

**PENNSAUKEN
SEWERAGE AUTHORITY**

REPORT OF AUDIT

**WITH
SUPPLEMENTARY INFORMATION**

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

PENNSAUKEN SEWERAGE AUTHORITY
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 For the Years Ended December 31, 2023 and 2022

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PENNSAUKEN SEWERAGE AUTHORITY
Roster of Officials
As of December 31, 2023

<u>MEMBERS</u>	<u>POSITION</u>
Oren Lutz	Chairman
Gregory E. Schofield	Vice-Chairman
Dennis Archible	Member
Timothy Ellis	Member
Maria McKenna	Member
<u>OFFICERS</u>	
Marco DiBattista	Secretary/Executive Director
<u>CONSULTANTS</u>	
David Luthman	Solicitor
T & M Associates, Inc	Engineer
Remington & Vernick Engineers	Engineer
US Bank	Trustee
Parker McCay	Bond Counsel
Connor Strong Companies, Inc.	Insurance Broker

PENNSAUKEN SEWERAGE AUTHORITY

PART I

FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

The Chairman and Members of
The Pennsauken Sewerage Authority
Pennsauken, New Jersey

Qualified Opinion

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

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

Basis for Qualified Opinion on the 2023 Financial Statements

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

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

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

As more fully described in Note 4, the report for Governmental Accounting Standards Board (“GASB”) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, for the State of New Jersey State Health Benefits Local Government Retired Employees Plan (“SHBP”) has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey (the “Division”) and the report for the Authority Plan has not been released as of the date of this report. As a result, the Authority has not recorded the related expenses in the statements of revenues, expenses and changes in net position. Accounting principles generally accepted in the United States of America require that such expense be recorded, which would affect deferred inflows and outflows of resources related to OPEB, net OPEB obligation, unrestricted net position and expenses in the basic financial statements. The amount by which this departure would affect the basic financial statements is not reasonably determinable.

Emphasis of Matter

Prior Period Restatement

The report for Governmental Accounting Standards Board (“GASB”) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, for the State of New Jersey State Health Benefits Local Government Retired Employees Plan (“SHBP”) has been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey (the “Division”) and the information on the Authority Plan has been updated. As a result, the accompanying 2022 financial statements as of and for the year ended December 31, 2022 have been restated, as discussed in note 10 to the financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

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

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Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
August 27, 2024

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

INDEPENDENT AUDITOR'S REPORT

The Chairman and Members of
The Pennsauken Sewerage Authority
Pennsauken, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Pennsauken Sewerage Authority, in the County of Camden, State of New Jersey, a component unit of the Township of Pennsauken (Authority), as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 27, 2024. Our report on the financial statements was qualified as a result of information for Postemployment Benefits Other Than Pensions for the measurement date as required by Governmental Accounting Standards Board ("GASB") Statement No. 75 not being available. Also, our report on the financial statements included an emphasis of matter paragraph describing the restatement of the prior period financial statements resulting from correction of an error.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
August 27, 2024

**PENNSAUKEN SEWERAGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(UNAUDITED)**

The Pennsauken Sewerage Authority (the Authority) is a public agency providing wastewater services to Pennsauken Township, the Borough of Merchantville and a small section of Cherry Hill Township. This section of the Authority's annual financial report provides a discussion and analysis of the financial performance for the years ended December 31, 2023 and 2022. The entire annual financial report consists of five parts; Independent Auditor's Reports, the management's discussion and analysis, the basic financial statements, required supplementary information and supplemental schedules.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2023 are as follows:

