

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

Financial Statements and Supplementary Information

For the years ended December 31, 2023 and 2022

(With Independent Auditor's Report thereon)

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Financial Statements and Supplementary Information
For the years ended December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Berkeley Township Municipal Utilities Authority, a component unit of the Township of Berkeley, County of Ocean, State of New Jersey, as of and for the years ended December 31, 2023, and 2022, and the related notes to the financial statements, which collectively comprise the Berkeley Township Municipal Utilities Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Berkeley Township Municipal Utilities Authority, as of December 31, 2023 and 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Berkeley Township Municipal Utilities Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Berkeley Township Municipal Utilities 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 Berkeley Township Municipal Utilities Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2024 on our consideration of the Berkeley Township Municipal Utilities 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 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 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 Commission's internal control over financial reporting and compliance.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

September 23, 2024
Lakewood, New Jersey



Certified Public Accountants + Advisors

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Berkeley Township Municipal Utilities Authority, a component unit of the Township of Berkeley, County of Ocean, State of New Jersey, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Berkeley Township Municipal Utilities Authority’s basic financial statements and have issued our report thereon dated September 23, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

HOLMAN FRENIA ALLISON, P.C.

Certified Public Accountants

September 23, 2024
Lakewood, New Jersey



Berkeley Township MUNICIPAL UTILITIES AUTHORITY

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September 23, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Berkeley Township Municipal Utilities Authority (“Authority”) is a self-supporting water treatment plant and distribution entity proudly serving 3,701 residents and businesses of a bayside community within Berkeley Township, NJ. The treatment plant consists of six rapid sand pressure filters with an automatic flow paced disinfection system. The treated water from three on-site wells is stored in two water storage tanks with a total capacity of 1.4MG. The Authority Board consists of seven residents (five members and two alternates) appointed by the Township who provide management oversight. Each Board Member is appointed to a five year term at staggered intervals. Eight employees service a distribution system of approximately 344,252 linear feet of 6” to 16” diameter mains.

The attached financial statements reflect the results of management’s commitment to conservative fiscal planning and performance. We encourage you to visit our website at www.Berkeleymua.org to review the 2023 Budget which continues to affirm the Board’s emphasis to control costs, secure conservative investment income and to designate funds toward water tower maintenance and asset preservation. The most recent Berkeley Township Municipal Utilities Authority Consumer Confidence Report of Water Quality issued during 2023 is also published on this site. We believe these documents honor our mission statement to provide safe, dependable and affordable water to our customers in a manner that protects the public health and environment of our community.

The Management’s Discussion and Analysis (MD&A) provides an overview and analysis of the Authority’s financial activities for the fiscal year ended December 31, 2023 as compared to the prior year. It should be read in conjunction with the accompanying financial statements.

Financial Statements

The financial statements included in this report are the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows as of and for the years ended December 31, 2023 and 2022.

The Statements of Net Position shows the financial position of the Authority at December 31st of each year. Assets and deferred outflow of resources are compared with liabilities and net position is the result.

The Statement of Revenues, Expenses and Changes in Net Position measure performance for each year and how this performance impacts the net position of the Authority.

Finally, the Statement of Cash Flows demonstrates why cash balances increased or decreased during the two years.

Financial Analysis

At December 31, 2023, the Authority had total assets and deferred outflow of resources of \$30,530,438 compared to \$30,770,834 at December 31, 2022. The decrease of (\$240,396) is primarily due to the activity in deferred inflows, net pension liability and other postemployment benefits liability per the State's actuarial calculation for the year ended December 31, 2023.

At December 31, 2023, the Authority had total liabilities and deferred inflow of resources of \$18,095,622 compared to \$18,817,505 at December 31, 2022. This decrease of (\$721,833) is primarily due to the activity in deferred inflows, net pension liability and other postemployment principal payments on debt benefits liability per the State's actuarial calculation for the year ended December 31, 2023.

At December 31, 2023, the Authority had total net position of \$12,434,816 compared to \$11,953,329 at December 31, 2022. This increase of \$481,487 is a result of the Authority's operations for the year ended December 31, 2023.

Condensed Financial Information

Key Authority financial information for the years ended December 31, 2023, 2022 and 2021 includes the following balances:

Financial Position:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Current Unrestricted Assets	\$ 5,277,772	\$ 5,450,991	\$ 4,714,364
Current Restricted Assets	1,876,084	1,264,495	1,598,663
Capital Assets	17,479,401	18,260,382	18,972,690
Other Noncurrent assets	<u>4,436,049</u>	<u>4,008,224</u>	<u>-</u>
Total Assets	<u>29,069,306</u>	<u>28,984,092</u>	<u>25,285,717</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Bond Refundings	47,215	49,128	50,992
Deferred Outflows Related to Other Postemployment Benefits	1,257,825	1,469,101	1,708,107
Deferred Outflows Related to Pensions	<u>156,092</u>	<u>268,513</u>	<u>205,372</u>
Total Deferred Outflow of Resources	<u>1,461,132</u>	<u>1,786,742</u>	<u>1,964,471</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 30,530,438</u>	<u>\$ 30,770,834</u>	<u>\$ 27,250,188</u>
LIABILITIES			
Current Liabilities Payable from Unrestricted Assets	\$ 170,564	\$ 143,443	\$ 193,517
Current Liabilities Payable from Restricted Assets	999,630	1,009,185	819,472
Noncurrent Liabilities	<u>10,877,366</u>	<u>11,559,773</u>	<u>12,048,513</u>
Total Liabilities	<u>12,047,560</u>	<u>12,712,401</u>	<u>13,061,502</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows Related to Leasing Arrangements	4,375,451	4,078,952	-
Deferred Inflows Related to Non-exchange Transactions	74,538	52,033	28,433
Deferred Inflows Related to Bond Refundings	66,000	83,000	99,000
Deferred Inflows Related to Other Postemployment Benefits	1,436,832	1,671,051	1,763,745
Deferred Inflows Related to Pensions	<u>95,241</u>	<u>220,068</u>	<u>560,862</u>
Total Deferred Inflow of Resources	<u>6,048,062</u>	<u>6,105,104</u>	<u>2,452,040</u>
NET POSITION			
Net Investment in Capital Assets	8,431,258	8,576,137	8,662,563
Restricted	1,128,546	1,108,718	1,088,827
Unrestricted	<u>2,875,012</u>	<u>2,268,474</u>	<u>1,985,256</u>
Total Net Position	<u>12,434,816</u>	<u>11,953,329</u>	<u>11,736,646</u>
Total Liabilities, Deferred Inflow of Resources, and Net Position	<u>\$ 30,530,438</u>	<u>\$ 30,770,834</u>	<u>\$ 27,250,188</u>

Other Financial Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total revenues	\$ 2,771,131	\$ 2,490,010	\$ 2,334,478
Total expenses	<u>2,289,644</u>	<u>2,273,327</u>	<u>2,225,261</u>
Change in net position	<u>\$ 481,487</u>	<u>\$ 216,683</u>	<u>\$ 109,217</u>
User charges	\$ 1,989,256	\$ 1,984,148	\$ 1,945,161
Bond & loan principal paid	\$ 610,765	\$ 588,935	\$ 550,356
Bond & loan payable	\$ 9,029,359	\$ 9,650,373	\$ 10,262,119

Authority operating revenues had a favorable variance of \$401,758 when compared to the budget for 2023 due primarily to user charges, interest income and water tower rental all being higher than what was actually expected during the current year.

Authority operating expenses had a favorable variance of \$531,822 when compared to the budget for 2023 primarily due to management's continuing efforts to contain costs whenever possible resulting in various expenses being under budget.

The Authority's financial report is designed to provide users of the financial statements with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. The financial statements of the Authority are a matter of public record and may be examined at 42 Station Road, Bayville, New Jersey during business hours or can be viewed at the Authority's website www.Berkeleymua.org.

Respectfully submitted,


Michele Nugent
Executive Director

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

ASSETS	2023	2022
Current Assets:		
Unrestricted Assets:		
Cash & Cash Equivalents (Note 3)	\$ 1,039,083	\$ 3,348,510
Lease Receivables (Note 12)	171,678	175,323
Investments (Note 4)	3,500,000	1,250,000
User Fee Receivable (Note 5)	439,772	624,075
Miscellaneous Receivables (Note 5)	40,674	24,172
Accrued Interest Receivable (Note 5)	69,094	10,578
Connection Fee Receivables (Note 5)	5,443	1,590
Prepaid Expenses	12,028	16,743
Total Current Unrestricted Assets	5,277,772	5,450,991
Restricted Assets:		
Cash & Cash Equivalents (Note 3)	297,113	1,258,821
Investments (Note 4)	1,541,200	-
Accrued Interest Receivable (Note 5)	37,771	3,324
Due from NJIB	-	2,350
Total Current Restricted Assets	1,876,084	1,264,495
Total Current Assets	7,153,856	6,715,486
Noncurrent Assets (Note 6):		
Capital Assets	34,059,313	33,984,501
Less: Accumulated Depreciation	(16,579,912)	(15,724,119)
Capital Assets, Net	17,479,401	18,260,382
Lease Receivables, Non-Current (Note 12)	4,436,049	4,008,224
Total Noncurrent Assets	21,915,450	22,268,606
Total Assets	29,069,306	28,984,092
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflows Related to Bond Refundings	47,215	49,128
Deferred Outflows Related to Other Postemployment Benefits (Note 8)	1,257,825	1,469,101
Deferred Outflows Related to Pensions (Note 9)	156,092	268,513
Total Deferred Outflow of Resources	1,461,132	1,786,742
Total Assets and Deferred Outflow of Resources	\$ 30,530,438	\$ 30,770,834

