with Crane
10. Electrical Motor Sulzer Volute Case/
11. PEM (4) Dry Pit Pumps and Installation
12. PEM (4) Swing Check Valve

The Authority has not experienced any change in its credit rating, nor does it anticipate any. The Authority does not operate under any debt limitations; it is required to receive approval from the Township and the Local Finance Board prior to issuing of debt.

CONTACTING THE AUTHORITY'S MANAGEMENT

This financial report is designed to provide Raritan Township residents, investors, clients and creditors, with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the public funds it receives. If you have any questions about this report or need any additional information, contact the Authority at 365 Old York Road, Flemington, NJ 08822 or by telephone at 908-782-7453.

BASIC FINANCIAL STATEMENTS

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Net Position

As of December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u> (Restated)
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 9,118,349.62	\$ 7,303,073.52
Investments	1,200,000.00	1,200,000.00
Consumer Accounts Receivable	647,919.69	1,220,972.67
Accrued Investment Income Receivable	24,969.87	12,591.78
Total Unrestricted Assets	10,991,239.18	9,736,637.97
Restricted Assets:		
Cash	910,175.51	897,650.86
Investments	755,568.87	750,000.00
Due from Flemington - Restricted for Debt Service	141,228.96	179,459.64
Accrued Investment Income Receivable	29,847.03	6,077.60
Total Restricted Assets	1,836,820.37	1,833,188.10
Total Current Assets	12,828,059.55	11,569,826.07
Noncurrent Assets:		
Capital Assets:		
Completed (Net of Accumulated Depreciation)	27,675,073.87	28,280,671.98
Construction in Progress	358,070.38	323,974.98
Total Capital Assets	28,033,144.25	28,604,646.96
Other Assets:		
Due from Flemington - Restricted for Debt Service	1,606,042.99	1,747,271.96
Total Noncurrent Assets	29,639,187.24	30,351,918.92
Total Assets	42,467,246.79	41,921,744.99
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Defeasance	7,503.87	8,688.76
Related to OPEB	2,610,024.46	2,610,024.46
Related to Pensions	562,515.00	829,442.00
Total Deferred Outflows of Resources	3,180,043.33	3,448,155.22

(Continued)

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Net Position

As of December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u> (Restated)
LIABILITIES		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable:		
Other	\$ 218,719.91	\$ 314,570.36
Related to Pensions	337,337.00	339,792.00
Unfunded PERS Obligation - Current Portion		6,244.00
Compensated Absences - Current Portion	11,540.88	11,395.88
Prepaid Rents	201,010.78	30,545.67
	<hr/>	<hr/>
Total Current Liabilities Payable from Unrestricted Assets	768,608.57	702,547.91
	<hr/>	<hr/>
Current Liabilities Payable from Restricted Assets:		
Accounts Payable	224,588.13	
Retainage Payable	4,396.50	5,508.13
Developer's Escrow	111,163.01	134,408.53
Revenue Bonds Payable - Current Portion	225,000.00	220,000.00
NJIB Loans - Current Portion	423,038.61	413,038.61
Accrued Interest Payable	36,049.40	33,707.89
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets	1,024,235.65	806,663.16
	<hr/>	<hr/>
Long-term Liabilities:		
Compensated Absences	145,347.92	102,562.95
Unfunded PERS Obligation		2,442.00
Net Pension Liability	3,655,829.00	4,066,403.00
Accrued Liability - Related to Pensions	168,669.00	169,896.00
Net OPEB Obligation	7,229,556.00	7,229,556.00
Revenue Bonds Payable	1,694,337.29	1,939,760.04
NJIB Loans Payable	5,542,745.64	5,977,242.70
	<hr/>	<hr/>
Total Long-Term Liabilities	18,436,484.85	19,487,862.69
	<hr/>	<hr/>
Total Liabilities	20,229,329.07	20,997,073.76
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Deferred Revenue	447,445.48	616,559.46
Related to OPEB	4,392,292.00	4,392,292.00
Related to Pensions	563,425.00	824,694.00
	<hr/>	<hr/>
Total Deferred Inflows of Resources	5,403,162.48	5,833,545.46
	<hr/>	<hr/>

(Continued)

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Net Position

As of December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u> (Restated)
NET POSITION		
Net Investment in Capital Assets	\$ 21,666,310.03	\$ 21,880,047.43
Restricted:		
Bond Resolution Covenants	1,438,201.66	1,430,434.09
State Unemployment Compensation	47,196.73	42,901.81
Unrestricted (Deficit)	<u>(3,136,909.85)</u>	<u>(4,814,102.34)</u>
Total Net Position	<u><u>\$ 20,014,798.57</u></u>	<u><u>\$ 18,539,280.99</u></u>

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

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Comparative Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u> (Restated)
Operating Revenues:		
Utility Service Charges	\$ 6,784,304.02	\$ 7,212,809.17
Connection Fees	755,041.25	322,340.00
Other Operating Revenues	494,725.76	549,330.64
	<hr/>	<hr/>
Total Operating Revenues	8,034,071.03	8,084,479.81
	<hr/>	<hr/>
Operating Expenses:		
Administration:		
Salaries and Wages	268,839.42	231,884.35
Fringe Benefits	81,790.60	41,877.00
Other Expenses	940,828.04	960,914.76
Cost of Providing Services:		
Salaries and Wages	2,042,252.63	1,979,753.69
Fringe Benefits	454,503.76	237,248.70
Other Expenses	1,536,616.51	1,332,287.95
Depreciation	1,481,912.88	1,477,600.78
	<hr/>	<hr/>
Total Operating Expenses	6,806,743.84	6,261,567.23
	<hr/>	<hr/>
Operating Income	1,227,327.19	1,822,912.58
	<hr/>	<hr/>
Non-operating Revenue (Expenses):		
Investment Income	328,198.82	82,402.50
Interest on Debt	(80,008.43)	(82,271.63)
	<hr/>	<hr/>
Net Non-operating Revenue	248,190.39	130.87
	<hr/>	<hr/>
Income Before Capital Contributions	1,475,517.58	1,823,043.45
	<hr/>	<hr/>
Capital Contributions	-	936,517.12
	<hr/>	<hr/>
Change in Net Position	1,475,517.58	2,759,560.57
	<hr/>	<hr/>
Net Position - Beginning	18,539,280.99	15,779,720.42
	<hr/>	<hr/>
Net Position - Ending	\$ 20,014,798.57	\$ 18,539,280.99
	<hr/> <hr/>	<hr/> <hr/>

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

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u> (Restated)
Cash Flows from Operating Activities:		
Receipts from Customers and Users	\$ 7,491,255.04	\$7,948,903.60
Payments for Other Goods or Services	(2,573,295.00)	(2,340,318.21)
Payments for Employee Services	(3,244,985.96)	(3,081,634.94)
Other Operating Receipts	<u>1,080,653.03</u>	<u>761,830.45</u>
Net Cash Provided by Operating Activities	<u>2,753,627.11</u>	<u>3,288,780.90</u>
Cash Flows from Capital and Related Financing Activities:		
Principal Paid on Bonds	(220,000.00)	(210,000.00)
Principal Paid on Loans	(413,038.61)	(344,484.31)
Due From Flemington	247,117.25	(1,651,498.58)
Acquisitions of Capital Assets	(686,933.67)	(480,056.82)
Capital Contributions		936,517.12
Accounts Payable		(34,262.00)
Interest on Debt	<u>(139,453.76)</u>	<u>(145,073.48)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(1,212,308.79)</u>	<u>(1,928,858.07)</u>
Cash Flows from Investing Activities:		
Investment Income Receipts	292,051.30	68,534.27
Purchases of Investments	<u>(5,568.87)</u>	<u>(150,000.00)</u>
Net Cash Provided by (Used in) Investing Activities	<u>286,482.43</u>	<u>(81,465.73)</u>
Net Change in Cash and Cash Equivalents	1,827,800.75	1,278,457.10
Cash and Cash Equivalents, Beginning	<u>8,200,724.38</u>	<u>6,922,267.28</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 10,028,525.13</u></u>	<u><u>\$ 8,200,724.38</u></u>

(Continued)

Reconciliation of Operating Income to Net Cash Provided
by Operating Activities:

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Comparative Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u> (Restated)
Operating Income	\$ 1,227,327.19	\$1,822,912.58
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	1,481,912.88	1,477,600.78
Changes in Assets, Deferred Inflows of Resources, Liabilities and Deferred Outflows of Resources:		
Pension Related Items	(408,598.00)	(578,289.00)
OPEB Related Items		6,906.33
Consumer Accounts Receivable	536,485.91	730,487.69
Unrestricted Accounts Payable	(95,850.45)	(47,115.50)
Compensated Absences	42,929.97	(12,306.18)
Unfunded PERS Obligation	(8,686.00)	(5,981.00)
Prepaid Rents	170,465.11	5,606.74
Developers' Deposits	(23,245.52)	(1,201.35)
Deferred Revenue	(169,113.98)	(109,840.19)
Total Adjustments	<u>1,526,299.92</u>	<u>1,465,868.32</u>
Net Cash Provided by Operating Activities	<u><u>\$ 2,753,627.11</u></u>	<u><u>\$ 3,288,780.90</u></u>

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

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Notes to Financial Statements

For the Years Ended December 31, 2023 and 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Raritan Township Municipal Utilities Authority (the "Authority") is a public body corporate and politic of the State of New Jersey and was originally created as a municipal utilities authority by an ordinance adopted on August 10, 1964 by the governing body of the Township of Raritan (the "Township"), pursuant to the Municipal and County Utilities Authorities Law.

The Authority was created to construct and operate a wastewater collection and treatment system to serve the residents of Raritan Township. The plant has 3.8 millions of gallons per day of treatment capacity. The five commissioners of the Authority are appointed by the elected governing body of Raritan Township.

Component Unit

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

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

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

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

Basis of Presentation

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Basis of Presentation (Cont'd)**

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

Basis of Accounting

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

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

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, contributed capital, and donations. Revenue from grants, contributed capital, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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 year and to adopt not later than the beginning of the Authority's year. The governing body may amend the budget at any point during the year. The budget is adopted on the accrual basis of accounting with provisions for cash payments for bond principal. Depreciation expense, bond issue costs, bond premiums, deferred loss on defeasance and the annual required contribution for the Authority's pension and other postemployment benefits (OPEB) Plan are not included in the budget appropriations.

The legal level of budgetary control is established at the same level of detail shown on the Comparative 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 adopted an amending budget resolution during the year.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Cash, Cash Equivalents and Investments**

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

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

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

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

Inventories

Inventory consists principally of chemicals for the treatment of sewerage and sludge and is valued at cost. The Authority has determined that the inventories are immaterial and are not recorded in the financial statements.

Prepaid Expenses

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond the applicable year end. The Authority had no prepaid expenses for the years ended December 31, 2023 and 2022.

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

Lease Receivable

Lease receivables recorded on the statements of net position represents a contract that conveys control of the right to use the Authority’s (lessor) nonfinancial asset. At the commencement of the lease term, the lessor recognizes a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The Authority was not a lessor during the years ended December 31, 2023 and 2022.

Capital Assets

Capital assets primarily consist of expenditures to acquire, construct, place in operation and improve the facilities of the Authority. Assets purchased are stated at actual cost. Donated capital assets are recorded at their fair market value as of the date received.