- **Total Assets** - Total assets as of December 31, 2023 were \$8,771,416.06. After adding deferred outflows of \$1,945,285.80, and deducting liabilities and deferred inflows totaling \$16,075,586.35, net position totaled a deficit of \$5,358,884.49.
- **Total Operating Revenue**- Revenues for the year ended December 31, 2023 totaling \$4,386,804.00 were down from last year's ending amount of \$4,411,499.64 mainly due to an decrease in connection fee revenue.
- **Total Operating Expenses** – Operating expenses for the year ended December 31, 2023 totaling \$3,906,661.83 were up 18.14%% from last year's amount of \$3,306,920.76 mainly due to an increase in employee benefits due to the accruals for the net pension liability.
- **Interest Income** – For the year ending December 31, 2023, the Authority generated \$26,883.42 interest income from investments.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America, which are promulgated by the Governmental Accounting Standards Board. The Authority is structured as a single enterprise fund with revenues recognized when earned and expenses recognized when incurred. Capital assets, which meet certain criteria, are capitalized and depreciated over their useful lives (with the exception of land and construction in progress). A summary of the Authority's significant accounting policies is described in the "Notes to the Financial Statements" which is included with the audit as described above.

The comparative statements of net position includes all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources. As the Authority follows the accrual method of accounting, the current year's revenues and expenses are accounted for in the comparative statements of revenues, expenses, and changes in net position regardless of when cash is received or paid. Net position – the difference between the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources – is a measure of the Authority's financial health or position.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

FINANCIAL ANALYSIS OF THE AUTHORITY

The Authority's total net position was a deficit of \$5,358,884.49 on December 31, 2023. Total assets, deferred outflows of resources, total liabilities, deferred inflows of resources and total net position are detailed below.

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

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

The remaining portion of the Authority's net position is a deficit in unrestricted net position. The deficit is primarily a result of the Authority's liabilities and deferred outflows of resources from GASB 68, 71 and 75.

Comparative Statements of Net Position
As of December 31, 2023 , 2022 and 2021

	Dec. 31, 2023	(Restated) Dec. 31, 2022	Dec. 31, 2021	Change from 2023 to 2022	
				Amount	Percentage
Assets					
Current Assets	\$ 3,662,302.11	\$ 3,621,154.45	\$ 3,156,824.19	\$ 41,147.66	1.14%
Capital Assets	5,109,113.95	5,195,077.10	5,287,260.60	(85,963.15)	-1.65%
Total Assets	8,771,416.06	8,816,231.55	8,444,084.79	(44,815.49)	-0.51%
Deferred Outflows Of Resources	1,945,285.80	2,025,687.80	2,166,322.29	(80,402.00)	-3.97%
Liabilities					
Current Liabilities	938,079.44	885,207.39	725,311.03	52,872.05	5.97%
Long Term Liabilities	10,799,803.94	10,905,697.54	11,900,696.90	(105,893.60)	-0.97%
Total Liabilities	11,737,883.38	11,790,904.93	12,626,007.93	(53,021.55)	-0.45%
Deferred Inflows Of Resources	4,337,702.97	4,763,202.07	4,654,089.38	(425,499.10)	-8.93%
Net Position					
Net Investment in Capital Assets	4,708,050.33	4,727,121.83	4,927,910.25	(19,071.50)	-0.40%
Restricted	554,417.36	554,417.36	555,017.36		0.00%
Unrestricted (Deficit)	(10,621,352.18)	(10,993,726.84)	(12,152,617.84)	372,374.66	-3.39%
Total Net Position	\$ (5,358,884.49)	\$ (5,712,187.65)	\$ (6,669,690.23)	\$ 353,303.16	-6.19%

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

FINANCIAL ANALYSIS OF THE AUTHORITY (CONT'D)

Comparative Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2023, 2022 and 2021