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

LIABILITIES	<u>2023</u>	<u>2022</u>
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable	\$ 53,199	\$ 38,316
Accounts Payable - Related to Pension (Note 9)	94,771	89,095
Accrued Expenses	9,340	8,618
Customer Overpayments	13,254	7,414
Total Current Liabilities Payable from Unrestricted Assets	<u>170,564</u>	<u>143,443</u>
Current Liabilities Payable from Restricted Assets:		
Developer Deposits	336,024	326,260
Accrued Interest Payable on Bonds/Loans	57,658	61,721
Loans Payable, Net (Note 7)	354,783	376,337
Revenue Bonds Payable, Net (Note 7)	251,165	244,867
Total Current Liabilities Payable from Restricted Assets	<u>999,630</u>	<u>1,009,185</u>
Total Current Liabilities	<u>1,170,194</u>	<u>1,152,628</u>
Noncurrent Liabilities:		
Compensated Absences	110,817	96,504
Long-Term Portion of Revenue Bonds Payable (Note 7)	4,821,407	5,072,590
Long-Term Portion of Loans Payable (Note 7)	3,602,004	3,956,579
Net Other Postemployment Benefits Liability (Note 8)	1,316,074	1,367,871
Net Pension Liability (Note 9)	1,027,064	1,066,229
Total Noncurrent Liabilities	<u>10,877,366</u>	<u>11,559,773</u>
Total Liabilities	<u>12,047,560</u>	<u>12,712,401</u>
DEFERRED INFLOW OF RESOURCES		
Deferred Inflows Related to Leasing Arrangements (Note 12)	4,375,451	4,078,952
Deferred Inflows Related to Non-exchange Transactions	74,538	52,033
Deferred Inflows Related to Bond Refundings	66,000	83,000
Deferred Inflows Related to Other Postemployment Benefits (Note 8)	1,436,832	1,671,051
Deferred Inflows Related to Pensions (Note 9)	95,241	220,068
Total Deferred Inflow of Resources	<u>6,048,062</u>	<u>6,105,104</u>
NET POSITION		
Net Investment in Capital Assets	8,431,258	8,576,137
Restricted:		
Debt Service	214,990	215,162
Bond Reserve	413,556	413,556
Capital	500,000	480,000
Unrestricted:		
Reserved by Board Designation	1,190,000	1,090,000
Unreserved	1,685,012	1,178,474
Total Net Position	<u>12,434,816</u>	<u>11,953,329</u>
Total Liabilities, Deferred Inflow of Resources, and Net Position	<u>\$ 30,530,438</u>	<u>\$ 30,770,834</u>

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

	2023	2022
Operating Revenues:		
Water User Charges	\$ 1,989,256	\$ 1,984,148
Interest and Penalties on User Fees	29,781	41,987
Connection Fees	99,905	25,475
Application Fees and Permits	40	40
Other Operating Revenue	5,504	10,889
Total Operating Revenues	2,124,486	2,062,539
Operating Expenses:		
Cost of Providing Services	645,254	598,865
Administrative Expenses	565,488	567,996
Depreciation Expense	860,186	870,389
Total Operating Expenses	2,070,928	2,037,250
Operating Income	53,558	25,289
Non-Operating Revenues (Expenses):		
Water Tower Rental	262,934	263,889
Interest Income	214,338	39,983
Interest Income from Leasing Arrangements	167,259	116,951
Interest Expense/Amortization expense, net	(218,716)	(236,077)
Donated capital	2,114	6,648
Total Non-Operating Revenues (Expenses)	427,929	191,394
Net Income	481,487	216,683
Net Position, January 1	11,953,329	11,736,646
Net Position, December 31	\$ 12,434,816	\$ 11,953,329

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

	2023	2022
Cash Flows from Operating Activities:		
Cash Received from Service Users	\$ 2,137,194	\$ 2,118,547
Cash Paid to Suppliers	(1,184,746)	(1,214,628)
Cash Paid to Employees	(111,998)	(125,159)
Cash Received from Others	5,504	10,889
Net Cash From Operating Activities	845,954	789,649
Cash Flows from Capital and Related Financing Activities:		
Principal Paid on Long-Term Debt Used for Capital Assets	(610,765)	(588,935)
Interest Paid on Long-Term Debt Used for Capital Assets	(222,779)	(240,956)
Acquisition and Construction of Capital Assets	(77,092)	(151,429)
Net Cash From Capital and Related Financing Activities	(910,636)	(981,320)
Cash Flows from Investing Activities:		
Purchase of Investments	(6,829,200)	-
Maturity of Investments	3,071,179	2,921,603
Cash Received on Non-Operating Water Tower Rental	262,934	263,889
Interest on Investments and Deposits	288,634	144,667
Net Cash From Investing Activities	(3,206,453)	3,330,159
Change in Cash and Cash Equivalents	(3,271,135)	3,138,488
Cash and Cash Equivalents, January 1	4,607,331	1,468,843
Cash and Cash Equivalents, December 31	\$ 1,336,196	\$ 4,607,331
Reconciliation to Statements of Net Position:		
Current Unrestricted Assets:		
Cash and Cash Equivalents	\$ 1,039,083	\$ 3,348,510
Current Restricted Assets:		
Cash and Cash Equivalents	297,113	1,258,821
Cash and Cash Equivalents, December 31	\$ 1,336,196	\$ 4,607,331

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

	2023	2022
Reconciliation of Operating Loss to Cash Flows from Operating Activities:		
Operating Income	\$ 53,558	\$ 25,289
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation Expense	860,186	870,389
Amortization of Right-of-use lease	175,322	156,867
Pension Liability Expense - GASB 68	(51,571)	(107,601)
OPEB Liability (Benefit)/Expense - GASB 75	(74,740)	(20,658)
Change in assets and liabilities:		
Accounts Receivable	184,303	(54,464)
Miscellaneous Receivables	(75,018)	5,105
Connection Fee Receivables	(3,853)	440
Prepaid Expenses	4,715	(417)
Due from NJIB	2,350	14,400
Accounts Payable	20,559	(46,601)
Accrued Expenses	722	(749)
Leasing Arrangements	(303,001)	(261,461)
Deferred Inflows Related to Non-exchange Transactions	22,505	23,600
Customer Overpayments	5,840	(2,724)
Compensated Absences	14,313	3,100
Developer Deposits	9,764	185,134
Total Adjustments	792,396	764,360
Net Cash From Operating Activities	\$ 845,954	\$ 789,649

Noncash Investing, Capital, and Financing Activities:

During the years ended December 31, 2023 and 2022, noncash capital contributions received were \$2,114 and \$6,648 respectively.

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Berkeley Township Municipal Utilities Authority (hereafter referred to as the “Authority”), a component unit of the Township of Berkeley (the “Township”), County of Ocean, State of New Jersey have been prepared to conform with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Reporting Entity

The Authority, a public body, corporate and politically organized and existing under the Municipal Utilities Authority Law, constituting Chapter 183 of the Pamphlet Laws of 1957, as amended and supplemented, was created by virtue of ordinance number 88-4-OAB of the Township in the County of Ocean, State of New Jersey, on January 18, 1988.

The Authority owns a water supply and distribution system which services portions of the Township within the franchise area as more fully set forth in the Water Supply Master Plan as adopted by the Authority.

The Authority’s basic financial statements include all accounts of the Authority’s operations. The Authority consists of five members and two alternates, who are appointed by resolution of the Township Committee for five-year staggered terms.

Component Unit

The Authority is considered to be a component unit of the Township under GAAP however, the Township does not follow GAAP for accounting and financial reporting purposes rather it follows a regulatory basis of accounting, utilizing accounting principles which differ, in some cases significantly, from GAAP. Of particular note is the exclusion from the Township’s financial statements of potential component units, based on the separate legal status of these units. Accordingly, the financial statements of the Township do not include the Authority as a component unit.

Basis of Presentation

The financial statements of the Authority have been prepared on the accrual basis of accounting and in accordance with GAAP applicable to enterprise funds of State and Local Governments on a going concern basis.

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

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

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

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

Revenues – Exchange and Non-Exchange Transactions:

Revenue resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Water service charges are recognized as revenue when services are provided. Connection fees are collected in advance and, accordingly, the Authority defers these revenues until the municipality issues a release for certificate of occupancy and determines that water distribution is 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 are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Expenses:

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

Budgets and Budgetary Accounting

The Authority must adopt an annual budget in accordance with *N.J.A.C. 5:31-2*. *N.J.A.C. 5:31-2* requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current fiscal year and to adopt no later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the year by resolution of the Board of Authorities. The budgetary basis of accounting is utilized to determine the Authority has sufficient cash to operate and pay debt service. As such, certain items such as bond payments are included in budgetary expenses while depreciation is not included.

The legal level of budgetary control is established at the 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 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.

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash, Cash Equivalents and Investments

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

New Jersey Authorities are required by *N.J.S.A. 40A:5-14* to deposit public funds into a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States of America or State of New Jersey or the New Jersey Cash Management Fund. *N.J.S.A. 40A:5-15.1* provides a list of securities which may be purchased by New Jersey Authorities. The Authority is required by *N.J.S.A. 17:9-41* to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

Prepaid Expenses

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

Lease Receivables

The Authority’s lease receivables are measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the Authority may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment are received.

A deferred inflow of resources is recorded for the leases. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

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 cost. Assets contributed by developer’s are valued at estimated fair market value as of the date of contribution. Costs incurred for construction projects are recorded as construction in progress. In the year that the project is completed, these costs are transferred to capital assets. The Authority has set capitalization thresholds for reporting capital assets of \$3,000.

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

Depreciation is determined on a straight-line basis for all capital assets. Depreciation was provided over the following estimated useful lives:

<u>Description:</u>	<u>Useful Lives</u>
Water plant	40 Years
Improvement other than building	5 – 40 Years
Furniture and fixtures	7 Years
Machinery and equipment	3 – 10 years
Vehicles	5 Years

Deferred Outflows and Deferred Inflows of Resources

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

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

Compensated Absences

Compensated absences represent amounts to which employees are entitled to based on accumulated leave earned in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated sick and vacation leave in the event of retirement from service at the current salary. Compensated absences are included in the accrued expenses on the Statement of Net Position.

Unearned Revenue

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

Deferred Inflows Related to Non-exchange Transactions

The Authority receives payments for connection fees when new users connect to the water system. Since the Authority does not supply the user with supplies or services to make the physical connection, this would be considered a nonexchange transaction and recorded as deferred inflow related to non-exchange transactions under deferred inflows of resources. The Authority recognizes the revenue in the period that the user exercises their right to connect to the system.