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

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

Subscription assets are measured on the statements of net position at the amount of the initial measurement of the related subscription liability, plus any payments associated with the arrangement made to the vendor at the commencement of the subscription term and capitalizable initial implementation costs.

Expenditures are capitalized when they meet the following requirements:

- 1) Cost of \$1,500.00 or more
- 2) Useful life of more than one year
- 3) Asset is not affected by consumption

Amortization and Depreciation

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

	<u>Years</u>
Building, Sewage Treatment Plant and Pumping Stations	15-75
Infrastructure	75
Equipment	3-15
Vehicles	7-10

Debt Premiums

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Deferred Outflows and Deferred Inflows of Resources**

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

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

Compensated Absences

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

Unearned Revenue

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

Pensions

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

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

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

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

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

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation or amortization of intangible capital assets, reduced, by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component as the unspent amount.

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

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

Income Taxes

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

Operating and Non-Operating Revenues and Expenses

Operating revenues include all revenues derived from facility charges and other revenue sources. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and on investments in certificates of deposit.

Operating expenses include expenses associated with the operation, maintenance and repair of the sewer system and general administrative expenses. Non-operating expenses principally include expenses attributable to the Authority's interest on funded debt and leases.

Accounting Estimates

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Policies****Recently Issued and Adopted Accounting Pronouncements**

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

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

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

Recently Issued Accounting Pronouncements

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

Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Statement will become effective for the Authority in the year ending December 31, 2024. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement will become effective for the Authority in the year ending December 31, 2024. Management is currently evaluating the impact this Statement will have on the basic financial statements of the Authority.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Policies (Cont'd)****Recently Issued Accounting Pronouncements (Cont'd)**

Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The Statement will become effective for the Authority in the year ending December 31, 2025. Management is currently evaluating the impact this Statement will have on the basic financial statements of the Authority.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**Compliance with Finance Related Legal and Contractual Provisions**

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

General Bond Resolution

The Authority is subject to the provisions and restrictions of the General Bond Resolution adopted June 17, 2010 and the Supplemental Resolutions adopted December 15, 2011 and July 20, 2017 (collectively the "Bond Resolution"). A summary of the activities of each account created by the Bond Resolution is covered below.

Revenue Account - All money collected by the Authority for service charges or from any other source for operating, maintaining or repairing the system is deposited in this account. The Trustee, on the first day of each month, shall make payments into the other accounts to satisfy bond resolution.

Operating Account - The balance on deposit shall be used to pay for the operating expenses of the Authority. At December 31, 2023, the balance in the operating account meets the requirements of the Bond Resolution.

Debt Service Account - The balance on deposit must be sufficient as of any particular date of computation in a particular fiscal year; and with respect to the Debts Outstanding on such date, an amount of money equal to any unpaid interest or principal then due, plus, all interest payable on or payment of which is deemed to accrue through the end of the month during which such date of computation occurs and all principal payable on or payment of which may be deemed to accrue through the end of such month. In the case of Capital Appreciation Bonds, the Accreted Value of Capital Appreciation Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included when due and payable as part of the principal or Sinking Fund Installment in accordance with the above provisions. At December 31, 2023, the balance in the debt service account meets the requirements of the Bond Resolution.

Debt Reserve Account - The amount of funds on deposit must be maintained at the lower of the maximum annual debt service on the 2017 Sewer System Revenue Refunding Bonds or one hundred twenty-five percent (125%) of the average annual debt service on the 2017 Sewer System Revenue Refunding Bonds. The Bond Resolution states that there shall be no Debt Reserve Requirement, in connection with the issuance of debts issued through the NJIB Financing Program. At December 31, 2023, the balance in the debt reserve account meets the requirements of the Bond Resolution.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)**General Bond Resolution (Cont'd)**

Renewal and Replacement Account - These funds are maintained for reasonable and necessary expenses with respect to the system for major repairs, renewals, replacements or maintenance items of a type not recurring annually. At December 31, 2023, the balance in the renewal and replacement account meets the requirements of the Bond Resolution.

Rebate Account - This account is to be established in accordance with Section 401 of the Bond Resolution in the event that a rebate to the United States Government arises from excess investment earnings pursuant to the IRS code.

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

Construction Account - This account was established in accordance with Section 401 of the Bond Resolution. The construction account is held by the Trustee and is used to pay the cost of the project and is pledged, pending application to such costs.

Note 3: DETAIL NOTES - ASSETS**Cash and Cash Equivalents**

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

As of December 31, 2023 and 2022, the Authority's bank balances were exposed to custodial credit risk as follows:

	December 31,	
	<u>2023</u>	<u>2022</u>
Insured by FDIC	\$ 250,000.00	\$ 250,000.00
Insured by GUDPA	8,779,320.37	7,098,226.26
Collateralized by Bank	783,728.19	750,840.93
Uninsured and Uncollateralized	342,010.34	253,391.06
	<hr/>	
Total	<u>\$10,155,058.90</u>	<u>\$ 8,352,458.25</u>

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

New Jersey authorities are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey authorities. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or other obligations of the local unit or units within which the Authority is located, bonds or other obligations approved by the Division of Investment in the Department of Treasury for investment by authorities, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. The Authority has no investment policy that would further limit its investment choices.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority has no investment policy to limit its exposure to custodial credit risk.

As of December 31, 2023 and 2022, all of the Authority's investments in certificates of deposit are held in the name of the Authority as follows:

	December 31,	
	<u>2023</u>	<u>2022</u>
Insured by FDIC	\$ 500,000.00	\$ 250,000.00
Insured by GUDPA	1,455,568.87	1,700,000.00
	<u>\$ 1,955,568.87</u>	<u>\$ 1,950,000.00</u>

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority's investment policies place no limit on the amount the Authority may invest in any one issuer. More than 5.0% of the Authority's investments are short-term investments. These investments represent 100.00% of the Authority's total investments. All of the Authority's investments are in certificates of deposit.

As of December 31, 2023 and 2022, the Authority had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	Fair Value Hierarchy <u>Level*</u>	Credit <u>Rating</u>	Fair Value <u>December 31, 2023</u>	Fair Value <u>December 31, 2022</u>
General Fund CD	10/24/2023	Level 1	N/A		\$ 600,000.00
R & R CD	2/11/2023	Level 1	N/A		750,000.00
Reserve Capacity CD	5/31/2023	Level 1	N/A		600,000.00
General Fund CD	10/24/2024	Level 1	N/A	\$ 600,000.00	
R & R CD	2/14/2024	Level 1	N/A	755,568.87	
Reserve Capacity CD	5/15/2024	Level 1	N/A	600,000.00	
				<u>\$ 1,955,568.87</u>	<u>\$ 1,950,000.00</u>

Note 3: DETAIL NOTES – ASSETS (CONT'D)**Investments (Cont'd)**

- * Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation.

Level 3 inputs are unobservable inputs for the asset; they should be used only when the relevant Level 1 and Level 2 inputs are unavailable.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As stated in note 1, investments are purchased in accordance with N.J.S.A. 40A:5-15.1. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority has no investment policy that would further limit its exposure to credit risk.

Service Fees

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

<u>Year</u>	<u>Beginning Balance</u>	<u>Billings</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
2023	\$ 1,220,972.67	\$ 6,784,304.02	\$ 7,357,357.00	91.91%
2022	1,051,510.31	7,212,809.17	7,043,346.81	85.23%
2021	1,523,144.48	6,425,638.83	6,910,187.37	86.93%

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

During the year ended December 31, 2023, the following changes in Capital Assets occurred:

	Balance <u>January 1, 2023</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	Balance <u>December 31, 2023</u>
Capital Assets not being Depreciated					
Construction in Progress	\$ 323,974.98	\$ 781,172.53	\$ (747,077.13)	\$ -	\$ 358,070.38
Capital Assets being Depreciated					
Buildings, Plant & Pumping Stations	17,087,740.00	68,233.83	532,706.68		17,688,680.51
Infrastructure	32,204,445.87	61,003.81	15,923.93		32,281,373.61
Equipment	2,639,381.77		186,592.52		2,825,974.29
Vehicles	1,113,076.08		11,854.00		1,124,930.08
Total Capital Assets being Depreciated	53,044,643.72	129,237.64	747,077.13	-	53,920,958.49
Total Capital Assets	53,368,618.70	910,410.17	-	-	54,279,028.87
Less: Accumulated Depreciation					
Buildings, Plant & Pumping Stations	6,457,559.01	804,245.87			7,261,804.88
Infrastructure	15,532,902.26	472,966.37			16,005,868.63
Equipment	1,859,877.64	171,138.56			2,031,016.20
Vehicles	913,632.83	33,562.08			947,194.91
Total Accumulated Depreciation	24,763,971.74	1,481,912.88	-	-	26,245,884.62
Capital Assets, Net	\$ 28,604,646.96	\$ (571,502.71)	\$ -	\$ -	\$ 28,033,144.25

Note 3: DETAIL NOTES – ASSETS (CONT'D)**Capital Assets (Cont'd)**

During the year ended **December 31, 2022**, the following changes in Capital Assets occurred:

	Balance January 1, 2022	Additions	Transfers	Deletions	Balance December 31, 2022
Capital Assets not being Depreciated					
Construction in Progress	\$ 46,570.25	\$ 277,404.73	\$ -	\$ -	\$ 323,974.98
Capital Assets being Depreciated					
Buildings, Plant & Pumping Stations	17,030,028.27	57,711.73			17,087,740.00
Infrastructure	32,047,499.78	156,946.09			32,204,445.87
Equipment	2,594,901.82	44,479.95			2,639,381.77
Vehicles	1,079,931.63	33,144.45			1,113,076.08
Total Capital Assets being Depreciated	52,752,361.50	292,282.22	-	-	53,044,643.72
Total Assets	52,798,931.75	569,686.95	-	-	53,368,618.70
Less: Accumulated Depreciation					
Buildings, Plant & Pumping Stations	5,635,301.77	822,257.24			6,457,559.01
Infrastructure	15,019,709.27	513,192.99			15,532,902.26
Equipment	1,746,477.82	113,399.82			1,859,877.64
Vehicles	884,882.10	28,750.73			913,632.83
Total Accumulated Depreciation	23,286,370.96	1,477,600.78	-	-	24,763,971.74
Capital Assets, Net	\$ 29,512,560.79	\$ (907,913.83)	\$ -	\$ -	\$ 28,604,646.96

Note 4: DETAIL NOTES – DEFERRED OUTFLOWS OF RESOURCES**Deferred Loss of Defeasance of Debt**

In December 2017, the Authority refunded \$2,390,000.00 of the 2010 Series Bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$14,613.21. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations as a component of interest expense over the life of the refunding bonds using the straight line method. The advance refunding was undertaken to reduce total debt payments over 12 years by \$130,335.56 and to obtain a present value economic gain of \$115,636.60.