	Dec. 31, 2023	(Restated)	Dec. 31, 2021	Change from 2023 to 2022	
		Dec. 31, 2022		Amount	Percentage
Operating Revenues:					
Service Fees	\$ 4,217,900.51	\$ 4,285,014.29	\$ 4,298,336.70	\$ (67,113.78)	-1.57%
Connection Fees	2,550.00	49,410.00	73,554.22	(46,860.00)	-94.84%
Other Operating Revenues	166,353.49	77,075.35	102,491.68	89,278.14	115.83%
Total Operating Revenues	4,386,804.00	4,411,499.64	4,474,382.60	(24,695.64)	-0.56%
Operating Expenses:					
Administration	1,135,997.60	899,660.87	1,680,480.60	236,336.73	26.27%
Cost of Providing Services	2,319,681.35	1,955,292.76	3,158,509.88	364,388.59	18.64%
Depreciation	450,982.88	451,967.13	480,497.58	(984.25)	-0.22%
Total Operating Expenses	3,906,661.83	3,306,920.76	5,319,488.06	599,741.07	18.14%
Net Non-Operating Expenses	(126,839.01)	(147,076.30)	(149,808.58)	20,237.29	-13.76%
Change in Net Position	353,303.16	957,502.58	(994,914.04)	(604,199.42)	-63.10%
Net Position (Deficit) - Beginning	(5,712,187.65)	(6,669,690.23)	(5,674,776.19)	957,502.58	-14.36%
Net Position (Deficit) - Ending	\$ (5,358,884.49)	\$ (5,712,187.65)	\$ (6,669,690.23)	\$ 353,303.16	-6.19%

OVERALL ANALYSIS

Pennsauken continues to be a desirable location for residential and commercial users. Future projects the Township has planned will bring additional revenue to the Authority without additional expense. Several projects currently in motion are the redevelopment of the grounds that the Pennsauken Mart once occupied, and development of Pennsauken's waterfront property to include residential and commercial development.

Service charges billed to our customers were last raised on January 1, 2016 from \$200.00 to \$206.00 a year per unit for residential users. The increase to commercial/industrial users went from \$200.00 to \$206.00 minimum plus \$1.83 to \$1.88 per hundreds of cubic feet or \$2.44 to \$2.51 per thousands of gallons.

BUDGET VARIANCES

As the original budget was formulated in October 2022, certain actual events during the year caused the Authority to over-expend the various line items within the Administration and Cost of Providing Services Other Expense Appropriations. The Authority did not overspend the budget as a whole.

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

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

During 2023, the Authority expended \$365,019.73 for capital activities. All expenditures were classified as capital assets.

The proposed five-year capital programs total \$440,000.00. The major line items making up a portion of the Capital Budget are:

1. Trucks
2. Pumps and Controls
3. Computer Equipment
4. Office Equipment
5. Operations Equipment and Maintenance
6. Building Upkeep and Repairs

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

The Authority made interest payments of \$4,125.00 on its outstanding loans during the year ended December 31, 2023. Additionally, the Authority made principal payments of \$50,542.36 on its outstanding loans. As of December 31, 2023, the Authority has \$254,181.41 in outstanding loans payable with principal payments due until August 1, 2029.

CONTACTING THE AUTHORITY'S MANAGEMENT

This financial report is designed to provide Pennsauken Township residents, investors, clients and creditors, with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the public funds it receives. If you have any questions about this report or need additional financial information, contact the Treasurer, Pennsauken Sewerage Authority, 1250 John Tipton Blvd., Pennsauken, NJ 08110 or by phone at 856-663-5542.