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Bond Discounts/Bond Premium

Bond discounts and bond premiums are deferred and amortized over the term of the bonds. Bond discounts are presented as a reduction of the face amount of the revenue loan payable. Bond premium is presented as an addition to loan payable.

Loan Discounts/Loan Premium

Loan discounts and loan premiums are deferred and amortized over the term of the loans. Loans discounts are presented as a reduction of the face amount of the loans payable. Loan premiums are presented as an addition to loans payable.

Pension & Other Post-Employment Benefits Section

For purposes of measuring the net pension and other post-employment benefits liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and other post-employment benefits, and pension and other post-employment benefits expenses, information about the fiduciary net position of the Public Employees' Retirement System ("PERS"), the Other Post-Employment Benefits ("OPEB") and additions to/deductions from the PERS's and OPEB's fiduciary net position have been determined on the same basis as they are reported by the plan. For these purposes, 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.

Net Position

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

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

Restricted Net Position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

Income Taxes

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

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating and Non-Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. Non-operating revenues primarily consist of water tower rental and interest income on investments of securities. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. Non-operating expenses primarily include expenses attributable to the Authority's interest on debt and sales of capital assets.

Use of Estimates

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

Impact of Recently Issued Accounting Pronouncements

Adopted Accounting Pronouncements

GASB has issued the following statements which became effective as of December 31, 2023 are as shown below:

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. The implementation of this statement did not have a material impact on the Authority's financial statements and related disclosures.

Accounting Pronouncements Effective in Future Reporting Periods

Statement No. 101, *Compensated Absences*. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet determine the potential impact of this pronouncement on the Authority's financial statements.

Statement No. 100, *Accounting Changes and Error Corrections- an amendment of GASB Statement No. 62*. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also addresses corrections of errors in previously issued financial statements. The effective date is for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet to determine the potential impact of these pronouncements on the Authority's financial statements.

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

The Authority has evaluated subsequent events occurring after December 31, 2023 through September 23, 2024, which is the date the financial statements were available to be issued. See Note 13 for further information.

NOTE 2: REQUIRED ACCOUNTS AND DEBT SERVICE COVERAGE

The Authority is subject to the provisions and restrictions of the Bond Resolution adopted July 22, 1993 and supplemental resolutions thereto. A summary of the activities of each fund (account) created by the Bond Resolution is covered below.

Debt Service Fund – The balance on deposit must be sufficient to enable the Trustee to withdraw amounts equal to interest due on bonds, principal amounts of bonds maturing and sinking fund installments when such payments are required.

Bond Reserve Fund – The amount of funds on deposit must be maintained at a level equal to the maximum Debt Service to insure funds are available for payment of debt service.

Renewal and Replacement Fund (Capital) – 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.

General Fund – All excess funds of the Authority are recorded in the General Account. If the Authority is not in default in the payment of the principal of, or interest on, or redemption price of bonds and all fund requirements are satisfied, funds in excess of the amounts reasonably required to be reserved for payment of bonds or necessary reconstruction of the system may be withdrawn by the Authority for any lawful purpose.

The Bond Resolution adopted July 22, 1993 and supplemental resolutions thereto require the establishment and funding of certain funds (accounts) as follows:

	<u>Amount Required</u>	<u>Balance at Year End</u>	<u>Excess or (Deficiency)</u>
Debt Resolution Reserves:			
Debt Service Fund	\$ 214,990	\$ 924,757	\$ 709,767
Bond Reserve Fund	\$ 413,556	\$ 413,556	\$ -
Capital Fund (R&R)	\$ 500,000	\$ 500,000	\$ -

NOTE 3: CASH AND CASH EQUIVALENTS

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

	<u>2023</u>	<u>2022</u>
Deposits:		
Demand Deposits	<u>\$1,336,196</u>	<u>\$4,607,331</u>
Total deposits	<u>\$1,336,196</u>	<u>\$4,607,331</u>

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 3: CASH AND CASH EQUIVALENTS (continued)

	<u>2023</u>	<u>2022</u>
Reconciliation to Statements of Net Position:		
Current unrestricted assets:		
Cash and Cash Equivalents	\$1,039,083	\$ 3,348,510
Current restricted assets:		
Cash and Cash Equivalents	<u>297,113</u>	<u>1,258,821</u>
Total deposits	<u>\$1,336,196</u>	<u>\$4,607,331</u>

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 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. If the Authority had any such funds, they would be shown as Uninsured and Uncollateralized in the schedule below. As of December 31, 2023 and 2022, the Authority’s bank balances were insured or exposed to credit risk as follows:

	<u>2023</u>	<u>2022</u>
Insured by FDIC	\$ 500,000	\$ 500,000
Uninsured and Collateralized with securities held by the pledging bank’s trust department	604,644	793,927
Uninsured and Collateralized with securities held by the pledging banks’ trust department but not in the Authority’s name	<u>237,831</u>	<u>3,297,840</u>
Total	<u>\$1,342,475</u>	<u>\$ 4,591,766</u>

NOTE 4: 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 the State of 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.

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 4: INVESTMENTS (continued)

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. The Authority has several certificates of deposits (CD's) that have FDIC insurance. The Authority has FDIC insured investments of \$250,000 and \$250,000 as of December 31, 2023 and 2022, respectively. Additionally, the Authority has several certificates of deposits (CD's) that are covered under GUDPA insurance. The Authority has GUDPA insured investments of \$4,791,200 and \$1,000,000 as of December 31, 2023 and 2022, respectively. All investments are held in the name of the Authority. As of December 31, 2023 and 2022, the Authority had the following investments and maturities:

<u>Investment</u>	<u>Credit Rating</u>	<u>Maturities</u>	<u>Fair Value Hierarchy Level</u>	<u>Fair Value December 31, 2023</u>	<u>Fair Value December 31, 2022</u>
TD Bank CD	NR	Varies	Level II	\$ 250,000	\$ 250,000
		FDIC Insured Investments		<u>\$ 250,000</u>	<u>\$ 250,000</u>
<u>Investment</u>	<u>Credit Rating</u>	<u>Maturities</u>	<u>Fair Value Hierarchy Level</u>	<u>Fair Value December 31, 2023</u>	<u>Fair Value December 31, 2022</u>
TD Bank CD	NR	Varies	Level II	\$ 4,791,200	\$ 1,000,000
		GUDPA Insured Investments		<u>4,791,200</u>	<u>1,000,000</u>
			Total	<u>\$ 5,041,200</u>	<u>\$ 1,250,000</u>

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 investment policy that limits investment maturities as a means of managing its exposure; however, investments are matched with anticipated cash flows to minimize interest rate risk.

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.

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.

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 5: ACCOUNTS RECEIVABLE

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

	<u>2023</u>	<u>2022</u>
Accounts receivable – billed	\$ 439,772	\$ 624,075
Accounts receivable – connection fees	5,443	1,590
Accounts receivable – interest	106,865	13,902
Accounts receivable – NJEIT interest credits*	-	2,350
Accounts receivable – other	<u>40,674</u>	<u>24,172</u>
	<u>\$ 592,754</u>	<u>\$ 666,089</u>

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

*During the year ended December 31, 2014, New Jersey Environmental Infrastructure Trust (NJEIT) granted loans to the Authority in excess of the project costs. The \$10,000 of the excess funding will be de-obligated in the coming years by reducing the principal payments and \$6,750 will be de-obligated by reducing the loan interest payments. As of December 31, 2023 and 2022, the principal and interest credits are \$-0- and \$2,350, respectfully.

NOTE 6: CAPITAL ASSETS, NET

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

	<u>Balance</u> <u>December 31,</u> <u>2022</u>	<u>Additions</u>	<u>Retirements</u> <u>and</u> <u>Transfers</u>	<u>Balance</u> <u>December 31,</u> <u>2023</u>
Capital assets:				
Capital assets not being depreciated:				
Land	\$ 195,351	\$ -	\$ -	\$ 195,351
Construction in progress	<u>607,529</u>	<u>39,244</u>	<u>-</u>	<u>646,773</u>
Total capital assets not being depreciated	<u>802,880</u>	<u>39,244</u>	<u>-</u>	<u>842,124</u>
Capital assets being depreciated:				
Improvements other than building	27,997,697	39,961	-	28,037,658
Machinery and equipment	183,956	-	-	183,956
Furniture and fixtures	52,876	-	(4,394)	48,482
Water plant	4,653,053	-	-	4,653,053
Vehicles	<u>294,039</u>	<u>-</u>	<u>-</u>	<u>294,039</u>
Total capital assets being depreciated	<u>33,181,621</u>	<u>39,961</u>	<u>(4,394)</u>	<u>33,217,188</u>
Total capital assets	<u>33,984,501</u>	<u>79,205</u>	<u>(4,394)</u>	<u>34,059,312</u>
Less: accumulated depreciation:	<u>(15,724,119)</u>	<u>(860,186)</u>	<u>4,394</u>	<u>(16,579,911)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>17,457,502</u>	<u>(820,225)</u>	<u>-</u>	<u>16,637,277</u>
Total capital assets, net	<u>\$ 18,260,382</u>	<u>\$ (780,981)</u>	<u>\$ -</u>	<u>\$ 17,479,401</u>

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 6: CAPITAL ASSETS, NET (continued)