Note 5: DETAIL NOTES - LIABILITIES**Long Term Liabilities**

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

	Balance <u>January 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>December 31, 2023</u>	Due Within <u>One Year</u>
Loans Payable					
NJIB Loans	\$ 6,217,576.13		\$ (413,038.61)	\$ 5,804,537.52	\$ 423,038.61
Issuance Premiums	172,705.18		(11,458.45)	161,246.73	
Total Loans Payable	6,390,281.31	\$ -	(424,497.06)	5,965,784.25	423,038.61
Bonds Payable					
Bonds	2,010,000.00		(220,000.00)	1,790,000.00	225,000.00
Issuance Premiums	149,760.04		(20,422.75)	129,337.29	
Total Bonds Payable	2,159,760.04	-	(240,422.75)	1,919,337.29	225,000.00
Other Liabilities					
Compensated Absences	113,958.83	201,043.36	(158,113.39)	156,888.80	11,540.88
Unfunded PERS Obligation	8,686.00		(8,686.00)		
Net Pension Liability	4,066,403.00	1,218,540.00	(1,629,114.00)	3,655,829.00	
Other Liabilities - Related to Pension	169,896.00	168,669.00	(169,896.00)	168,669.00	
Net OPEB Obligation	7,229,556.00			7,229,556.00	
Total Other Liabilities	11,588,499.83	1,588,252.36	(1,965,809.39)	11,210,942.80	11,540.88
Total Long Term Liabilities	\$ 20,138,541.18	\$ 1,588,252.36	\$ (2,630,729.20)	\$ 19,096,064.34	\$ 659,579.49

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Long Term Liabilities (Cont'd)**

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

	Balance January 1, 2022	Additions	Reductions	(Restated) Balance December 31, 2022	Due Within One Year
Loans Payable					
NJIB Loans	\$ 6,562,060.44		\$ (344,484.31)	\$ 6,217,576.13	\$ 413,038.61
Issuance Premiums	184,163.63		(11,458.45)	172,705.18	
Total Loans Payable	6,746,224.07	\$ -	(355,942.76)	6,390,281.31	413,038.61
Bonds Payable					
Bonds	2,220,000.00		(210,000.00)	2,010,000.00	220,000.00
Issuance Premiums	170,182.79		(20,422.75)	149,760.04	
Total Bonds Payable	2,390,182.79	-	(230,422.75)	2,159,760.04	220,000.00
Other Liabilities					
Compensated Absences	126,265.01	218,364.00	(230,670.18)	113,958.83	11,395.88
Unfunded PERS Obligation	14,667.00		(5,981.00)	8,686.00	6,244.00
Net Pension Liability	2,886,779.00	2,771,973.00	(1,592,349.00)	4,066,403.00	
Other Liabilities -					
Related to Pension	142,690.00	169,896.00	(142,690.00)	169,896.00	
Net OPEB Obligation	8,792,004.00	4,971,903.00	(6,534,351.00)	7,229,556.00	
Total Other Liabilities	11,962,405.01	8,132,136.00	(8,506,041.18)	11,588,499.83	17,639.88
Total Long Term Liabilities	\$ 21,098,811.87	\$ 8,132,136.00	\$ (9,092,406.69)	\$ 20,138,541.18	\$ 650,678.49

Sewer System Revenue Bonds Payable

The Sewer System Revenue Refunding Bonds, Series 2017 are a direct obligation of the Authority and are secured under the provisions of the Resolution pledging the revenues and all funds established by the Resolution to secure the payment of principal and the interest on the bonds. The Bonds are further secured by the limited service agreement between the Authority and the Township (See Note 7).

The Sewer System Revenue Refunding Bonds, Series 2017 were issued to partially refund the 2010 Series Bonds and to pay the costs of the issuance of the bonds. The Bonds were issued originally for \$2,465,000.00 and carried an interest rate of 4.00% with a final maturity due on May 1, 2030.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Sewer System Revenue Bonds Payable (Cont'd)**

The following schedule reflects the Debt Requirements until 2030:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Rates</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 225,000.00	4.00%	\$ 67,100.00	\$ 292,100.00
2025	235,000.00	4.00%	57,900.00	292,900.00
2026	245,000.00	4.00%	48,300.00	293,300.00
2027	255,000.00	4.00%	38,300.00	293,300.00
2028	270,000.00	4.00%	27,800.00	297,800.00
2029-2030	560,000.00	4.00%	22,600.00	582,600.00
	1,790,000.00		\$ 262,000.00	\$ 2,052,000.00
Current Maturities	(225,000.00)			
Premium on Bonds	129,337.29			
Long-Term Portion	<u>\$ 1,694,337.29</u>			

New Jersey Infrastructure Bank (NJIB) Loans (f.k.a. New Jersey Environmental Infrastructure Trust)

On May 3, 2012, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Series 2012A") totaling \$2,319,383.00 for the repair of various pump stations and other capital improvements. The Authority received principal forgiveness on a portion of fund loan in the amount of \$214,271.00. The Fund portion of the award is for \$1,554,383.00 and is interest free. The remaining Trust portion is for \$765,000.00 and carries interest rates varying from 2.0% to 5.0% with a final maturity due on August 1, 2031.

On May 28, 2015, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Series 2015A-1") totaling \$1,029,299.00 for the Woodside Farms Pump Station. The Fund portion of the award is for \$784,299.00 and is interest free. The remaining Trust portion is for \$245,000.00 and carries interest rates varying from 4.0% to 5.0% with a final maturity due on August 1, 2034.

On November 24, 2015, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Series 2015A-2") totaling \$1,593,700.00 for Motor Control Center Panel. The Fund portion of the award is for \$1,193,700.00 and is interest free. The remaining Trust portion is for \$400,000.00 and carries interest rates varying from 3.0% to 5.0% with a final maturity due on August 1, 2035.

On November 23, 2021, the Authority closed on two loans from the New Jersey Infrastructure Bank (the "NJIB Series 2021A-2") totaling \$3,344,704.00 for the final clarifier project. The Fund portion of the award is for \$2,569,704.00 and is interest free. The remaining Trust portion is for \$775,000.00 and carries interest rates varying from 2.0% to 5.0% with a final maturity due on August 1, 2041.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**New Jersey Infrastructure Bank (NJIB) Loans (f.k.a. New Jersey Environmental Infrastructure Trust) (Cont'd)**

The following schedule reflects the loan maturities for the NJIB Loans until 2041:

Year Ending December 31,	Interest Free Loan Principal	Loan Principal	Total Principal	Rates	Interest	Total
2024	\$ 318,038.61	\$ 105,000.00	\$ 423,038.61	5.00%	\$ 58,703.76	\$ 481,742.37
2025	318,038.61	110,000.00	428,038.61	5.00%	53,453.76	481,492.37
2026	318,038.61	110,000.00	428,038.61	3.00% - 5.00%	47,953.76	475,992.37
2027	318,038.61	120,000.00	438,038.61	3.00% - 5.00%	42,853.76	480,892.37
2028	318,038.61	125,000.00	443,038.61	3.00% - 5.00%	38,403.76	481,442.37
2029-2033	1,402,109.38	560,000.00	1,962,109.38	3.00% - 5.00%	121,938.76	2,084,048.14
2034-2038	820,246.26	310,000.00	1,130,246.26	3.00% - 4.00%	43,631.26	1,173,877.52
2039-2041	391,988.83	160,000.00	551,988.83	2.00% - 3.00%	7,000.00	558,988.83
	<u>\$ 4,204,537.52</u>	<u>\$ 1,600,000.00</u>	5,804,537.52		<u>\$ 413,938.82</u>	<u>\$ 6,218,476.34</u>
Current Maturities			(423,038.61)			
Premium on Loans			161,246.73			
Long-Term Portion			<u>\$ 5,542,745.64</u>			

Compensated Absences

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

Authority employees may accumulate unused sick days with no restrictions. Additionally, administrative employees may carry over a maximum of 5 unused vacation days for one year. Employees are compensated for accumulated sick leave upon retirement or resignation at their then current hourly rate of pay times the number of days accumulated. Upon separation from the Authority, the employee will be paid for all accrued vacation time at their then current hourly rate. The accrued liability for accumulated sick leave and vacation time at December 31, 2023 and 2022 is estimated at \$156,888.80 and \$113,958.83.

Net Pension Liability

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

Net OPEB Liability

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

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

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

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

General Information about the Pension Plans**Plan Descriptions**

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

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

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

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

The following represents the membership tiers for PERS:

Tier Definition

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

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

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

Contributions

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

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

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

The Employer's contractually required contribution rate for the years ended December 31, 2023 and **December 31, 2022** was 18.82% and 18.34% of the Employer's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2023, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2023 was \$337,337.00, and was payable by April 1, 2024. For the prior year measurement date of June 30, 2022, the Employer's contractually required contribution to the pension plan for the year ended **December 31, 2022** was \$339,792.00, and was paid by April 1, 2023.

Employee contributions to the Plan for the year ended December 31, 2023 and **December 31, 2022** were \$136,801.63 and \$139,733.09, respectively.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Employer, under Chapter 133, P.L. 2001, for the years ended December 31, 2023 and **December 31, 2022** was 0.64% and 0.46% of the Employer's covered payroll.

Based on the most recent PERS measurement date of June 30, 2023, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Employer, to the pension plan for the year ended December 31, 2023 was \$11,401.00, and is payable by April 1, 2024. For the prior year measurement date of June 30, 2022, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Employer, to the pension plan for the year ended **December 31, 2022** was \$8,556.00, and was paid by April 1, 2023.

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

For the year ended December 31, 2023 and **December 31, 2022**, employee contributions totaled \$1,451.97 and \$201.07, respectively. The Employer recognized pension expense of \$1,069.17 and \$149.52 for the years ended December 31, 2023 and **December 31, 2022**, which equaled the required contributions. There were no forfeitures during the years.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions****Public Employees' Retirement System**

Pension Liability - As of December 31, 2023, there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The Employer's proportionate share of the PERS net pension liability was \$3,655,829.00. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2023. The Employer's proportion of the net pension liability was based on a projection of the Employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2023 measurement date, the Employer's proportion was .0252398144%, which was a decrease of .0017053926% from its proportion measured as of June 30, 2022.

As of **December 31, 2022**, there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The Employer's proportionate share of the PERS net pension liability was \$4,066,403.00. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. The Employer's proportion of the net pension liability was based on a projection of the Employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2022 measurement date, the Employer's proportion was .0269452070%, which was an increase of .0025770022% from its proportion measured as of June 30, 2022.

Pension (Benefit) Expense - For the years ended December 31, 2023 and **December 31, 2022**, the Employer recognized its proportionate share of the PERS pension (benefit) expense of \$(68,806.00) and \$(292,909.00), respectively. These amounts were based on the Plan's June 30, 2023 and 2022 measurement dates, respectively.