BASIC FINANCIAL STATEMENTS

PENNSAUKEN SEWERAGE AUTHORITY
 Comparative Statements of Net Position
 As of December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u> (Restated)
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 2,324,650.12	\$ 2,161,728.72
Investments		109,543.18
Investment Income Receivable	300.57	388.86
Intergovernmental Accounts Receivable	101,989.82	
Service Fees Receivable (Net of an Allowance for Doubtful Accounts of \$6,101.24 for 2023 and \$17,618.50 for 2022)	887,745.91	1,007,414.99
Total Unrestricted Assets	<u>3,314,686.42</u>	<u>3,279,075.75</u>
Restricted Assets:		
Cash and Cash Equivalents	3,501.97	3,347.31
Investments	337,684.34	337,434.79
Investment Income Receivable	6,429.38	1,296.60
Total Restricted Assets	<u>347,615.69</u>	<u>342,078.70</u>
Total Current Assets	<u>3,662,302.11</u>	<u>3,621,154.45</u>
Capital Assets:		
Completed (Net of Accumulated Depreciation)	5,016,595.60	5,102,558.75
Construction in Progress	92,518.35	92,518.35
Total Capital Assets	<u>5,109,113.95</u>	<u>5,195,077.10</u>
Total Assets	<u>8,771,416.06</u>	<u>8,816,231.55</u>
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	390,680.00	471,082.00
Related to OPEB	1,554,605.80	1,554,605.80
Total Deferred Outflows of Resources	<u>1,945,285.80</u>	<u>2,025,687.80</u>

(Continued)

PENNSAUKEN SEWERAGE AUTHORITY
Comparative Statements of Net Position
As of December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u> (Restated)
LIABILITIES		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable		
Other	\$ 101,175.83	\$ 108,736.98
Related to Pensions	277,142.00	252,429.00
Overpaid Service Charges	80,630.48	54,694.33
Unearned Revenue	230,964.44	229,172.79
Current Portion of Compensated Absences	8,749.55	10,618.05
Current Portion of Loans Payable	50,542.36	50,542.36
	<hr/>	<hr/>
Total Current Liabilities Payable from Unrestricted Assets	749,204.66	706,193.51
	<hr/>	<hr/>
Current Liabilities Payable from Restricted Assets:		
Accounts Payable	149,635.00	162,407.80
Accrued Interest Payable	1,455.98	1,703.80
Developer's Escrow	37,783.80	14,902.28
	<hr/>	<hr/>
Total Current Liabilities Payable from Restricted Assets	188,874.78	179,013.88
	<hr/>	<hr/>
Total Current Liabilities	938,079.44	885,207.39
	<hr/>	<hr/>
Long Term Liabilities:		
Compensated Absences	78,745.93	95,562.43
Termination Benefits	135,132.00	168,444.00
Net Pension Liability	3,003,477.00	3,020,901.00
OPEB Liability	7,239,375.00	7,239,375.00
Accrued Liabilities - Related to Pension Loans Payable	138,571.00	126,215.00
	204,503.01	255,200.11
	<hr/>	<hr/>
Total Long Term Liabilities	10,799,803.94	10,905,697.54
	<hr/>	<hr/>
Total Liabilities	11,737,883.38	11,790,904.93
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	540,600.00	981,634.00
Related to OPEB	3,776,647.07	3,776,647.07
Deferred Revenue	20,455.90	4,921.00
	<hr/>	<hr/>
Total Deferred Inflows of Resources	4,337,702.97	4,763,202.07
	<hr/>	<hr/>
NET POSITION		
Net Investment in Capital Assets	4,708,050.33	4,727,121.83
Restricted	554,417.36	554,417.36
Unrestricted (Deficit)	(10,621,352.18)	(10,993,726.84)
	<hr/>	<hr/>
Total Net Position (Deficit)	\$ (5,358,884.49)	\$ (5,712,187.65)
	<hr/>	<hr/>