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

	Balance December 31, <u>2021</u>	<u>Additions</u>	Retirements and <u>Transfers</u>	Balance December 31, <u>2022</u>
Capital assets:				
Capital assets not being depreciated:				
Land	\$ 195,351	\$ -	\$ -	\$ 195,351
Construction in progress	498,614	108,915	-	607,529
Total capital assets not being depreciated	<u>693,965</u>	<u>108,915</u>	<u>-</u>	<u>802,880</u>
Capital assets being depreciated:				
Improvements other than building	27,955,727	41,970	-	27,997,697
Machinery and equipment	183,956	-	-	183,956
Furniture and fixtures	52,876	-	-	52,876
Water plant	4,653,053	-	-	4,653,053
Vehicles	331,850	7,198	(45,009)	294,039
Total capital assets being depreciated	<u>33,177,462</u>	<u>49,168</u>	<u>(45,009)</u>	<u>33,181,621</u>
Total capital assets	<u>33,871,427</u>	<u>158,083</u>	<u>(45,009)</u>	<u>33,984,501</u>
Less: accumulated depreciation:	<u>(14,898,737)</u>	<u>(870,391)</u>	<u>45,009</u>	<u>(15,724,119)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>18,278,723</u>	<u>(812,223)</u>	<u>-</u>	<u>17,457,502</u>
Total capital assets, net	<u>\$ 18,972,690</u>	<u>\$ (712,308)</u>	<u>\$ -</u>	<u>\$ 18,260,382</u>

NOTE 7: LONG-TERM LIABILITIES

During the years ended December 31, 2023 and 2022, the following changes occurred in long-term obligations:

	Balance December 31, <u>2022</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2023</u>	Due within <u>One Year</u>
Revenue bonds payable:					
Revenue bonds payable	\$ 5,181,037	\$ -	\$ 239,638	\$ 4,941,399	\$ 245,917
Unamortized bond premium	<u>136,420</u>	<u>-</u>	<u>5,267</u>	<u>131,173</u>	<u>5,248</u>
Revenue bonds payable, net	<u>5,317,457</u>	<u>-</u>	<u>244,885</u>	<u>5,072,572</u>	<u>251,165</u>
Loans payable:					
Loans payable	4,218,359	-	370,921	3,847,232	349,804
Unamortized loans payable	<u>114,557</u>	<u>-</u>	<u>5,002</u>	<u>109,555</u>	<u>4,979</u>
Loans payable, net	<u>4,332,916</u>	<u>-</u>	<u>376,129</u>	<u>3,956,787</u>	<u>354,783</u>
Compensated absences	96,504	14,313	-	110,817	-
Net other postemployment benefits liability	1,367,871	-	51,797	1,316,074	-
Net pension liability	<u>1,066,229</u>	<u>-</u>	<u>39,165</u>	<u>1,027,064</u>	<u>-</u>
Total	<u>\$ 12,180,977</u>	<u>\$ 14,313</u>	<u>\$ 711,976</u>	<u>\$ 11,483,314</u>	<u>\$ 605,948</u>

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 7: LONG-TERM LIABILITIES (continued)

	Balance			Balance	
	December 31,	Accrued/	Retired/	December 31,	Due within
	<u>2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>2022</u>	<u>One Year</u>
Revenue bonds payable:					
Revenue bonds payable	\$ 5,414,399	\$ -	\$ 233,362	\$ 5,181,037	\$ 239,439
Unamortized bond premium	<u>141,668</u>	<u>-</u>	<u>5,248</u>	<u>136,420</u>	<u>5,248</u>
Revenue bonds payable, net	<u>5,556,067</u>	<u>-</u>	<u>238,610</u>	<u>5,317,457</u>	<u>244,867</u>
Loans payable:					
Loans payable	4,586,047	-	367,688	4,218,359	371,128
Unamortized loans payable	<u>120,005</u>	<u>-</u>	<u>5,448</u>	<u>114,557</u>	<u>5,209</u>
Loans payable, net	<u>4,706,052</u>	<u>-</u>	<u>373,136</u>	<u>4,332,916</u>	<u>\$ 376,337</u>
Compensated absences	93,404	3,100	-	96,504	-
Net other postemployment pension liability	1,534,841	-	166,970	1,367,871	-
Net pension liability	<u>769,895</u>	<u>296,334</u>	<u>-</u>	<u>1,066,229</u>	<u>-</u>
Total	<u>\$ 12,660,259</u>	<u>\$ 299,434</u>	<u>\$ 778,716</u>	<u>\$ 12,180,977</u>	<u>\$ 621,204</u>

Net Other Postemployment Benefits Liability and Net Pension Liability

For details on the net other postemployment benefits liability and net pension liability see the Other Postemployment Benefits and Pension Obligations in Note 8 and Note 9, respectively. The Authority's annual required contribution to the Other Postemployment Benefits and Public Employees' Retirement System is budgeted and paid on an annual basis.

Compensated Absences

For the years ended December 31, 2023 and 2022, the Authority accrued compensated absences in the amount of \$110,817 and \$96,504, respectively.

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 7: LONG-TERM LIABILITIES (continued)

Loans Payable

	<u>2023</u>	<u>2022</u>
The 2007A NJEIT Trust fund loans are due in semi-annual principal installments of \$40,953 to \$105,347 through August 1, 2026, at zero percent interest.	\$ 247,378	\$ 351,275
The 2015A-R1 refunding loan is due in annual principal installments of \$86,000 to \$138,000 through August 1, 2027 at 2.28%	514,000	627,000
The 2014A NJEIT Trust loans are due in annual principal installments of \$5,000 to \$15,000 through August 1, 2033, at interest rates ranging from 3.0% to 5.0%.	105,000	115,000
The 2014A NANO NJEIT Trust loans are due in annual principal installments of \$11,409 to \$16,414 through August 1, 2033, at interest rates ranging from 0.2% to 3.35%.	143,960	156,420
The 2014A NANO NJEIT Trust fund loans are due in semi-annual principal installments of \$4,237 to \$8,475 through August 1, 2033, at zero percent interest.	127,119	139,831
The 2014A NJEIT Trust fund loans are due in semi-annual principal installments of \$9,107 to \$18,215 through August 1, 2033, at zero percent interest.	68	27,390
The 2017A NANO NJEIT Trust loans are due in annual principal installments of \$5,000 to \$15,000 through September 1, 2046, at interest rates ranging from 3.0% to 5.0%.	220,000	225,000
The 2017A NANO NJEIT Trust fund loans are due in semi-annual principal installments of \$2,809 to \$5,618 through August 1, 2046, at zero percent interest.	193,820	202,247
The 2017A NJEIT Trust loans are due in annual principal installments of \$5,000 to \$10,000 through September 1, 2046, at interest rates ranging from 3.0% to 5.0%.	175,000	180,000

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
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Notes to Financial Statements (continued)

NOTE 7: LONG-TERM LIABILITIES (continued)

Loans Payable (continued)

The 2017A NJEIT Trust fund loans are due in semi-annual principal installments of \$6,756 to \$13,512 through August 1, 2046, at zero percent interest.	466,168	486,436
The 2018A NANO NJEIT Trust fund loans are due in semi-annual principal installments of \$1,766 to \$3,533 through August 1, 2042, at zero percent interest	100,688	105,987
The 2018A NANO NJEIT Trust loans are due in semi-annual principal installments of \$5,000 to \$10,000 through August 1, 2042, at interest rates ranging from 3.0% to 5.0%.	105,000	110,000
The 2021A NJEIT Trust loans are due in semi-annual principal installments of \$900 to \$1,800 through August 1, 2049, at zero percent interest.	74,031	76,773
The 2021A NJEIT Trust loans are due in semi-annual principal installments of \$5,000 to \$10,000 through August 1, 2042, at interest rates ranging from 3.0% to 5.0%.	<u>1,375,000</u>	<u>1,415,000</u>
Subtotal	<u>3,847,232</u>	<u>4,218,359</u>
Less: current portion including current portion of unamortized bond premium	(354,783)	(376,337)
Add: total unamortized bond premium	<u>109,555</u>	<u>114,557</u>
Loans payable – long-term portion	<u>\$ 3,602,004</u>	<u>\$ 3,956,579</u>

NJEIT Trust Series 2007A, 2014A, 2015A-R1, 2017A, 2018A, and 2021A Loans Payable

On November 8, 2007, the Authority borrowed \$3,910,813 through the New Jersey Environmental Infrastructure Trust. The “Fund” (Federal Funds) portion of the 2007A Issue, \$1,865,813, was issued with no interest rate. The loans mature semi-annually from August 1, 2008 through August 1, 2026 at maturities ranging from \$40,953 to \$105,347.

The “Trust” (State Funds) portion of the 2007A Issue, \$2,045,000, mature annually from August 1, 2008 through 2027 at annual maturities ranging from \$113,000 to \$138,000 and bear interest at rates ranging from 4.00% to 5.00%. The trust portion of the 2007 issue was refunded during the year ended December 31, 2015 to the 2015A-R1 refunding loan.

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
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Notes to Financial Statements (continued)

NOTE 7: LONG-TERM LIABILITIES (continued)

NJEIT Trust Series 2007A, 2014A, 2015A-R1, 2017A, 2018A, and 2021A Loans Payable (continued)

On May 22, 2014, the Authority borrowed \$1,680,007 through the New Jersey Environmental Infrastructure Trust. The “Fund” (Federal Funds) portion of the 2014A Issue, \$510,007, was issued with no interest rate. The “Fund” (Federal Funds) portion of the 2014A NANO Issue, \$250,000, was issued with no interest rate. The principal forgiveness portion of the 2014A NANO Issue, \$500,000 was issued with no interest rate. The entire \$500,000 was recognized as NJEIT debt forgiveness revenue as of December 31, 2014 since revenue is realized in the year allowable costs have been approved. The remaining loans mature semi-annually from August 1, 2014 through August 1, 2033 at maturities ranging from \$4,237 to \$18,215.

The “Trust” (State Funds) portion of the 2014A Issue, \$170,000, mature annually from August 1, 2014 through 2033 at annual maturities ranging from \$5,000 to \$15,000 and bear interest at rates ranging from 3.00% to 5.00%. The “Trust” (State Funds) portion of the 2014A NANO Issue, \$250,000, mature annually from August 1, 2014 through 2033 at annual maturities ranging from \$10,800 to \$15,488 and bear interest at rates ranging from 0.2% to 3.35%.

In 2015, the 2007A “Trust” loans were refunded to the 2015A-R1 Issue, \$1,306,000, mature annually from August 1, 2016 through 2027 at annual maturities ranging from \$86,000 to \$138,000 and bear interest rates ranging from 2.28% to 3.32%.