For the years ended December 31, 2023 and **December 31, 2022**, the Employer has recognized as a revenue and an expenditure on-behalf payments made by the State for the State's proportionate share of the PERS pension expense, associated with the Employer, under Chapter 133, P.L. 2001, calculated by the Plan as of the June 30, 2023 and 2022 measurement date. The amounts recognized as a revenue and an expenditure in the financial statements was \$11,401.00 and \$8,556.00, respectively.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources – At December 31, 2023 and **December 31, 2022**, the Employer had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Measurement Date</u>		<u>Measurement Date</u>	
	<u>June 30, 2023</u>		<u>June 30, 2022</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 34,954.00	\$ 14,944.00	\$ 29,349.00	\$ 25,882.00
Changes of Assumptions	8,031.00	221,559.00	12,599.00	608,901.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	16,836.00	-	168,305.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	334,025.00	326,922.00	449,293.00	189,911.00
Contributions Subsequent to the Measurement Date	168,669.00	-	169,896.00	-
	<u>\$ 562,515.00</u>	<u>\$ 563,425.00</u>	<u>\$ 829,442.00</u>	<u>\$ 824,694.00</u>

Deferred outflows of resources in the amounts of \$168,669.00 and \$169,896.00 will be included as a reduction of the net pension liability during the years ending December 31, 2024 and 2023, respectively. These amounts are based on an estimated April 1, 2025 and April 1, 2024 contractually required contribution, prorated from the pension plan's measurement date of June 30, 2023 and 2022 to the Employer's year end of December 31, 2023 and **December 31, 2022**.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

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

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

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

**Year Ending
December 31,**

2024	\$ (218,828.00)
2025	(61,923.00)
2026	194,194.00
2027	(79,004.00)
2028	(4,018.00)
	<u>\$ (169,579.00)</u>

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

Pension Plans (Cont'd)

Actuarial Assumptions

Public Employees' Retirement System

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

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

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

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

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Actuarial Assumptions (Cont'd)****Public Employees' Retirement System (Cont'd)**

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

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

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

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Actuarial Assumptions (Cont'd)****Public Employees' Retirement System (Cont'd)**

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

Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate**Public Employees' Retirement System**

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability	<u>\$ 4,759,112.00</u>	<u>\$ 3,655,829.00</u>	<u>\$ 2,716,790.00</u>

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability	<u>\$ 5,224,136.00</u>	<u>\$ 4,066,403.00</u>	<u>\$ 3,081,125.00</u>

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Plan Fiduciary Net Position****Public Employees' Retirement System**

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

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

The information from the New Jersey Division of Pension's reporting on GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions for the measurement period ended June 30, 2023, was not available when this report was prepared. Management has elected to omit the required disclosures for the year ended December 31, 2023, and only present the information from the measurement period June 30, 2022, even though it is not in compliance with GASBS No. 75.

General Information about the State Health Benefit Local Government Retired Employees Plan

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

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

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****General Information about the State Health Benefit Local Government Retired Employees Plan (Cont'd)**

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

The Authority was billed monthly by the Plan and paid \$158,646.11 for the year ended December 31, 2022. This amount represents 8.57% of the Authority's covered payroll. During the year ended December 31, 2022, retirees were not required to contribute to the Plan.

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

OPEB Liability - At December 31, 2022, the Authority's proportionate share of the net OPEB liability was \$5,471,644.00.

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

The Authority's proportion of the net OPEB liability was based on the ratio of the Plan members of an individual employer to the total members of the Plan' during the measurement period July 1, 2021 through June 30, 2022. For the June 30, 2022 measurement date, the Authority's proportion was 0.033881%, which was a decrease of .000416% from its proportion measured as of the June 30, 2021 measurement date, as adjusted.

OPEB (Benefit) Expense - At December 31, 2022, the Authority's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2022 measurement date, is \$28,303.00.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2022, the Authority had deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>December 31, 2022</u>	
	Measurement Date	
	<u>June 30, 2022</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 282,562.00	\$ 1,014,210.00
Changes of Assumptions	730,214.00	1,867,367.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	1,440.00	-
Changes in Proportion	730,467.00	584,245.00
Contributions Subsequent to the Measurement Date	<u>77,577.46</u>	<u>-</u>
	<u>\$ 1,822,260.46</u>	<u>\$ 3,465,822.00</u>

Deferred outflows of resources in the amount of \$77,577.46 was the result of the Authority contributions subsequent to the Plan's measurement date of June 30, 2022. This amount will be included as a reduction of the Authority's net OPEB liability during the year ending December 31, 2023.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

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

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

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

<u>Year Ending</u>	
December 31, 2024	\$ (519,433.00)
December 31, 2025	(519,871.00)
December 31, 2026	(379,229.00)
December 31, 2027	(148,152.00)
December 31, 2028	71,140.00
Thereafter	(225,594.00)
	<u>\$ (1,721,139.00)</u>

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****Actuarial Assumptions**

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

	Measurement Date
	<u>June 30, 2022</u>
Salary Increases *	
PERS:	
Initial Fiscal Year Applied:	
Rate through 2026	
Rate Thereafter	
Rate for All Future Years	2.75% to 6.55%
Mortality:	
PERS - Pub-2010 General classification headcount weighted mortality	
with fully generational mortality improvement projections from the central year	
using Scale MP-2021	

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

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

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

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

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

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****Actuarial Assumptions (Cont'd)**

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

Fiscal Year Ending	Annual Rate of Increase			
	Medical Trend			Prescription Drug Trend
	Pre-65	PPO Post-65	HMO Post-65	
2023	6.25%	-1.89%	-1.99%	8.00%
2024	6.00%	-6.00%	-6.15%	7.50%
2025	5.75%	6.99%	7.02%	7.00%
2026	5.50%	15.04%	15.18%	6.50%
2027	5.25%	13.00%	13.11%	6.00%
2028	5.00%	11.47%	11.56%	5.50%
2029	4.75%	10.27%	10.35%	5.00%
2030	4.50%	9.29%	9.35%	4.50%
2031	4.50%	8.50%	8.55%	4.50%
2032	4.50%	6.25%	6.27%	4.50%
2033 and Later	4.50%	4.50%	4.50%	4.50%

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

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

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Authority's Proportionate Share of the Net OPEB Liability	\$ 6,342,737.00	\$ 5,471,644.00	\$ 4,770,768.00

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

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Authority's Proportionate Share of the Net OPEB Liability	\$ 4,641,760.00	\$ 5,471,644.00	\$ 6,534,491.00

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

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

OPEB Plan Fiduciary Net Position

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

Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan

As of the date of this report, the information from the Authority's reporting on GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* for the measurement period ended December 31, 2023, was not available. Management has elected to omit the required disclosures for the year ended December 31, 2023, and only present the information from the measurement period December 31, 2022, even though it is not in compliance with GASBS No. 75.

General Information about the OPEB Plan

Plan Description and Benefits Provided

The Authority has established a postemployment benefit plan to assist retirees in paying for Medicare Part B coverage. The plan provides a lifetime monthly reimbursement of Medicare Part B premium to all eligible employees and their spouses. No assets are accumulated in a trust. In accordance with GASB Statement 75, this plan is considered a Single Employer, Defined Benefit OPEB Plan that is not administered through a Trust that meets the criteria in paragraph 4 of GASB Statement 75.

Employees Covered by Benefit Terms

At December 31, 2022, the following employees were covered by the benefit terms:

	<u>December 31, 2022</u>
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	11
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	
Active Employees	<u>22</u>
	<u><u>33</u></u>

Contributions

Employees are not required to contribute to the plan.

Total OPEB Liability

The Authority's total OPEB liability of \$1,757,912.00 as of December 31, 2022, was measured as of December 31, 2022. The liabilities were determined by an actuarial valuation as of December 31, 2022.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)****Actuarial Assumptions and Other Inputs**

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

	<u>December 31, 2022</u>
Inflation	2.50% Annually
Discount Rate	3.72%
Healthcare Cost Trend Rates	
Medicare Part B	5.00%
Salary Increases	3.00% Annually

The discount rate was based on the 20-year Municipal AA bond rate.

Mortality rates were based on PUB-2010 (G) Headcount-Weighted Healthy Employee Male / Female Mortality Projected with Scale MP-2021.

An experience study was not performed on the actuarial assumptions used in the December 31, 2022 valuation since the plan had insufficient data to produce a study with credible results. Mortality rates and termination rates were based on standard tables either issued by the SOA or developed for the applicable grade of employee. The actuary has used his/her professional judgement in applying these assumptions to this plan.

Changes in the Total OPEB Liability

The following table shows the changes in the total OPEB liability for the year ended December 31, 2022:

	<u>December 31, 2022</u>
Balance at Beginning of Year	\$ 2,652,639.00
Changes for the Year:	
Service Cost	\$ 87,987.00
Interest Cost	55,963.00
Benefit Payments	(21,433.00)
Actuarial Assumption Changes	(690,621.00)
Actuarial Demographic (Gain) or Loss	(326,623.00)
Net Changes	<u>(894,727.00)</u>
Balance at End of Year	<u>\$ 1,757,912.00</u>

There were no changes of benefit terms at December 31, 2022.

The discount rate was revised from 2.05% to 3.72% for the year ended December 31, 2022.

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)****Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

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

	1.00% Decrease <u>(2.72%)</u>	Current Discount Rate <u>(3.72%)</u>	1.00% Increase <u>(4.72%)</u>
Total OPEB Liability	<u>\$ 2,135,903.00</u>	<u>\$ 1,757,912.00</u>	<u>\$ 1,462,348.00</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1.00% Decrease <u></u>	Healthcare Cost Trend Rate <u></u>	1.00% Increase <u></u>
Total OPEB Liability	<u>\$ 1,445,613.00</u>	<u>\$ 1,757,912.00</u>	<u>\$ 2,163,142.00</u>

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

For the year ended December 31, 2022, the Authority recognized OPEB expense of \$142,929.00. At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>December 31, 2022</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 755,334.00	\$ 624,325.00
Differences Between Expected and Actual Demographic Experience	<u>32,430.00</u>	<u>302,145.00</u>
	<u>\$ 787,764.00</u>	<u>\$ 926,470.00</u>

Note 5: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)**

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

<u>Year Ending December 31,</u>	
2023	\$ 1,570.00
2024	5,290.00
2025	(19,711.00)
2026	(19,709.00)
2027	171,266.00
Thereafter	-
	<u>\$ 138,706.00</u>

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

At December 31, 2022, the Authority reported deferred outflows of resources, accounts payable, net OPEB liability and deferred inflows of resources related to OPEB from the following sources:

	<u>Balance December 31, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2022</u>
Deferred Outflows of Resources - Related to OPEB				
State Plan	\$ 1,930,516.79	\$ 372,881.58	\$ (481,137.91)	\$ 1,822,260.46
Authority Plan	989,613.00	-	(201,849.00)	787,764.00
Total Deferred Outflows of Resources - Related to OPEB	<u>\$ 2,920,129.79</u>	<u>\$ 372,881.58</u>	<u>\$ (682,986.91)</u>	<u>\$ 2,610,024.46</u>
Net OPEB Liability				
State Plan	\$ 6,139,365.00	\$ 4,827,953.00	\$ (5,495,674.00)	\$ 5,471,644.00
Authority Plan	2,652,639.00	143,950.00	(1,038,677.00)	1,757,912.00
Total Net OPEB Liability	<u>\$ 8,792,004.00</u>	<u>\$ 4,971,903.00</u>	<u>\$ (6,534,351.00)</u>	<u>\$ 7,229,556.00</u>
Deferred Inflows of Resources - Related to OPEB				
State Plan	\$ 3,020,947.00	\$ 1,368,315.12	\$ (923,440.12)	\$ 3,465,822.00
Authority Plan	112,096.00	1,017,244.00	(202,870.00)	926,470.00
Total Deferred Inflows of Resources - Related to OPEB	<u>\$ 3,133,043.00</u>	<u>\$ 2,385,559.12</u>	<u>\$ (1,126,310.12)</u>	<u>\$ 4,392,292.00</u>

Note 6: DETAIL NOTES – DEFERRED INFLOWS OF RESOURCES**Deferred Revenue - Connection Fees**

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

Note 7: INTERGOVERNMENTAL AGREEMENTS**Major Customer**

The Authority derives a significant portion of its total service fees from the Borough of Flemington. Since the charges are based upon the flow from the system, the Authority's revenues are subject to large fluctuations from one customer. A comparison of the billings is shown below:

<u>Year</u>	<u>Borough of Flemington Billings</u>	<u>Total Billings</u>	<u>Percentage</u>
2023	\$ 634,620.39	\$ 6,784,304.02	9.35%
2022	704,043.90	7,212,809.17	9.76%
2021	524,067.54	6,425,638.83	8.16%

Borough of Flemington Service Agreement

The Authority entered into an ongoing wastewater service agreement with the Borough of Flemington (Borough) on April 8, 1970. This agreement was amended on September 15, 1977, February 26, 1988, January 11, 1996, March 20, 2001, and August 27, 2013. The purpose of this agreement is to determine the amount of operating and capital costs the Borough must reimburse the Authority for the operation of the Flemington Wet Weather Facility (FWWF). The FWWF is owned and operated by the Authority; however, the facility's sole purpose is to service the wastewater from the Borough. Further, the FWWF only operates at time of excessive waste water flow which typically occurs during storm events. The Borough must reimburse the Authority for 80% of the FWWF operational costs and capital costs. If the Authority issues debt for capital improvements at the FWWF, the Borough must reimburse the Authority based on an agreed upon percentage of the debt payments in the year the principal and interest is paid to the bondholders.