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

PENNSAUKEN SEWERAGE AUTHORITY
 Comparative Statements of Revenues, Expenses and Changes in Net Position
 For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u> (Restated)
Operating Revenues:		
Service Fees	\$ 3,983,230.13	\$ 4,048,291.45
Intergovernmental Service Fees	234,670.38	236,722.84
Connection Fees	2,550.00	49,410.00
Other Operating Revenues	166,353.49	77,075.35
Total Operating Revenues	<u>4,386,804.00</u>	<u>4,411,499.64</u>
Operating Expenses:		
Administration:		
Salaries and Wages	614,764.28	607,026.88
Employee Benefits	310,262.04	83,205.40
Other Expenses	210,971.28	209,428.59
Total Administration	<u>1,135,997.60</u>	<u>899,660.87</u>
Cost of Providing Service:		
Salaries and Wages	1,125,572.59	1,121,046.61
Employee Benefits	566,762.14	303,866.00
Other Expenses	627,346.62	530,380.15
Total Cost of Providing Service	<u>2,319,681.35</u>	<u>1,955,292.76</u>
Depreciation	450,982.88	451,967.13
Total Operating Expenses	<u>3,906,661.83</u>	<u>3,306,920.76</u>
Operating Income	<u>480,142.17</u>	<u>1,104,578.88</u>
Non-operating Income (Expenses):		
Investment Income	26,883.42	7,246.12
Interest on Loans	(3,722.43)	(4,322.42)
Contribution to Pennsauken Township Per N.J.S.A. 40A:5A-1	(150,000.00)	(150,000.00)
Net Non-operating Expenses	<u>(126,839.01)</u>	<u>(147,076.30)</u>
Change in Net Position	353,303.16	957,502.58
Net Position (Deficit) - Beginning	<u>(5,712,187.65)</u>	<u>(6,669,690.23)</u>
Net Position (Deficit) - Ending	<u>\$ (5,358,884.49)</u>	<u>\$ (5,712,187.65)</u>

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

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

	<u>2023</u>	<u>2022</u>
Cash Flows Provided by (Used in) Operating Activities:		
Receipts from Customers and Users	\$ 4,365,297.39	\$ 4,235,133.27
Payments to Employees	(3,010,345.05)	(2,841,937.32)
Payments to Suppliers	(845,879.05)	(698,245.69)
Other Operating Receipts	82,448.57	124,481.35
Net Cash Provided by Operating Activities	<u>591,521.86</u>	<u>819,431.61</u>
Cash Flows Provided by (Used in) Capital and Related Financing Activities:		
Interest on Loans	(4,124.99)	(4,725.00)
Principal Paid on Loans	(50,542.36)	(50,542.36)
Accounts Payable	(162,212.80)	(2,910.77)
Acquisitions of Capital Assets	(219,001.48)	(197,570.83)
Net Cash Used in Capital and Related Financing Activities	<u>(435,881.63)</u>	<u>(255,748.96)</u>
Cash Flows Provided by (Used in) Noncapital Financing Activities:		
Developer's Escrow Activity	26,303.27	(5,551.32)
Contribution to Pennsauken Township Per N.J.S.A. 40A:5A-1	(150,000.00)	(150,000.00)
Net Cash Used in Noncapital Financing Activities:	<u>(123,696.73)</u>	<u>(155,551.32)</u>
Cash Flows Provided by (Used in) Investing Activities:		
Proceeds from Maturities of Investments	192,833.38	
Purchases of Investments	(83,539.75)	(915.93)
Investment Income	21,838.93	9,586.16
Net Cash Provided by Investing Activities	<u>131,132.56</u>	<u>8,670.23</u>
Change in Cash and Cash Equivalents	163,076.06	416,801.56
Cash and Cash Equivalents--Beginning of Year	<u>2,165,076.03</u>	<u>1,748,274.47</u>
Cash and Cash Equivalents--End of Year	<u>\$ 2,328,152.09</u>	<u>\$ 2,165,076.03</u>

(Continued)

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

	<u>2023</u>	<u>2022</u>
Reconciliation of Operating Income to Net Cash		
Flows Provided by Operating Activities:		
Operating Income	\$ 480,142.17	\$ 1,104,578.88
Adjustments to Reconcile Operating Income		
to Net Cash Provided by Operating Activities:		
Depreciation Expense	450,982.88	451,967.13
Changes in Assets, Liabilities and Deferred Inflows of Resources,		
Liabilities and Deferred Inflows of Resources:		
Pension Related Items	(340,987.00)	(595,526.00)
OPEB Related Items		(130,766.82)
Service Fees Receivable	119,669.08	(48,952.81)
Intergovernmental Receivable	(101,989.82)	
Accounts Payable	(7,561.15)	41,563.05
Overpaid Service Charges	25,936.15	(2,868.16)
Unearned Revenue	1,791.65	1,939.95
Deferred Revenue	15,534.90	(2,004.00)
Termination Benefits	(33,312.00)	5,354.00
Compensated Absences	(18,685.00)	(5,853.61)
Net Cash Provided by Operating Activities	<u>\$ 591,521.86</u>	<u>\$ 819,431.61</u>