On November 10, 2015, the Authority issued Series 2015A-R1 NJEIT Refunding Bonds in the amount of \$1,306,000. The proceeds of this issuance were utilized to refund the 2007 NJEIT trust loan outstanding. The Refunding Bonds issued resulted in a net gain on refunding of \$160,000 in the current year and the refunding is expected to produce a net savings of approximately \$197,046 over the life of the new bond series. The \$160,000 gain on refunding is recognized as a deferred inflow of resources and will be amortized over the life of the loan.

On May 25, 2017, the Authority borrowed \$1,806,289 through the New Jersey Environmental Infrastructure Trust. The “Fund” portion of the 2017A Issue, \$601,289, was issued with no interest rate. The “Fund” portion of the 2017A NANO Issue, \$250,000, was issued with no interest rate. The principal forgiveness portion of the 2017A NANO Issue, \$500,000 was issued with no interest rate.

The entire \$500,000 was recognized as NJEIT debt forgiveness revenue as of December 31, 2017 since revenue is realized in the year allowable costs have been approved. The remaining “Trust” portions of the 2017A and 2017A Nano Issue, \$455,000 mature semi-annually from September 1, 2018 through September 1, 2046 at maturities ranging from \$5,000 to \$15,000.

On May 22, 2018, the Authority borrowed \$522,151 through the New Jersey Environmental Infrastructure Trust. The “Fund” Portion of the 2018A Issue, \$392,151, was issued with no interest rate. The principal forgiveness portion of the 2018A “Fund,” \$261,434 was recognized issued with no interest rate. The entire \$261,464 was recognized as NJEIT debt forgiveness revenue as of December 31, 2018 since revenue is realized in the year allowable costs have been approved. The remaining “Trust” Portion of the 2018A Issue, \$130,000 mature annually from August 1, 2018 through August 1, 2042, at maturities ranging from \$5,000 to \$15,000.

On June 10, 2021, the Authority issued Revenue Bonds, Series 2021 A-1 trust loan and fund loan to the New Jersey Infrastructure Bank, in the amount of \$1,455,000 and \$81,343, respectively. The amounts deposited with the trustee include \$117,505 of a bond premium. Interest rates range from 5.00% to 2.00% for the trust loan bonds and 0% for the fund loan bonds. The trust loan and fund loan bonds mature on August 1, 2050 at maturities ranging from \$2,739 to \$60,000. The bonds were issued for the construction of Well No. 4, Phase II.

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
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Notes to Financial Statements (continued)

NOTE 7: LONG-TERM LIABILITIES (continued)

NJEIT Series 2007A, 2014A, 2015A-R1, 2017A, 2018A, and 2021A Loans Payable (continued)

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

Fiscal Year(s) Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 349,804	\$ 90,622	\$ 440,426
2025	354,335	81,128	435,463
2026	301,743	71,560	373,303
2027	271,143	44,358	315,501
2028	133,526	34,246	315,501
Thereafter	<u>2,436,681</u>	<u>265,841</u>	<u>2,870,295</u>
Total	<u>\$ 3,847,232</u>	<u>\$ 587,755</u>	<u>\$ 4,750,489</u>

Revenue Bonds Payable

Revenue bonds payable at December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
\$1,685,000 Water Revenue Bonds (Series 2003) are due in semi-annual installments of \$38,031 including interest through May 1, 2043, at an interest rate of 3.25%	\$ 1,091,399	\$ 1,131,037
\$6,020,000 Water Revenue Refunding Bonds (Series 2012) are due in semi-annual installments of \$38,031 including interest through November 1, 2048, at interest rates of 2.0% to 4.0%.	<u>3,850,000</u>	<u>4,050,000</u>
Subtotal	4,941,399	5,181,037
Less: current portion including current portion of unamortized bond premium	(251,165)	(244,867)
Add: total unamortized bond premium	<u>131,173</u>	<u>136,420</u>
Loans payable – long-term portion	<u>\$ 4,821,407</u>	<u>\$ 5,072,590</u>

Revenue bonds outstanding as of December 31, 2023 are shown as followed:

Fiscal Year(s) Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 245,917	\$ 163,439	\$ 409,356
2025	257,258	155,948	413,206
2026	263,642	148,113	411,755
2027	270,072	140,083	410,155
2028	281,549	131,857	413,406
Thereafter	<u>3,622,961</u>	<u>858,067</u>	<u>4,481,028</u>
Total	<u>\$ 4,941,399</u>	<u>\$ 1,597,507</u>	<u>\$ 6,538,906</u>

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 7: LONG-TERM LIABILITIES (continued)

Revenue Bonds Payable (continued)

On December 11, 2012, the Authority refunded debt with an issuance of \$6,020,000. Series 1995A, Series 1995B, Series 1999, Series 2000, Series 2009A and Series 2009B were refunded. Series 1993 was advanced refunded as well with redemption in January of 2013. The refunding will produce a net savings of approximately \$1,548,000 for the Authority over the life of the new bond series.

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

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

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

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

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.

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (continued)

Basis of Presentation

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

Allocation Methodology

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

Net OPEB Liability

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

Total OPEB Liability	\$ 14,889,576,786
Plan's fiduciary net position	<u>(116,962,691)</u>
Net OPEB Liability	<u>\$ 15,006,539,477</u>

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

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
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Notes to Financial Statements (continued)

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (continued)

Net OPEB Liability (continued)

Salary Increases*:

Public Employees' Retirement System (PERS):

Rate for all future years 2.75% to 6.55%

Mortality Rate Table:

PERS:

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

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

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

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

OPEB Obligation and OPEB (Benefit) Expense

The Authority's proportionate share of the total Other Post-Employment Benefits Obligations was \$1,316,074. The OPEB Obligation was measured as of June 30, 2023, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The State's proportionate share of the OPEB Obligation associated with the Authority was based on projection of the State's long-term contributions to the OPEB plan associated with the Authority relative to the projected contributions by the State associated with all participating entities, actuarially determined. At June 30, 2023, the State proportionate share of the OPEB Obligation attributable to the Authority was 0.00877%, which was an increase of 0.0003% from its proportion measured as of June 30, 2022. For the fiscal year ended June 30, 2023, the State of New Jersey recognized an OPEB (benefit) expense in the amount of (\$32,030) for the State's proportionate share of the OPEB (benefit) expense attributable to the Authority. This OPEB (benefit) expense was based on the OPEB plans June 30, 2023 measurement date.

Health Care Trend Assumptions

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

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
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Notes to Financial Statements (continued)

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (continued)

Discount Rate

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

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

	At 1 % Decrease <u>(2.65%)</u>	At Discount <u>Rate (3.65%)</u>	At 1% Increase <u>(4.65%)</u>
State of New Jersey's proportionate share of total OPEB obligation associated with the Authority	\$ 1,524,433	\$ 1,316,074	\$ 1,148,481
State of New Jersey's total nonemployer OPEB Liability	\$ 17,382,355,978	\$ 15,006,539,477	\$ 13,095,561,533

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

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

	<u>1 % Decrease</u>	Healthcare Cost <u>Trend Rate</u>	<u>1% Increase</u>
State of New Jersey's proportionate share of total OPEB obligation associated with the Authority	\$ 1,118,508	\$ 1,316,074	\$ 1,569,018
State of New Jersey's total nonemployer OPEB Liability	\$ 12,753,792,805	\$ 15,006,539,477	\$ 17,890,743,651

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (continued)

Additional Information

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

Balances at December 31, 2023 and December 31, 2022

	<u>12/31/2023</u>	<u>12/31/2022</u>
	June 30, 2023	June 30, 2022
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 1,257,825	\$ 1,469,101
Deferred Inflows of Resources	1,436,832	1,671,051
Net OPEB Liability	1,316,074	1,367,871
Authority's portion of the plan's total OPEB Liability	0.00877%	0.00847%

OPEB Deferred Outflows/Inflows of Resources

At December 31, 2023, the Authority's proportionate share of the OPEB outflows and inflows, calculated by the plan as of the June 30, 2023 measurement date is \$1,257,825 and \$1,436,832, respectively. At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 60,691	\$ 357,403
Changes of assumptions	170,481	372,012
Net difference between projected and actual earnings on OPEB plan investments	-	217
Changes in proportion and differences between the Authority's contributions and proportion share of contributions	<u>1,026,653</u>	<u>707,200</u>
	<u>\$ 1,257,825</u>	<u>\$ 1,436,832</u>

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

Fiscal Year(s) Ending	Amount
December 31,	
2023	\$ (103,672)
2024	(76,656)
2025	(20,522)
2026	14,623
2027	(16,964)
Thereafter	<u>24,184</u>
Total	<u>\$ (179,007)</u>

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (continued)

Changes in Proportion

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

Plan Membership

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

Active plan members	65,613
Retirees current receiving benefits	<u>34,771</u>
Total plan members	<u>100,384</u>

Changes in the Total OPEB Liability

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

Service costs	\$ 597,135,801
Interest on the total OPEB Liability	581,375,849
Change of benefit terms	23,039,435
Differences between expected and actual experience	(2,123,324,632)
Changes of assumptions	255,103,873
Contributions from the employer	(431,386,179)
Contributions from nonemployer contributing entities	(55,614,980)
Net investment income	(2,001,914)
Administrative expenses	<u>12,616,746</u>
Net change in total OPEB Liability	(1,143,056,001)
Total OPEB Liability (beginning)	<u>16,149,595,478</u>
Total OPEB Liability (ending)	<u>\$ 15,006,539,477</u>

NOTE 9: PENSION OBLIGATIONS

Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about PERS, please refer to Division's Annual Comprehensive Financial Report ("ACFR"), which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>. The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 9: PENSION OBLIGATIONS

Public Employees' Retirement System (PERS) (continued)

Plan Description (continued)

The following represents the membership tiers for PERS:

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

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

Basis of Presentation

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

Contributions

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

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 9: PENSION OBLIGATIONS

Public Employees' Retirement System (PERS) (continued)

Contributions (continued)

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2023, the Authority's contractually required contribution to PERS plan was \$94,771.