As of December 31, 2023 and 2022, the receivable on capital acquisitions and related debt obligations is \$1,747,271.95 and \$1,926,731.60.

Township of Raritan Service Agreement

A Service Agreement was entered into on March 1, 1970 between the Authority and the Township. Under the Service Agreement, the Township agrees to pay any shortfall the Authority may encounter in making payments for either Operating Expenses and/or Debt Service (Service Charges).

The purpose of this agreement is to grant temporary relief to the Authority should it experience difficulty in meeting its obligations. The agreement calls for the Township to be reimbursed for any Service Charges paid by the Township when the Authority's operations permit. Ultimately, all Operating Expenses and Debt Service of the Authority are borne by revenues of the system.

Note 8: DEFERRED COMPENSATION

The Authority offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Authority or its creditors. Since the Authority does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Authority's financial statements.

Note 9: RISK MANAGEMENT

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

Property and Physical Damage
Workers Compensation
Excess Liability
Boiler and Machinery
General and Automobile Liability

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

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

New Jersey Utilities Authorities Joint Insurance Fund
9 Campus Drive, Suite 216
Parsippany, New Jersey 07054-4412

Note 10: CONTINGENCIES

There is the possibility that the NJDEP will require the permit level of the main plant effluent level of phosphorous to be approximately equal to 0.6 mg/l. The cost of modifications to the main plant to meet these limits would be significant but is unknown at this time.

The Authority is currently operating under a Capacity Assurance Program with the NJDEP that could limit the amount of new sewer connections allowed. Should the unlikely situation arise wherein the plant is deemed to be over capacity by the NJDEP, a ban on new sewer hookups could be imposed.

The Authority is operating the Flemington Wet Weather Facility under a NJDEP NJPDES permit effective May 1, 2010 that contains "report only" parameters for various components of effluent. It appears that the Authority's effluent will be required to meet certain levels of the various components in the new permit, effective April 1, 2015. As technology does not exist to meet these parameters in an intermittent facility such as Flemington, a permit with these requirements will create a major financial impact, the amount of which cannot be estimated at this time. The matter is under appeal and is before an Administrative Law Judge.

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

Note 11: RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

The report for Governmental Accounting Standards Board ("GASB") Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, for the State of New Jersey State Health Benefits Local Government Retired Employees Plan ("SHBP") has been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey (the "Division") and the information on the Authority Plan has been updated.

As a result, a restatement of the statement of net position and the statement of revenues, expenses and changes in net position was required. Additionally, the required supplementary information was updated. The effect on the financial statements as reported for December 31, 2022 is reported below:

Statement of Net Position – December 31, 2022

	Balance December 31, 2022, as previously stated	Restatement	Balance December 31, 2022, as restated
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB	\$ 2,920,129.79	\$ (310,105.33)	\$ 2,610,024.46
Total Deferred Outflows of Resources	3,758,260.55	(310,105.33)	3,448,155.22
LIABILITIES			
Long-term Liabilities:			
Unrestricted Liabilities:			
OPEB Liability	8,792,004.00	(1,562,448.00)	7,229,556.00
Total Unrestricted Liabilities	21,050,310.69	(1,562,448.00)	19,487,862.69
Total Liabilities	22,559,521.76	(1,562,448.00)	20,997,073.76
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	3,133,043.00	1,259,249.00	4,392,292.00
Total Deferred Inflows of Resources	4,574,296.46	1,259,249.00	5,833,545.46
NET POSITION			
Unrestricted (Deficit)	(4,807,196.01)	(6,906.33)	(4,814,102.34)
Total Net Position	\$ 18,546,187.32	\$ (6,906.33)	\$ 18,539,280.99

Note 11: RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS (CONT'D)**Statement of Revenues, Expenses and Changes in Net Position - December 31, 2022**

	<u>Balance December 31, 2022, as previously stated</u>	<u>Restatement</u>	<u>Balance December 31, 2022, as restated</u>
Operating Expenses:			
Administration:			
Fringe Benefits	\$ 40,841.05	\$ 1,035.95	\$ 41,877.00
Cost of Providing Service:			
Fringe Benefits	231,378.32	5,870.38	237,248.70
Total Operating Expenses	6,254,660.90	6,906.33	6,261,567.23
Operating Income	1,829,818.91	(6,906.33)	1,822,912.58
Income Before Capital Contributions	1,829,949.78	(6,906.33)	1,823,043.45
Change in Net Position	2,766,466.90	(6,906.33)	2,759,560.57
Net Position - Beginning	15,779,720.42	-	15,779,720.42
Net Position - Ending	\$ 18,546,187.32	\$ (6,906.33)	\$ 18,539,280.99

REQUIRED SUPPLEMENTARY INFORMATION

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

	Period Ended			
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Total OPEB Liability				
Service Cost		\$ 87,987.00	\$ 57,003.00	\$ 48,357.00
Interest Cost		55,963.00	49,207.00	54,525.00
Benefit Payments		(21,433.00)	(15,933.00)	(13,882.00)
Actuarial Assumption Changes		(690,621.00)	326,640.00	937,388.00
Actuarial Demographic Gains	Information	(326,623.00)	(36,329.00)	48,678.00
Net Change in Total OPEB Liability	Not	(894,727.00)	380,588.00	1,075,066.00
Total OPEB Liability - Beginning of Period	Available	2,652,639.00	2,272,051.00	1,196,985.00
Total OPEB Liability - End of Period		<u>\$ 1,757,912.00</u>	<u>\$ 2,652,639.00</u>	<u>\$ 2,272,051.00</u>
Covered Employee Payroll		\$ 2,129,893.00	\$ 2,151,136.73	\$ 2,188,637.45
Total OPEB Liability as a Percentage of Covered Employee Payroll		82.54%	123.31%	103.81%
	Period Ended			
	<u>December 31, 2019*</u>	<u>November 30, 2018</u>	<u>November 30, 2017</u>	
Total OPEB Liability				
Service Cost	\$ 26,493.00	\$ 32,233.00	\$ 31,555.00	
Interest Cost	47,507.00	44,779.00	42,379.00	
Benefit Payments	(11,351.00)	(12,584.00)	(9,063.00)	
Actuarial Assumption Changes	-	(170,833.00)	13,481.00	
Actuarial Demographic Gains	-	(20,085.00)	32,310.00	
Net Change in Total OPEB Liability	62,649.00	(126,490.00)	110,662.00	
Total OPEB Liability - Beginning of Period	1,134,336.00	1,260,826.00	1,150,164.00	
Total OPEB Liability - End of Period	<u>\$ 1,196,985.00</u>	<u>\$ 1,134,336.00</u>	<u>\$ 1,260,826.00</u>	
Covered Employee Payroll	\$ 2,252,429.42	\$ 1,839,032.00	\$ 1,820,707.00	
Total OPEB Liability as a Percentage of Covered Employee Payroll	53.14%	61.68%	69.25%	

*Represents a 13-month period

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

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

		Measurement Date Ended June 30,			
		<u>2023</u>	<u>2022</u>	<u>2021 (a)</u>	<u>2020</u>
Authority's Proportion of the Net OPEB Liability			0.033881%	0.342970%	0.031670%
Authority's Proportionate Share of the Net OPEB Liability	Information	<u>\$ 5,471,644.00</u>	<u>\$ 6,173,385.00</u>	<u>\$ 5,683,692.00</u>	
Authority's Covered Payroll (Plan Measurement Period)	Not	\$ 1,834,448.00	\$ 1,813,695.00	\$ 1,773,921.00	
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Available		298.27%	340.38%	320.40%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability			0.28%	0.28%	0.91%

		Measurement Date Ended June 30,		
		<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability		0.029509%	0.032830%	0.033360%
Authority's Proportionate Share of the Net OPEB Liability		<u>\$ 3,997,310.00</u>	<u>\$ 5,143,351.00</u>	<u>\$ 6,810,707.00</u>
Authority's Covered Payroll (Plan Measurement Period)		\$ 1,787,823.00	\$ 1,805,294.00	\$ 1,782,475.00
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll		223.59%	284.90%	382.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		1.98%	1.97%	1.03%

(a) The Proportionate Share of the June 30, 2021 Net OPEB Liability was adjusted within the June 30, 2022 Plan Audit.

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

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

	Period Ended			
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Authority's Required Contributions		\$ 158,646.11	\$ 149,753.14	\$ 142,405.69
Authority's Contributions in Relation to the Required Contribution	Information	<u>(158,646.11)</u>	<u>(149,753.14)</u>	<u>(142,405.69)</u>
Authority's Contribution Deficiency (Excess)	Not	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Period)	Available	\$ 1,852,241.00	\$ 1,827,009.00	\$ 1,773,926.00
Authority's Contributions as a Percentage of Covered Payroll		8.57%	8.20%	8.03%
	Period Ended			
	<u>December 31, 2019*</u>	<u>November 30, 2018</u>	<u>November 30, 2017</u>	
Authority's Required Contributions	\$ 166,486.77	\$ 206,528.58	\$ 193,807.41	
Authority's Contributions in Relation to the Required Contribution	<u>(166,486.77)</u>	<u>(206,528.58)</u>	<u>(193,807.41)</u>	
Authority's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Authority's Covered Payroll (Period)	\$ 1,747,385.00	\$ 1,809,358.00	\$ 1,792,272.00	
Authority's Contributions as a Percentage of Covered Payroll	9.53%	11.41%	10.81%	

*Represents a 13-month period

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

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

	Measurement Date Ending June 30,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Authority's Proportion of the Net Pension Liability	0.0252398144%	0.0269452070%	0.0243682048%	0.0239445226%	0.0258795716%
Authority's Proportionate Share of the Net Pension Liability	\$ 3,655,829.00	\$ 4,066,403.00	\$ 2,886,779.00	\$ 3,904,725.00	\$ 4,663,106.00
Authority's Covered Payroll (Plan Measurement Period)	\$ 1,902,204.00	\$ 1,894,232.00	\$ 1,785,800.00	\$ 1,732,728.00	\$ 1,786,276.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	192.19%	214.67%	161.65%	225.35%	261.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.23%	62.91%	70.33%	58.32%	56.27%
	Measurement Date Ending June 30,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability	0.0259565689%	0.0260949670%	0.0271612876%	0.0263881130%	0.0258060070%
Authority's Proportionate Share of the Net Pension Liability	\$ 5,110,719.00	\$ 6,074,491.00	\$ 8,044,394.00	\$ 5,923,603.00	\$ 4,831,590.00
Authority's Covered Payroll (Plan Measurement Period)	\$ 1,796,680.00	\$ 1,786,964.00	\$ 1,868,516.00	\$ 1,820,268.00	\$ 1,784,632.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	284.45%	339.93%	430.52%	325.42%	270.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%	47.93%	52.08%

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Required Supplementary Information
Schedule of the Authority Contributions
Public Employees' Retirement System (PERS)
Last Ten Periods

	Period Ended				
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>December 31, 2019*</u>
Contractually Required Contribution	\$ 337,337.00	\$ 339,792.00	\$ 285,380.00	\$ 261,941.00	\$ 251,732.00
Contributions in Relation to Contractually Required Contribution	<u>(337,337.00)</u>	<u>(339,792.00)</u>	<u>(285,380.00)</u>	<u>(261,941.00)</u>	<u>(251,732.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Period)	\$ 1,792,098.00	\$ 1,852,241.00	\$ 1,827,009.00	\$ 1,773,926.00	\$ 1,747,385.00
Authority's Contributions as a Percentage of Covered Payroll	18.82%	18.34%	15.62%	14.77%	14.41%
	Period Ended				
	<u>November 30, 2018</u>	<u>November 30, 2017</u>	<u>November 30, 2016</u>	<u>November 30, 2015</u>	<u>November 30, 2014</u>
Contractually Required Contribution	\$ 258,184.00	\$ 241,742.00	\$ 241,297.00	\$ 226,867.00	\$ 212,741.00
Contributions in Relation to Contractually Required Contribution	<u>(258,184.00)</u>	<u>(241,742.00)</u>	<u>(241,297.00)</u>	<u>(226,867.00)</u>	<u>(212,741.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Period)	\$ 1,809,358.00	\$ 1,792,272.00	\$ 1,758,439.00	\$ 1,852,418.00	\$ 1,808,163.00
Authority's Contributions as a Percentage of Covered Payroll	14.27%	13.49%	13.72%	12.25%	11.77%

*Represents a 13-month period

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Notes to Required Supplementary Information
For the Year Ended December 31, 2023

Note 1: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - AUTHORITY PLAN

As of the date of this report, the information from the Authority's reporting on GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions for the measurement period ended December 31, 2023 was not available. Management has elected to omit the required disclosures from the measurement period December 31, 2023, and only present the information from the measurement period December 31, 2022, even though it is not in compliance with GASBS No. 75

Changes in Benefit Terms

None

Changes in Assumptions

The discount rate used as of December 31 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	3.72%	2018	4.12%
2021	2.05%	2017	3.48%
2020	2.12%	2016	3.60%
2019	4.12%		

For 2022, the mortality table was updated to reflect the Scale MP-2021.

Note 2: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN

As of the date of this report, the information from the New Jersey Division of Pension's reporting on GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions for the measurement period ended June 30, 2023 was not available. Management has elected to omit the required disclosures from the measurement period June 30, 2023, and only present the information from the measurement period June 30, 2022, even though it is not in compliance with GASBS No. 75.

Changes in Benefit Terms

The actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022, included changes due to employers adopting and /or changing Chapter 48 provisions.

Changes in Assumptions

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

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	3.54%	2019	3.50%
2021	2.16%	2018	3.87%
2020	2.21%	2017	3.58%

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

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Notes to Required Supplementary Information
For the Year Ended December 31, 2023

Note 2: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)

Changes in Assumptions (Cont'd)

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

There were no changes to mortality projections.

Note 3: POSTEMPLOYMENT BENEFITS - PENSION

Public Employees' Retirement System (PERS)

Changes in Benefit Terms

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

Changes in Assumptions

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

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
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:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
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%

SUPPLEMENTARY SCHEDULES

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2023

	Operating & General	Debt Service Reserve	Debt Service	Restricted Renewal and Replacement	Unemployment Compensation	Total
Operating Revenues:						
Utility Service Charges	\$ 6,784,304.02					\$ 6,784,304.02
Connection Fees	755,041.25					755,041.25
Other Operating Revenues	491,005.77				\$ 3,719.99	494,725.76
Total Operating Revenues	8,030,351.04	\$ -	\$ -	\$ -	3,719.99	8,034,071.03
Operating Expenses:						
Administration:						
Salaries and Wages	268,839.42					268,839.42
Fringe Benefits	81,116.42				674.18	81,790.60
Other Expenses	940,828.04					940,828.04
Cost of Providing Service:						
Salaries and Wages	2,042,252.63					2,042,252.63
Fringe Benefits	454,503.76					454,503.76
Other Expenses	1,536,616.51					1,536,616.51
Depreciation	1,481,912.88					1,481,912.88
Total Operating Expenses	6,806,069.66	-	-	-	674.18	6,806,743.84
Operating Income	1,224,281.38				3,045.81	1,227,327.19
Non-operating Revenue (Expenses):						
Investment Income	263,699.40	13,532.71	22,232.23	27,485.37	1,249.11	328,198.82
Interest on Debt	30,696.31		(110,704.74)			(80,008.43)
Net Income (Loss) Before Transfers	1,518,677.09	13,532.71	(88,472.51)	27,485.37	4,294.92	1,475,517.58
Transfers	(55,222.00)	(13,532.71)	96,240.08	(27,485.37)	-	-
Change in Net Position	1,463,455.09	-	7,767.57	-	4,294.92	1,475,517.58
Net Position - Beginning, As Originally Stated	17,072,851.42	297,800.00	382,634.09	750,000.00	42,901.81	18,546,187.32
Prior Period Adjustment (Note 11)	(6,906.33)					(6,906.33)
Net Position - Beginning, As Restated	17,065,945.09	297,800.00	382,634.09	750,000.00	42,901.81	18,539,280.99
Change in Net Position	1,463,455.09		7,767.57		4,294.92	1,475,517.58
Net Position - Ending:						
Net Investment in Capital Assets	21,666,310.03					21,666,310.03
Restricted		297,800.00	390,401.66	750,000.00	47,196.73	1,485,398.39
Unrestricted (Defecit)	(3,136,909.85)					(3,136,909.85)
Total Net Position	\$ 18,529,400.18	\$ 297,800.00	\$ 390,401.66	\$ 750,000.00	\$ 47,196.73	\$ 20,014,798.57

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Cash Receipts and Disbursements
For the Year Ended December 31, 2023

	Operating and <u>General</u>	Debt Service <u>Reserve</u>	Debt <u>Service</u>	Restricted Renewal and <u>Replacement</u>	Project <u>Fund</u>	Unemployment <u>Compensation</u>	<u>Escrow</u>	<u>Total</u>
Cash, Cash Equivalents and Investments: Balance January 1, 2023	\$ 8,503,073.52	\$ 305,500.00	\$ 413,016.91	\$ 750,000.00	\$ 270.05	\$ 43,956.43	\$ 134,907.47	\$ 10,150,724.38
Receipts:								
Investment Income	247,751.16	13,196.45	20,715.56	5,568.87	11.88	1,249.11	3,558.27	292,051.30
Consumer Accounts Receivable	7,326,811.33							7,326,811.33
Prepaid Rents	201,010.78							201,010.78
Deferred Revenue	585,927.27							585,927.27
Escrow Deposits							28,500.00	28,500.00
Other Operating Revenues	494,725.76							494,725.76
Due From Flemington	210,550.18							210,550.18
Transfers In	5,551.01		792,487.24			3,719.99		801,758.24
Total Cash and Investments Available	17,575,401.01	318,696.45	1,226,219.71	755,568.87	281.93	48,925.53	166,965.74	20,092,059.24
Disbursements:								
Budgetary	5,472,536.58		7,254.32			674.18		5,480,465.08
Bond Principal			220,000.00					220,000.00
Loan Principal			413,038.61					413,038.61
Interest on Debt			139,453.76					139,453.76
Capital Assets	681,425.54							681,425.54
Retainage Payable	5,508.13							5,508.13
Accounts Payable	314,570.36							314,570.36
Escrow Disbursements							51,745.52	51,745.52
Transfers Out	783,010.78	13,196.45	1,992.74				3,558.27	801,758.24
Total Disbursements	7,257,051.39	13,196.45	781,739.43	-	-	674.18	55,303.79	8,107,965.24
Cash, Cash Equivalents and Investments: Balance December 31, 2023	\$ 10,318,349.62	\$ 305,500.00	\$ 444,480.28	\$ 755,568.87	\$ 281.93	\$ 48,251.35	\$ 111,661.95	\$ 11,984,094.00
<u>Analysis of Balance December 31, 2023</u>								
Cash and Cash Equivalents	\$ 9,118,349.62	\$ 305,500.00	\$ 444,480.28		\$ 281.93	\$ 48,251.35	\$ 111,661.95	\$ 10,028,525.13
Investments	1,200,000.00			\$ 755,568.87				1,955,568.87
	\$ 10,318,349.62	\$ 305,500.00	\$ 444,480.28	\$ 755,568.87	\$ 281.93	\$ 48,251.35	\$ 111,661.95	\$ 11,984,094.00

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Operations -- Revenues, Operating Appropriations, Principal Payments and
Non-Operating Appropriations Compared to Budget--Budgetary Basis
For the Year Ended December 31, 2023