Components of Net Pension Liability

At December 31, 2023, the Authority's proportionate share of the PERS net pension liability was \$1,027,064. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The Authority's proportion of the net pension liability was based on the Authority's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022. The Authority's proportion measured as of June 30, 2023, was 0.00709% which was an increase of 0.00002% from its proportion measured as of June 30, 2022.

Components of Net Pension Liability

Balances at December 31, 2023 and December 31, 2022

	<u>12/31/2023</u>	<u>12/31/2022</u>
Actuarial valuation date (including roll forward)	June 30, 2023	June 30, 2022
Deferred Outflows of Resources	\$ 156,092	\$ 268,513
Deferred Inflows of Resources	95,241	220,068
Net Pension Liability	1,027,064	1,066,229
Authority's portion of the plan's total Net Pension Liability	0.00709%	0.00707%

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 9: PENSION OBLIGATIONS (continued)

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

At December 31, 2023, the Authority's proportionate share of the PERS expense (benefit), calculated by the plan as of the June 30, 2023 measurement date is \$43,200. At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,820	\$ 4,198
Changes of Assumptions	2,256	62,244
Net difference between projected and actual earnings on pension plan investments	4,730	-
Changes in proportion and differences between the Authority's contributions and proportion share of contributions	<u>139,286</u>	<u>28,799</u>
	<u>\$ 156,092</u>	<u>\$ 95,241</u>

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

Fiscal Year(s) Ending December 31,	<u>Amount</u>
2023	\$ (32,128)
2024	(8,169)
2025	64,392
2026	14,528
2027	<u>22,228</u>
Total	<u>\$ 60,851</u>

Special Funding Situation

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

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 9: PENSION OBLIGATIONS (continued)

Special Funding Situation (continued)

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

Additionally, the State has no proportionate share of the PERS net pension liability attributable to the Authority as of December 31, 2023. At December 31, 2023, the State's proportionate share of the PERS expense, associated with the Authority, calculated by the plan as of the June 30, 2023 measurement date was \$3,203.

Actuarial Assumptions

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

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases:	
	2.00% - 6.55%
	Based on Years of Service
Investment Rate of Return	7.00%

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

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

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 9: PENSION OBLIGATIONS (continued)

Long-Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
	<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 will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 9: PENSION OBLIGATIONS (continued)

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

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

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

	1 % Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Authority’s proportionate share of the Net Pension Liability	<u>\$ 1,348,291</u>	<u>\$ 1,027,064</u>	<u>\$ 769,686</u>

NOTE 10: RISK MANAGEMENT

The Authority is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Authority is a member of the New Jersey Utilities Authorities Joint Insurance Fund (JIF). The joint insurance pool is both an insured and self-administered group of 80 authorities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The JIF will be self-sustaining through member premiums. The JIF participates in the Municipal Excess Liability Insurance program which has a contract for excess insurance. There were no settlements in excess of insurance coverage for 2014-2023.

NOTE 11: DONATED PROPERTY

In 2023, one property owner constructed and donated water mains to the Authority. The total value of the dedicated water mains is \$2,114. Ownership was assumed, recorded and acceptance of the maintenance bond was authorized at the completion of each project.

In 2022, two property owners constructed and donated water mains to the Authority. The total value of the dedicated water mains is \$6,648. Ownership was assumed, recorded and acceptance of the maintenance bond was authorized at the completion of each project.

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

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 12 : LEASE RECEIVABLE

On April 15, 2019, the Authority entered into an agreement with a tenant. Under the lease, the tenant will pay monthly rates varying from \$3,500 to \$7,115 until April 2044 in exchange for operating its cell phone communication antenna above the Authorities water tower. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.25%, which is an implied rate.

As of December 31, 2023 and 2022, the Authority recognized \$43,297 and \$43,297 of lease revenue and \$30,731 and \$31,220 of interest revenue under the lease, respectively.

On April 15, 2019, the Authority entered into an agreement with a tenant. Under the lease, the tenant will pay monthly rates varying from \$3,500 to \$7,215 until April 2044 in exchange for operating its cell phone communication antenna above the Authorities water tower. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.25%, which is an implied rate.

As of December 31, 2023 and 2022, the Authority recognized \$44,140 and \$44,140 of lease revenue and \$31,321 and \$31,829 of interest revenue under the lease, respectively.

On April 24, 2009, the Authority entered into an agreement with a tenant. Under the lease, the tenant will pay monthly rates varying from \$2,750 to \$4,763 until September 2024 in exchange for operating its cell phone communication antenna above the Authorities water tower. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.25%, which is an implied rate.

As of December 31, 2023 and 2022, the Authority recognized \$52,669 and \$52,669 of lease revenue and \$2,322 and \$3,983 of interest revenue under the lease, respectively.

On July 12, 2001, the Authority entered into an agreement with a tenant. Under the lease, the tenant will pay monthly rates varying from \$1,833 to \$4,034 until July 2026 in exchange for operating its cell phone communication antenna above the Authorities water tower. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.25%, which is an implied rate.

As of December 31, 2023 and 2022, the Authority recognized \$41,520 and \$41,520 of lease revenue and \$4,515 and \$5,768 of interest revenue under the lease, respectively.

On November 27, 2013, the Authority entered into an agreement with a tenant. Under the lease, the tenant will pay monthly rates varying from \$3,171 to \$5,741 until November 2028 in exchange for operating its cell phone communication antenna above the Authorities water tower. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.25%, which is an implied rate.

As of December 31, 2023 and 2022, the Authority recognized \$54,487 and \$54,487 of lease revenue and \$10,224 and \$11,644 of interest revenue under the lease, respectively.

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 12 : LEASE RECEIVABLE (continued)

On October 1, 2022 the Authority entered into an agreement with a tenant. Under the lease, the tenant will pay monthly rates varying from \$3,800 to \$7,725 until September 2047 in exchange for operating its cell phone communication antenna above the Authorities water tower. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 5.73%, which is an implied rate.

As of December 31, 2023 and 2022, the Authority recognized \$32,380 and \$8,095 of lease revenue and \$46,416 and \$11,597 of interest revenue under the lease, respectively.

On June 27, 2022, the Authority entered into an agreement with a tenant. Under the lease, the tenant will pay monthly rates varying from \$3,667 to \$7,454 until June 2047 in exchange for operating its cell phone communication antenna above the Authorities water tower. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 4.85%, which is an implied rate.

As of December 31, 2023 and 2022, the Authority recognized \$34,507 and \$17,254 of lease revenue and \$41,730 and \$20,909 of interest revenue under the lease, respectively.

On December 5, 2023, the Authority entered into an agreement with a tenant. Under the lease, the tenant will pay monthly rates varying from \$3,750 to \$7,623 until November 2048 in exchange for operating its cell phone communication antenna above the Authorities water tower. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 8.50%, which is an implied rate.

As of December 31, 2023, the Authority has not recognized any lease revenue or interest revenue due to the lessee not being able to install their antennas due to the Authority on going rehabilitation and restoration project on the water tower. Once the antennas are installed the agreement will commence and lease revenue and interest revenue will be recognized.

NOTE 13 : SUBSEQUENT EVENT

In April 2024, the Authority entered into a short-term construction debt agreement with the New Jersey Infrastructure Bank in the amount of \$1,516,263. The purpose of the loan is to rehabilitate and repaint the 1.0 million gallon Northen Boulevard Water Storage Tank.

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

	Measurement Date Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability	0.00709%	0.00707%	0.00650%	0.00576%	0.00633%	0.00585%	0.00569%	0.00550%	0.00555%	0.00545%
Authority's proportionate share of the net pension liability	\$ 1,027,064	\$ 1,066,229	\$ 769,895	\$ 940,103	\$ 1,141,269	\$ 1,151,943	\$ 1,325,527	\$ 1,629,302	\$ 1,245,391	\$ 1,020,389
Authority's covered-employee payroll	\$ 513,034	\$ 518,710	\$ 476,935	\$ 454,020	\$ 450,671	\$ 409,809	\$ 393,181	\$ 379,990	\$ 368,749	\$ 377,777
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	200.19%	205.55%	161.43%	207.06%	253.24%	281.09%	337.13%	428.77%	337.73%	270.10%
Plan fiduciary net position as a percentage of the total pension liability	62.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

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

	For the Year Ended, December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's contractually required contribution	\$ 94,771	\$ 89,095	\$ 76,110	\$ 63,065	\$ 61,610	\$ 58,194	\$ 52,751	\$ 48,872	\$ 47,697	\$ 44,929
Contributions in relation to the contractually required contribution	(94,771)	(89,095)	(76,110)	(63,065)	(61,610)	(58,194)	(52,751)	(48,872)	(47,697)	(44,929)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 513,034	\$ 511,012	\$ 518,710	\$ 476,935	\$ 454,020	\$ 450,671	\$ 409,809	\$ 393,181	\$ 379,990	\$ 368,749
Contributions as a percentage of covered payroll	18.47%	17.44%	14.67%	13.22%	13.57%	12.91%	12.87%	12.43%	12.55%	12.18%

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

	Measurement Date Ended June 30,							
	2023	2022	2021	2020	2019	2018	2017	2016
Authority's proportion of the other postemployment benefit liability (asset)	0.00877%	0.00847%	0.00853%	0.00768%	0.00715%	0.00773%	0.00763%	0.00843%
Authority's proportionate share of the net other postemployment benefit liability (asset)	\$ 1,316,074	\$ 1,367,871	\$ 1,534,841	\$ 1,377,941	\$ 969,086	\$ 1,210,246	\$ 1,556,704	\$ 1,829,914
Authority's covered-employee payroll	\$ 513,034	\$ 518,710	\$ 476,935	\$ 454,020	\$ 450,671	\$ 409,809	\$ 393,181	\$ 379,990
Authority's proportionate share of the net other postemployment benefit liability (asset) as a percentage of its covered-employee payroll	256.53%	263.71%	321.81%	303.50%	215.03%	295.32%	395.93%	481.57%
Plan fiduciary net position as a percentage of the total other postemployment benefit liability	-0.79%	-0.36%	0.28%	0.91%	1.98%	1.97%	1.03%	0.69%

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

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Notes to the Required Supplementary Information

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

None.