	Adopted Budget	Transfers/ Modifications	Modified Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:					
Service Charges	\$ 6,693,600.00	\$ 42,000.00	\$ 6,735,600.00	\$ 6,784,304.02	\$ 48,704.02
Connection Fees	75,000.00		75,000.00	755,041.25	680,041.25
Other Operating Revenues	560,200.00		560,200.00	494,725.76	(65,474.24)
Total Operating Revenues	7,328,800.00	42,000.00	7,370,800.00	8,034,071.03	663,271.03
Non-Operating Revenues:					
Contributed Capital	416,000.00		416,000.00		(416,000.00)
Investment Income	15,600.00		15,600.00	328,198.82	312,598.82
Total Anticipated Revenues	7,760,400.00	42,000.00	7,802,400.00	8,362,269.85	559,869.85
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Administration Salaries	316,860.00		316,860.00	263,356.08	53,503.92
Commissioners' Salaries	7,000.00		7,000.00	5,483.34	1,516.66
Total Salaries and Wages	323,860.00	-	323,860.00	268,839.42	55,020.58
Fringe Benefits	156,033.00	-	156,033.00	81,790.60	74,242.40
Other Expenses:					
Professional Services - Legal	55,000.00		55,000.00	65,498.28	(10,498.28)
Professional Services - Audit	42,000.00		42,000.00	37,961.90	4,038.10
Professional Services - Accounting	10,000.00		10,000.00	435.00	9,565.00
Professional Services - Engineering	262,500.00		262,500.00	144,810.00	117,690.00
Medical	1,700.00		1,700.00	512.00	1,188.00
Trustee Fee	6,000.00		6,000.00	6,140.00	(140.00)
NJIB Fees	9,255.00		9,255.00	7,254.32	2,000.68
Professional Services - Ind. Contractor	61,745.00		61,745.00	54,466.61	7,278.39
Other Professional Services	60,000.00		60,000.00	5,877.60	54,122.40
Insurance	236,220.00		236,220.00	214,565.44	21,654.56
Education	17,500.00		17,500.00	11,793.75	5,706.25
Travel Expenses	7,000.00		7,000.00	5,226.62	1,773.38
Dues and Memberships	6,000.00		6,000.00	6,287.00	(287.00)
Conferences & Seminars	4,000.00		4,000.00	2,213.00	1,787.00
Office Expense	41,200.00		41,200.00	42,364.18	(1,164.18)
Public Advertising	4,500.00		4,500.00	3,142.40	1,357.60
Postage	12,500.00		12,500.00	10,046.38	2,453.62
Permits, Licenses & Easement Fees	27,000.00		27,000.00	15,826.89	11,173.11
Retirement Benefits	272,525.00		272,525.00	258,821.31	13,703.69
Computer Maintenance & Upgrade	55,097.00		55,097.00	47,585.36	7,511.64
Total Other Expenses	1,191,742.00	-	1,191,742.00	940,828.04	250,913.96
Total Administration	1,671,635.00	-	1,671,635.00	1,291,458.06	380,176.94
Cost of Service:					
Operations					
Salaries and Wages	1,988,036.00	42,000.00	2,030,036.00	1,966,923.04	63,112.96
Fringe Benefits	884,186.00	-	884,186.00	454,503.76	429,682.24

(Continued)

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Schedule of Operations -- Revenues, Operating Appropriations, Principal Payments and
Non-Operating Appropriations Compared to Budget--Budgetary Basis
For the Year Ended December 31, 2023

	Adopted Budget	Transfers/ Modifications	Modified Budget	Actual	Variance Favorable (Unfavorable)
Operating Appropriations (Cont'd):					
Cost of Service (Cont'd):					
Other Expenses:					
Chemical Costs - Chlorine	\$ 85,000.00		\$ 85,000.00	\$ 92,195.26	\$ (7,195.26)
Chemical Costs - Polymer	37,000.00		37,000.00	16,302.00	20,698.00
Chemicals Costs - Sulfur Dioxide	25,000.00		25,000.00	26,910.09	(1,910.09)
Utility Costs - Electricity	380,000.00		380,000.00	379,631.97	368.03
Utility Costs - Water	4,100.00		4,100.00	4,345.07	(245.07)
Utility Costs - Natural Gas	35,600.00		35,600.00	32,312.31	3,287.69
Utility Costs - Telephone	35,000.00		35,000.00	44,878.42	(9,878.42)
Supplies and Services - Dyed Diesel	7,500.00		7,500.00	6,326.29	1,173.71
Sludge Disposal	650,000.00		650,000.00	498,138.45	151,861.55
Tools	4,500.00		4,500.00	4,241.06	258.94
Janitorial Supplies	4,000.00		4,000.00	3,809.66	190.34
Supplies & Services - Gasoline	20,000.00		20,000.00	10,474.76	9,525.24
Supplies & Services - Lab	10,000.00		10,000.00	8,901.96	1,098.04
Supplies & Services - Ind. Lab	20,000.00		20,000.00	24,250.54	(4,250.54)
Safety Equipment	10,000.00		10,000.00	8,561.55	1,438.45
Pump Station & Collection System	88,500.00		88,500.00	45,877.60	42,622.40
Maintenance - Treatment Plant	154,000.00		154,000.00	131,575.84	22,424.16
Maintenance - Buildings & Grounds	27,000.00		27,000.00	24,022.61	2,977.39
Maintenance - Instr & Meter Calibration	25,000.00		25,000.00	5,962.34	19,037.66
Maintenance - Vehicle	13,000.00		13,000.00	9,456.68	3,543.32
Maintenance - Plant Lab	9,000.00		9,000.00	5,876.46	3,123.54
Maintenance - Septage & Tank Cleaning	35,000.00		35,000.00		35,000.00
Maintenance - Painting	2,000.00		2,000.00	1,964.34	35.66
Rental Equipment	2,000.00		2,000.00	873.18	1,126.82
Miscellaneous	30,000.00		30,000.00	321.68	29,678.32
Total Other Expenses	1,713,200.00	\$ -	1,713,200.00	1,387,210.12	325,989.88
Total Operations	4,585,422.00	42,000.00	4,627,422.00	3,808,636.92	818,785.08
Flemington Storm Water Facility					
Salaries and Wages:	100,000.00	-	100,000.00	75,329.59	24,670.41
Other Expenses:					
Legal	31,700.00		31,700.00	26,440.68	5,259.32
Accounting	13,000.00		13,000.00	13,000.00	
Engineering	43,000.00		43,000.00	35,814.99	7,185.01
Insurance	6,500.00		6,500.00	6,500.00	
Permits	15,000.00		15,000.00	12,490.77	2,509.23
Chemicals	17,000.00		17,000.00	4,360.00	12,640.00
Utilities	32,000.00		32,000.00	28,484.18	3,515.82
Service & Supplies - Lab	20,000.00		20,000.00	9,851.82	10,148.18
Safety Supplies & Equipment	1,250.00		1,250.00		1,250.00
Maintenance - Operations	2,500.00		2,500.00	2,078.98	421.02
Maintenance - Buildings & Grounds	5,000.00		5,000.00	7,674.25	(2,674.25)
Maintenance - Instr & Meter Calibration	4,000.00		4,000.00	2,710.72	1,289.28
Miscellaneous	7,500.00		7,500.00		7,500.00
Total Other Expenses	198,450.00	-	198,450.00	149,406.39	49,043.61
Total Flemington Storm Water Facility	298,450.00	-	298,450.00	224,735.98	73,714.02
Total Cost of Service	4,883,872.00	42,000.00	4,925,872.00	4,033,372.90	892,499.10
Principal Payments on Debt Service in Lieu of Depreciation	633,038.00	-	633,038.00	633,038.61	(0.61)
Total Operating Appropriations	7,188,545.00	42,000.00	7,230,545.00	5,957,869.57	1,272,675.43

(Continued)

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Operations -- Revenues, Operating Appropriations, Principal Payments and
Non-Operating Appropriations Compared to Budget--Budgetary Basis
For the Year Ended December 31, 2023

	Adopted <u>Budget</u>	Transfers/ <u>Modifications</u>	Modified <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Non-Operating Appropriations:					
Interest on Debt	\$ 139,455.00	\$ -	\$ 139,455.00	\$ 80,008.43	\$ 59,446.57
Total Operating, Principal Payments and Non-Operating Appropriations	7,328,000.00	42,000.00	7,370,000.00	6,037,878.00	1,332,122.00
Excess in Anticipated Revenues Over Operating, Principal Payments and Non-Operating Appropriations	\$ 432,400.00	\$ -	\$ 432,400.00	\$ 2,324,391.85	\$ 1,891,991.85

(Continued)

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedules of Anticipated Revenues, Operating Appropriations, Principal Payments and
Non-Operating Appropriations Compared to Budget--Budgetary Basis
For the Year Ended December 31, 2023

Reconciliation of Excess Budget Revenues

<u>over Budget Appropriations to Operating Income</u>	\$	2,324,391.85
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Add:

Debt Service Principal Payments	\$	633,038.61
Interest on Debt		<u>80,008.43</u>

		<u>713,047.04</u>
--	--	-------------------

		3,037,438.89
--	--	--------------

Less:

Investment Income		328,198.82
Depreciation		<u>1,481,912.88</u>

		<u>1,810,111.70</u>
--	--	---------------------

Operating Income (Exhibit B)	\$	<u><u>1,227,327.19</u></u>
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Reconciliation of Actual Expenditures

Cash Disbursements	\$	5,480,465.08
Accounts Payable		218,719.91
Change in Unfunded PERS Obligation		(8,686.00)
Change in Accrued Pension Costs		(408,598.00)
Change in Compensated Absences Payable		42,929.97
Debt Principal		633,038.61
Interest on Debt		<u>80,008.43</u>

	\$	<u><u>6,037,878.00</u></u>
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RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Schedule of Consumer Accounts Receivable

For the Year Ended December 31, 2023

Balance January 1, 2023		\$	1,220,972.67
Add:			
User Fees			<u>6,784,304.02</u>
			8,005,276.69
Less:			
Current Year Collections	\$ 7,326,811.33		
Prepaid Rents Applied	<u>30,545.67</u>		
			<u>7,357,357.00</u>
Balance December 31, 2023		\$	<u><u>647,919.69</u></u>

Schedule 5

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Schedule of Accrued Investment Income Receivable

For the Year Ended December 31, 2023

	Balance January 1, 2023	Investment Income	Received	Balance December 31, 2023
Unrestricted Accounts				
Operating & General Accounts	\$ 12,591.78	\$ 260,129.25	\$ 247,751.16	\$ 24,969.87
Restricted Accounts:				
Debt Service Reserve Account	894.04	13,532.71	13,196.45	1,230.30
Debt Service Account	272.19	22,232.23	20,715.56	1,788.86
Escrow		3,558.27	3,558.27	
Unemployment		1,249.11	1,249.11	
Project Fund		11.88	11.88	
Renewal & Replacement Account	4,911.37	27,485.37	5,568.87	26,827.87
	<u>6,077.60</u>	<u>68,069.57</u>	<u>44,300.14</u>	<u>29,847.03</u>
Total Investment Income	\$ 18,669.38	\$ 328,198.82	\$ 292,051.30	\$ 54,816.90

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

Schedule of Capital Assets - Completed
For the Year Ended December 31, 2023

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
Capital Assets				
Buildings, Plant & Pump Stations	\$ 17,087,740.00	\$ 815,310.96		\$ 17,903,050.96
Infrastructure	32,204,445.87	61,003.81		32,265,449.68
Equipment	2,639,381.77			2,639,381.77
Vehicles	1,113,076.08			1,113,076.08
Total Capital Assets	53,044,643.72	876,314.77	\$ -	53,920,958.49
Accumulated Depreciation				
Buildings, Plant & Pump Stations	6,457,559.01	804,245.87		7,261,804.88
Infrastructure	15,532,902.26	472,966.37		16,005,868.63
Equipment	1,859,877.64	171,138.56		2,031,016.20
Vehicles	913,632.83	33,562.08		947,194.91
Total Accumulated Depreciation	24,763,971.74	1,481,912.88	-	26,245,884.62
	\$ 28,280,671.98	\$ (605,598.11)	\$ -	\$ 27,675,073.87
Transferred from Construction in Progress		747,077.13		
Disbursed		129,237.64		
		<u>\$ 876,314.77</u>		

Schedule 7**RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY**

Schedule of Construction in Progress
For the Year Ended December 31, 2023

Balance January 1, 2023	\$ 323,974.98
Add:	
Disbursed	\$ 552,187.90
Retainage Payable	4,396.50
Accounts Payable	<u>224,588.13</u>
	<u>781,172.53</u>
	1,105,147.51
Less:	
Transferred to Completed	<u>747,077.13</u>
Balance December 31, 2023	<u>\$ 358,070.38</u>