Changes of 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>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2023	7.00%	2020	7.00%	2017	5.00%	2014	5.39%
2022	7.00%	2019	6.28%	2016	3.98%		
2021	7.00%	2018	5.66%	2015	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>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2023	7.00%	2020	7.00%	2017	7.00%	2014	7.90%
2022	7.00%	2019	7.00%	2016	7.65%		
2021	7.00%	2018	7.00%	2015	7.90%		

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

Other Post-Employment Benefits (OPEB)

Changes in Benefits

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

Differences Between Expected and Actual Experiences

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

Changes of Assumptions

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

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

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

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Schedules of Revenues and Expenses - Budget to Actual
For the years ended December 31, 2023 and 2022

	For the year ended December 31, 2023				For the year ended December 31, 2022			
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
REVENUES:								
User Charges and Fees	\$ 1,865,000	\$ 1,865,000	\$ 1,989,256	\$ 124,256	\$ 1,840,000	\$ 1,840,000	\$ 1,984,148	\$ 144,148
Interest and Penalties on User Fees	10,000	10,000	29,781	19,781	10,000	10,000	41,987	31,987
Connection Fees	20,000	20,000	99,905	79,905	20,200	20,200	25,475	5,275
Interest Earned on Connection Fees	-	-	40	40	-	-	40	40
Interest Income	35,000	35,000	214,338	179,338	40,000	40,000	39,983	(17)
Water Tower Rental	270,000	270,000	262,934	(7,066)	254,000	254,000	263,889	9,889
Other Revenue	-	-	5,504	5,504	-	-	10,889	10,889
Total Revenues	2,200,000	2,200,000	2,601,758	401,758	2,164,200	2,164,200	2,366,411	202,211
EXPENSES:								
Operating Appropriations:								
Cost of Providing Services:								
Salaries and Wages	430,000	430,000	324,718	105,282	398,000	398,000	315,820	82,180
Payroll Taxes and Fringe Benefits	194,000	194,000	132,763	61,237	168,800	157,800	125,598	32,202
Utilities and Natural Gas	75,000	96,000	95,548	452	75,000	85,000	84,802	198
Plant and System Expense	133,000	133,000	102,432	30,568	143,000	133,000	86,356	46,644
Permits and Fees	19,000	19,000	16,070	2,930	19,000	19,000	15,155	3,845
Uniforms	4,000	4,000	3,867	133	4,000	4,000	3,455	545
Vehicle Expense	17,000	17,000	1,331	15,669	17,000	17,000	4,116	12,884
Insurance	31,000	34,000	33,592	408	26,000	28,500	29,284	(784)
Total Cost of Providing Services	903,000	927,000	710,321	216,679	850,800	842,300	664,586	171,714
Administrative Expenses:								
Salaries and Wages	320,000	320,000	305,638	14,362	307,000	307,000	300,520	6,480
Payroll Taxes and Fringe Benefits	150,000	150,000	124,962	25,038	132,200	143,200	132,498	10,702
Legal Expense	35,000	43,200	43,149	51	35,000	35,000	31,214	3,786
Audit and Consulting	42,000	37,800	36,825	975	42,000	39,500	36,050	3,450
Advertising and Printing	2,500	2,500	1,322	1,178	2,500	2,500	1,431	1,069
Office Expenses and Supplies	71,000	71,000	62,014	8,986	65,000	65,000	59,067	5,933
Trustee Fees	24,000	20,000	19,350	650	22,000	22,000	14,850	7,150
Engineering Fees	200,000	179,000	20,259	158,741	200,000	200,000	41,596	158,404
Postage	9,000	9,000	7,680	1,320	9,000	9,000	6,043	2,957
Telephone	10,000	7,000	5,533	1,467	12,500	12,500	7,265	5,235
Total Administrative Expenses	863,500	839,500	626,732	212,768	827,200	835,700	630,534	205,166
Total Operating Appropriations	1,766,500	1,766,500	1,337,053	429,447	1,678,000	1,678,000	1,295,120	382,880
Interest Expense	250,505	250,505	248,115	2,390	265,791	265,791	265,786	5
OTHER COSTS FUNDED BY REVENUES:								
Principal Maturity	610,750	610,750	610,765	(15)	601,052	601,052	611,746	(10,694)
Operations and Maintenance Reserve	100,000	100,000	-	100,000	100,000	100,000	-	100,000
Capital Outlay	20,000	20,000	20,000	-	20,000	20,000	20,000	-
Total Other Costs Funded by Revenues	730,750	730,750	630,765	99,985	721,052	721,052	631,746	89,306
Total expenses	2,747,755	2,747,755	2,215,933	531,822	2,664,843	2,664,843	2,192,652	472,191
Budgetary Revenues over Expense	(547,755)	(547,755)	385,825	933,580	(500,643)	(500,643)	173,759	674,402

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Schedules of Revenues and Expenses - Budget to Actual (continued)
For the years ended December 31, 2023 and 2022

	2023	2022
	<u>Actual</u>	<u>Actual</u>
Reconciliation of Budgetary Basis to Net Income:		
Budgetary Revenues Over Expenses	\$ 385,825	\$ 173,759
Adjustments to Budgetary Basis:		
Depreciation Expense	(860,186)	(870,389)
Adjustment for Interest Accrual	4,063	4,879
Pension Liability Benefit/(Expense) - GASB 68	51,571	107,601
OPEB Liability Benefit/(Expense) - GASB 75	74,740	20,658
Principal Maturity	610,765	611,746
Capital Outlay Expenditures	20,000	20,000
Interest Income from leasing arrangements	167,259	116,951
Amortization of Bond Premiums	25,336	24,830
Donated capital	2,114	6,648
Total Adjustments	95,662	42,924
Net Income	<u>\$ 481,487</u>	<u>\$ 216,683</u>

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

Fiscal Year Ending December 31,	2003 Bonds		
	Principal	Interest	Total
2024	\$ 40,917	\$ 35,145	\$ 76,062
2025	42,258	33,804	76,062
2026	43,642	32,420	76,062
2027	45,072	30,990	76,062
2028	46,549	29,513	76,062
2029	48,074	27,988	76,062
2030	49,649	26,413	76,062
2031	51,276	24,786	76,062
2032	52,956	23,106	76,062
2033	54,691	21,371	76,062
2034	56,483	19,579	76,062
2035	58,334	17,728	76,062
2036	60,245	15,817	76,062
2037	62,219	13,843	76,062
2038	64,257	11,805	76,062
2039	66,363	9,699	76,062
2040	68,537	7,525	76,062
2041	70,782	5,280	76,062
2042	73,102	2,961	76,063
2043	36,012	587	36,599
Total	<u>\$ 1,091,418</u>	<u>\$ 390,360</u>	<u>\$ 1,481,778</u>

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Schedule of Bond Service Requirements by Years (continued)
December 31, 2023

Fiscal Year Ending December 31,	2012 Bonds		
	Principal	Interest	Total
2024	\$ 205,000	\$ 128,294	\$ 333,294
2025	215,000	122,144	337,144
2026	220,000	115,694	335,694
2027	225,000	109,094	334,094
2028	235,000	102,344	337,344
2029	240,000	95,294	335,294
2030	245,000	88,094	333,094
2031	255,000	78,294	333,294
2032	265,000	68,094	333,094
2033	280,000	57,494	337,494
2034	290,000	46,294	336,294
2035	215,000	37,594	252,594
2036	145,000	31,144	176,144
2037	150,000	26,612	176,612
2038	155,000	21,925	176,925
2039	125,000	16,887	141,887
2040	95,000	12,825	107,825
2041	20,000	9,737	29,737
2042	20,000	9,087	29,087
2043	40,000	8,437	48,437
2044	40,000	7,087	47,087
2045	40,000	5,737	45,737
2046	40,000	4,387	44,387
2047	45,000	3,037	48,037
2048	45,000	1,519	46,519
Total	\$ 3,850,000	\$ 1,207,149	\$ 5,057,149

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

Fiscal Year Ending December 31,	NJEIT 2007A Loans Payable		
	Principal	Interest	Total
2024	\$ 103,559	\$ -	\$ 103,559
2025	102,865	-	102,865
2026	40,954	-	40,954
Total	\$ 247,378	\$ -	\$ 247,378

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

Fiscal Year Ending December 31,	NJEIT 2015-A-R1 Loans Payable		
	Principal	Interest	Total
2024	\$ 119,000	\$ 25,700	\$ 144,700
2025	124,000	19,750	143,750
2026	133,000	13,550	146,550
2027	138,000	6,900	144,900
Total	\$ 514,000	\$ 65,900	\$ 579,900

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

Fiscal Year Ending December 31,	NJEIT 2014A Loans Payable - Trust		
	Principal	Interest	Total
2024	\$ 10,000	\$ 3,400	\$ 13,400
2025	10,000	2,900	12,900
2026	10,000	2,600	12,600
2027	10,000	2,300	12,300
2028	10,000	2,000	12,000
2029	10,000	1,700	11,700
2030	10,000	1,400	11,400
2031	10,000	1,100	11,100
2032	10,000	800	10,800
2033	15,000	488	15,488
Total	\$ 105,000	\$ 18,688	\$ 123,688

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

Fiscal Year Ending December 31,	NJEIT 2014A Loans Payable - Fund		
	Principal	Interest	Total
2024	\$ 68	\$ -	\$ 68
Total	\$ 68	\$ -	\$ 68

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

Fiscal Year Ending December 31,	NJEIT 2014A NANO Loans Payable - Trust		
	Principal	Interest	Total
2024	\$ 12,729	\$ 4,228	\$ 16,957
2025	13,022	3,935	16,957
2026	13,341	3,616	16,957
2027	13,695	3,263	16,958
2028	14,078	2,879	16,957
2029	14,486	2,471	16,957
2030	14,928	2,029	16,957
2031	15,391	1,566	16,957
2032	15,883	1,074	16,957
2033	16,407	550	16,957
Total	\$ 143,960	\$ 25,611	\$ 169,571