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Deferred Revenue (Connection Fees)
For the Year Ended December 31, 2023

Balance January 1, 2023	\$ 616,559.46
Add:	
Receipts	<u>585,927.27</u>
	1,202,486.73
Less:	
Realized as Revenue	<u>755,041.25</u>
Balance December 31, 2023	<u><u>\$ 447,445.48</u></u>

Schedule 9

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Accrued Interest Payable
For the Year Ended December 31, 2023

Balance January 1, 2023	\$ 33,707.89
Increased by:	
Accrued	\$ 110,704.74
Due from Flemington	<u>31,090.53</u>
	<u>141,795.27</u>
	175,503.16
Decreased by:	
Cash Disbursed	<u>139,453.76</u>
Balance December 31, 2023	<u><u>\$ 36,049.40</u></u>
Analysis of Interest Expense:	
Accrued	\$ 110,704.74
Amortization of Deferred Loss on Defeasance	1,184.89
Amortization of Loan Premium	(11,458.45)
Amortization of Bond Premium	<u>(20,422.75)</u>
Total Interest Expense	<u><u>\$ 80,008.43</u></u>

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Revenue Bonds Payable
For the Year Ended December 31, 2023

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance</u>		<u>Decreased</u>	<u>Balance</u>	
			<u>Date</u>	<u>Amount</u>		<u>January 1, 2023</u>			<u>December 31, 2023</u>	
Sewer System Revenue Refunding Bonds, Series 2017	12/13/17	\$ 2,465,000.00	05/01/24	\$ 225,000.00	4.00%					
			05/01/25	235,000.00	4.00%					
			05/01/26	245,000.00	4.00%					
			05/01/27	255,000.00	4.00%					
			05/01/28	270,000.00	4.00%					
			05/01/29	275,000.00	4.00%					
			05/01/30	285,000.00	4.00%					
				<u>1,790,000.00</u>		\$ 2,010,000.00		\$ 220,000.00	\$ 1,790,000.00	
						2,010,000.00		220,000.00	1,790,000.00	
Premium on Bonds						<u>149,760.04</u>		<u>20,422.75</u>	<u>129,337.29</u>	
						<u>\$ 2,159,760.04</u>		<u>\$ 240,422.75</u>	<u>\$ 1,919,337.29</u>	

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Infrastructure Bank Loans
For the Year Ended December 31, 2023

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments</u>		<u>Interest Rate</u>	<u>Balance</u>		<u>Paid</u>	<u>Balance</u>	
			<u>Date</u>	<u>Amount</u>		<u>January 1, 2023</u>			<u>December 31, 2023</u>	
NJEIT Loan, Series 2012A (Interest Bearing)	05/03/12	\$ 765,000.00	08/01/24	\$ 45,000.00	5.000%					
			08/01/25	45,000.00	5.000%					
			08/01/26	45,000.00	5.000%					
			08/01/27	50,000.00	3.000%					
			08/01/28	50,000.00	3.000%					
			08/01/29	55,000.00	3.125%					
			08/01/30	55,000.00	3.200%					
			08/01/31	55,000.00	3.250%					
				<u>400,000.00</u>		\$ 440,000.00	\$ 40,000.00	\$ 400,000.00		
NJEIT Loan, Series 2012A (Non-Interest Bearing)	05/03/12	1,554,383.00	02/01/24	27,756.83						
			08/01/24	55,513.67						
			02/01/25	27,756.83						
			08/01/25	55,513.67						
			02/01/26	27,756.83						
			08/01/26	55,513.67						
			02/01/27	27,756.83						
			08/01/27	55,513.67						
			02/01/28	27,756.83						
			08/01/28	55,513.67						
			02/01/29	27,756.83						
			08/01/29	55,513.67						
			02/01/30	27,756.83						
			08/01/30	55,513.67						
			02/01/31	27,128.13						
			08/01/31	34,599.70						
				<u>644,621.33</u>		727,891.83	83,270.50	644,621.33		
NJEIT Loan, Series 2015A-1 (Interest Bearing)	05/28/15	245,000.00	08/01/24	10,000.00	5.000%					
			08/01/25	15,000.00	5.000%					
			08/01/26	15,000.00	5.000%					
			08/01/27	15,000.00	4.000%					
			08/01/28	15,000.00	4.000%					
			08/01/29	15,000.00	4.000%					
			08/01/30	15,000.00	4.000%					
			08/01/31	15,000.00	4.000%					
			08/01/32	15,000.00	4.000%					
			08/01/33	15,000.00	4.000%					
			08/01/34	20,000.00	4.000%					
				<u>165,000.00</u>		175,000.00	10,000.00	165,000.00		

(Continued)

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Infrastructure Bank Loans
For the Year Ended December 31, 2023

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments</u>		<u>Interest Rate</u>	<u>Balance January 1, 2023</u>	<u>Paid</u>	<u>Balance December 31, 2023</u>		
			<u>Date</u>	<u>Amount</u>						
NJEIT Loan, Series 2015A-1 (Non-Interest Bearing)	05/28/15	\$ 784,299.00	02/01/24	\$ 13,759.63						
			08/01/24	27,519.26						
			02/01/25	13,759.63						
			08/01/25	27,519.26						
			02/01/26	13,759.63						
			08/01/26	27,519.26						
			02/01/27	13,759.63						
			08/01/27	27,519.26						
			02/01/28	13,759.63						
			08/01/28	27,519.26						
			02/01/29	13,759.63						
			08/01/29	27,519.26						
			02/01/30	13,759.63						
			08/01/30	27,519.26						
			02/01/31	13,759.63						
			08/01/31	27,519.26						
			02/01/32	13,759.63						
			08/01/32	27,519.26						
			02/01/33	13,759.63						
			08/01/33	27,519.26						
			02/01/34	13,759.63						
			08/01/34	27,519.35						
				454,067.88		\$ 495,346.77	\$ 41,278.89	\$ 454,067.88		
NJEIT Loan, Series 2015A-2 (Interest Bearing)	11/24/15	400,000.00	08/01/24	20,000.00	5.000%					
			08/01/25	20,000.00	5.000%					
			08/01/26	20,000.00	3.000%					
			08/01/27	20,000.00	3.000%					
			08/01/28	25,000.00	3.000%					
			08/01/29	25,000.00	3.000%					
			08/01/30	25,000.00	3.000%					
			08/01/31	25,000.00	3.000%					
			08/01/32	25,000.00	3.000%					
			08/01/33	25,000.00	3.125%					
			08/01/34	25,000.00	3.125%					
			08/01/35	30,000.00	3.250%					
						285,000.00		305,000.00	20,000.00	285,000.00
			NJEIT Loan, Series 2015A-2 (Non-Interest Bearing)	11/24/15	1,193,700.00	02/01/24	20,942.10			
08/01/24	41,884.21									

(Continued)

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Infrastructure Bank Loans
For the Year Ended December 31, 2023

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments</u>		<u>Interest Rate</u>	<u>Balance January 1, 2023</u>	<u>Paid</u>	<u>Balance December 31, 2023</u>
			<u>Date</u>	<u>Amount</u>				
NJEIT Loan, Series 2015A-2 (Non-Interest Bearing) (Cont'd)	11/24/15	\$ 1,193,700.00	02/01/25	\$ 20,942.10				
			08/01/25	41,884.21				
			02/01/26	20,942.10				
			08/01/26	41,884.21				
			02/01/27	20,942.10				
			08/01/27	41,884.21				
			02/01/28	20,942.10				
			08/01/28	41,884.21				
			02/01/29	20,942.10				
			08/01/29	41,884.21				
			02/01/30	20,942.10				
			08/01/30	41,884.21				
			02/01/31	20,942.10				
			08/01/31	41,884.21				
			02/01/32	20,942.10				
			08/01/32	41,884.21				
			02/01/33	20,942.10				
			08/01/33	41,884.21				
			02/01/34	20,942.10				
			08/01/34	41,884.21				
			02/01/35	20,942.10				
			08/01/35	41,884.32				
				<u>753,915.83</u>		\$ 816,742.14	\$ 62,826.31	\$ 753,915.83
NJIB Loan, Series 2021A-2 (Interest Bearing)	11/23/21	775,000.00	08/01/24	30,000.00	5.000%			
			08/01/25	30,000.00	5.000%			
			08/01/26	30,000.00	5.000%			
			08/01/27	35,000.00	5.000%			
			08/01/28	35,000.00	5.000%			
			08/01/29	35,000.00	5.000%			
			08/01/30	35,000.00	5.000%			
			08/01/31	40,000.00	5.000%			
			08/01/32	40,000.00	4.000%			
			08/01/33	45,000.00	3.000%			
			08/01/34	45,000.00	3.000%			
			08/01/35	45,000.00	3.000%			
			08/01/36	45,000.00	3.000%			
			08/01/37	50,000.00	3.000%			
			08/01/38	50,000.00	3.000%			
			08/01/39	50,000.00	3.000%			
			08/01/40	55,000.00	2.000%			
			08/01/41	55,000.00	2.000%			
				<u>750,000.00</u>		775,000.00	25,000.00	750,000.00

(Continued)

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of New Jersey Infrastructure Bank Loans
For the Year Ended December 31, 2023

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Principal Payments</u>		<u>Interest Rate</u>	<u>Balance January 1, 2023</u>	<u>Paid</u>	<u>Balance December 31, 2023</u>
NJIB Loan, Series 2021A-2 (Non-Interest Bearing)	11/23/21	\$ 2,569,704.00	02/01/24	\$ 43,554.30				
			08/01/24	87,108.61				
			02/01/25	43,554.30				
			08/01/25	87,108.61				
			02/01/26	43,554.30				
			08/01/26	87,108.61				
			02/01/27	43,554.30				
			08/01/27	87,108.61				
			02/01/28	43,554.30				
			08/01/28	87,108.61				
			02/01/29	43,554.30				
			08/01/29	87,108.61				
			02/01/30	43,554.30				
			08/01/30	87,108.61				
			02/01/31	43,554.30				
			08/01/31	87,108.61				
			02/01/32	43,554.30				
			08/01/32	87,108.61				
			02/01/33	43,554.30				
			08/01/33	87,108.61				
			02/01/34	43,554.30				
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			08/01/35	87,108.61				
			02/01/35	43,554.30				
			08/01/35	87,108.61				
			02/01/35	43,554.30				
			08/01/35	87,108.61				
			02/01/35	43,554.30				
			08/01/35	87,108.61				
			02/01/35	43,554.30				
			08/01/35	87,108.71				
				2,351,932.48		\$ 2,482,595.39	\$ 130,662.91	\$ 2,351,932.48
Premium on Loans						6,217,576.13	413,038.61	5,804,537.52
						172,705.18	11,458.45	161,246.73
						\$ 6,390,281.31	\$ 424,497.06	\$ 5,965,784.25

**RARITAN TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY**

PART II

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

**FOR THE YEAR ENDED
DECEMBER 31, 2023**

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Schedule of Findings and Recommendations
For the Year Ended December 31, 2023

Schedule of Financial Statement Findings

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

None

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

Schedule of Financial Statement Findings

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

None

APPRECIATION

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