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

NJEIT 2014A NANO Loans Payable - Fund						
Fiscal Year Ending December 31,	Principal		Interest		Total	
2024	\$	12,712	\$	-	\$	12,712
2025		12,712		-		12,712
2026		12,712		-		12,712
2027		12,712		-		12,712
2028		12,712		-		12,712
2029		12,712		-		12,712
2030		12,712		-		12,712
2031		12,712		-		12,712
2032		12,712		-		12,712
2033		12,711		-		12,711
Total	\$	127,119	\$	-	\$	127,119

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

Fiscal Year Ending December 31,	NJEIT 2017A NANO Loans Payable - Trust		
	Principal	Interest	Total
2024	\$ 5,000	\$ 7,425	\$ 12,425
2025	5,000	7,175	12,175
2026	5,000	6,925	11,925
2027	5,000	6,775	11,775
2028	5,000	6,625	11,625
2029	10,000	6,475	16,475
2030	10,000	6,175	16,175
2031	10,000	5,875	15,875
2032	10,000	5,575	15,575
2033	10,000	5,275	15,275
2034	10,000	4,963	14,963
2035	10,000	4,638	14,638
2036	10,000	4,313	14,313
2037	10,000	3,975	13,975
2038	10,000	3,638	13,638
2039	10,000	3,300	13,300
2040	10,000	2,963	12,963
2041	10,000	2,625	12,625
2042	10,000	2,275	12,275
2043	10,000	1,925	11,925
2044	15,000	1,575	16,575
2045	15,000	1,050	16,050
2046	15,000	525	15,525
Total	\$ 220,000	\$ 102,063	\$ 322,063

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

Fiscal Year Ending December 31,	NJEIT 2017A NANO Loans Payable - Fund		
	Principal	Interest	Total
2024	\$ 8,427	\$ -	\$ 8,427
2025	8,427	-	8,427
2026	8,427	-	8,427
2027	8,427	-	8,427
2028	8,427	-	8,427
2029	8,427	-	8,427
2030	8,427	-	8,427
2031	8,427	-	8,427
2032	8,427	-	8,427
2033	8,427	-	8,427
2034	8,427	-	8,427
2035	8,427	-	8,427
2036	8,427	-	8,427
2037	8,427	-	8,427
2038	8,427	-	8,427
2039	8,427	-	8,427
2040	8,427	-	8,427
2041	8,427	-	8,427
2042	8,427	-	8,427
2043	8,427	-	8,427
2044	8,427	-	8,427
2045	8,427	-	8,427
2046	8,426	-	8,426
Total	\$ 193,820	\$ -	\$ 193,820

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

Fiscal Year Ending December 31,	NJEIT 2017A-1 Loans Payable - Trust		
	Principal	Interest	Total
2024	\$ 5,000	\$ 5,981	\$ 10,981
2025	5,000	5,731	10,731
2026	5,000	5,481	10,481
2027	5,000	5,331	10,331
2028	5,000	5,181	10,181
2029	5,000	5,031	10,031
2030	5,000	4,881	9,881
2031	5,000	4,731	9,731
2032	5,000	4,581	9,581
2033	5,000	4,431	9,431
2034	5,000	4,275	9,275
2035	10,000	4,113	14,113
2036	10,000	3,787	13,787
2037	10,000	3,450	13,450
2038	10,000	3,113	13,113
2039	10,000	2,775	12,775
2040	10,000	2,438	12,438
2041	10,000	2,100	12,100
2042	10,000	1,750	11,750
2043	10,000	1,400	11,400
2044	10,000	1,050	11,050
2045	10,000	700	10,700
2046	10,000	350	10,350
Total	\$ 175,000	\$ 82,661	\$ 257,661

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

Fiscal Year Ending December 31,	NJEIT 2017A-1 Loans Payable - Fund		
	Principal	Interest	Total
2024	\$ 20,268	\$ -	\$ 20,268
2025	20,268	-	20,268
2026	20,268	-	20,268
2027	20,268	-	20,268
2028	20,268	-	20,268
2029	20,268	-	20,268
2030	20,268	-	20,268
2031	20,268	-	20,268
2032	20,268	-	20,268
2033	20,268	-	20,268
2034	20,268	-	20,268
2035	20,268	-	20,268
2036	20,268	-	20,268
2037	20,268	-	20,268
2038	20,268	-	20,268
2039	20,268	-	20,268
2040	20,268	-	20,268
2041	20,268	-	20,268
2042	20,268	-	20,268
2043	20,269	-	20,269
2044	20,269	-	20,269
2045	20,269	-	20,269
2046	20,269	-	20,269
Total	\$ 466,168	\$ -	\$ 466,168

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

Fiscal Year Ending December 31,	NJEIT 2018A-1 Loans Payable - Fund		
	Principal	Interest	Total
2024	\$ 5,299	\$ -	\$ 5,299
2025	5,299	-	5,299
2026	5,299	-	5,299
2027	5,299	-	5,299
2028	5,299	-	5,299
2029	5,299	-	5,299
2030	5,299	-	5,299
2031	5,299	-	5,299
2032	5,299	-	5,299
2033	5,299	-	5,299
2034	5,299	-	5,299
2035	5,299	-	5,299
2036	5,300	-	5,300
2037	5,300	-	5,300
2038	5,300	-	5,300
2039	5,300	-	5,300
2040	5,300	-	5,300
2041	5,300	-	5,300
2042	5,300	-	5,300
Total	<u>\$ 100,688</u>	<u>\$ -</u>	<u>\$ 100,688</u>

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

Fiscal Year Ending December 31,	NJEIT 2021A-1 Loans Payable - Fund		
	Principal	Interest	Total
2024	\$ 2,742	\$ -	\$ 2,742
2025	2,742	-	2,742
2026	2,742	-	2,742
2027	2,742	-	2,742
2028	2,742	-	2,742
2029	2,742	-	2,742
2030	2,742	-	2,742
2031	2,742	-	2,742
2032	2,742	-	2,742
2033	2,742	-	2,742
2034	2,742	-	2,742
2035	2,742	-	2,742
2036	2,742	-	2,742
2037	2,742	-	2,742
2038	2,742	-	2,742
2039	2,742	-	2,742
2040	2,742	-	2,742
2041	2,742	-	2,742
2042	2,742	-	2,742
2043	2,742	-	2,742
2044	2,742	-	2,742
2045	2,742	-	2,742
2046	2,742	-	2,742
2047	2,742	-	2,742
2048	2,742	-	2,742
2049	2,742	-	2,742
2050	2,739	-	2,739
Total	\$ 74,031	\$ -	\$ 74,031

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

Fiscal Year Ending December 31,	NJEIT 2021A-1 Loans Payable - Trust		
	Principal	Interest	Total
2024	\$ 40,000	\$ 22,338	\$ 62,338
2025	40,000	20,432	60,432
2026	40,000	18,572	58,572
2027	45,000	16,751	61,751
2028	45,000	14,773	59,773
2029	45,000	12,852	57,852
2030	45,000	10,976	55,976
2031	45,000	9,583	54,583
2032	45,000	8,717	53,717
2033	50,000	7,925	57,925
2034	50,000	7,045	57,045
2035	50,000	6,216	56,216
2036	50,000	5,426	55,426
2037	50,000	5,100	55,100
2038	55,000	4,650	59,650
2039	55,000	4,200	59,200
2040	55,000	3,900	58,900
2041	55,000	3,600	58,600
2042	55,000	3,300	58,300
2043	55,000	3,000	58,000
2044	55,000	2,700	57,700
2045	55,000	2,400	57,400
2046	55,000	2,100	57,100
2047	60,000	1,800	61,800
2048	60,000	1,350	61,350
2049	60,000	900	60,900
2050	60,000	450	60,450
Total	\$ 1,375,000	\$ 201,056	\$ 1,576,056

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

Fiscal Year Ending December 31,	NJEIT 2018A-1 Loans Payable - Trust		
	Principal	Interest	Total
2024	\$ 5,000	\$ 3,788	\$ 8,788
2025	5,000	3,537	8,537
2026	5,000	3,288	8,288
2027	5,000	3,037	8,037
2028	5,000	2,788	7,788
2029	5,000	2,637	7,637
2030	5,000	2,488	7,488
2031	5,000	2,337	7,337
2032	5,000	2,188	7,188
2033	5,000	2,031	7,031
2034	5,000	1,875	6,875
2035	5,000	1,713	6,713
2036	5,000	1,550	6,550
2037	5,000	1,381	6,381
2038	5,000	1,213	6,213
2039	5,000	1,044	6,044
2040	5,000	875	5,875
2041	10,000	700	10,700
2042	10,000	350	10,350
Total	<u>\$ 105,000</u>	<u>\$ 38,820</u>	<u>\$ 143,820</u>

BERKELEY TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A Component Unit of the Township of Berkeley, County of Ocean, State of New Jersey)
Board of Commissioners and Management

	<u>Position</u>
Michael W. Hale.....	Chairman
Jerome F. Bollettieri	Vice Chairman
Richard W. Elliott, Jr.	Secretary
Samuel J. Cammarato	Treasurer
Denise Pellecchia	Commissioner
William McGrath	Alternate No. 1
Frederick S. Bekiarian.....	Alternate No. 2
Michele Nugent	Executive Director
Brian P. Blair	Chief of Operations



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

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

GENERAL COMMENTS AND RECOMMENDATIONS

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

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

The Authority has a qualified purchasing agent on staff and therefore may award contracts up to \$44,000 without competitive bids.

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

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

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

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

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

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

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

Examination of Cash Receipts

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

Examination of Bills

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

Examination of Payroll

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

Property, Plant & Equipment

The property, plant and equipment subsidiary ledger was maintained properly and a reconciliation between the physical and perpetual inventory records was performed at year-end.

Budget Adoption

The State of New Jersey requires that the Authority's 2023 operating and capital budgets be approved and adopted for each fiscal year. The Authority approved its operating budget on October 27, 2022 and adopted its operating budget on December 15, 2022.

Current Year Findings

There were no current year findings.

Follow-Up of Prior Years' Findings

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

Acknowledgment

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

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

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

September 23, 2024
Lakewood, New Jersey