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

PENNSAUKEN SEWERAGE AUTHORITY
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Pennsauken Sewerage Authority (the “Authority”) is a public body corporate and politic of the State of New Jersey and was originally created as a sewerage authority by Ordinance No. 688 of the Township of Pennsauken (the “Township”) adopted on August 28, 1950, pursuant to the Sewerage Authority Law, Chapter 138 of the Laws of 1946, as amended. The governing body of the Authority is a Board consisting of five members appointed by the Pennsauken Township Committee. The terms of the members of the Authority are staggered so that at least one member’s term expires each year, and the Pennsauken Township Committee, in accordance with the Act, reappoints the member or appoints a successor.

The Act permits the Authority to charge and collect rents, rates, fees or other charges for direct or indirect connection with, or the use of services of its sewer system. The Act also permits the Authority to enter into agreements with other municipalities for the collection and treatment of sewage.

Presently, the Authority provides and charges for all connected customers within the municipal boundaries of the Township for the collection of sewage. The Authority has contracted to collect all sewage discharged into the collection system maintained by Merchantville Borough and a certain portion of Cherry Hill Township. Sewage collected by the Authority from whatever source is then passed on to the Camden County Municipal Utilities Authority (“CCMUA”) system. The CCMUA is, in turn responsible for the treatment of all waste materials.

Component Unit

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

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

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

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

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

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

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

Basis of Accounting

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

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

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

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

Budgets and Budgetary Accounting

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Budgets and Budgetary Accounting (Cont'd)**

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.

Cash, Cash Equivalents and Investments

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

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

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

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

Inventories

The Authority has determined that the inventories are immaterial and are not recorded in the financial statements.

Prepaid Expenses

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

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

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

Capital Assets

Capital assets primarily consist of expenditures to acquire, construct, place in operation and improve the facilities of the Authority. Assets purchased prior to January 1, 1992, are stated at estimated cost. Assets purchased since are stated at actual cost. Donated capital assets are recorded at their fair market value as of the date received.

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

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

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

Expenditures are capitalized when they meet the following requirements:

- 1) Cost of \$1,000.00 or more
- 2) Useful life of more than five years
- 3) Asset is not affected by consumption

Amortization and Depreciation

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

	<u>Years</u>
Buildings	30-40
Major Moveable Equipment	5-20
Vehicles	8-15
Infrastructure	25

Amortization and depreciation starts with the date the asset is placed into service.

Loan Premiums

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

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

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

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

Compensated Absences

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

Unearned Revenue

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

Pensions

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

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

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

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

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

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

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

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

Income Taxes

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

Operating and Non-Operating Revenues and Expenses

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

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

Accounting Estimates

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

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

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

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

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

Recently Issued Accounting Pronouncements

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

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

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

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

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

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

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

General Bond Resolution

The Authority is subject to the provisions and restrictions of the General Bond Resolution adopted July 18, 1995 and supplemental resolutions adopted December 17, 2002 and March 2, 2010. A summary of the activities of each account created by the Bond Resolution is covered below.

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

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

Bond Service Account - The balance on deposit must be sufficient to enable the Trustee to withdraw amounts equal to interest due on debt, principal amount maturing on debt and sinking fund installments when such payments are required. At December 31, 2023, the balance in the bond service account meets the requirements of the Bond Resolution.

Bond Reserve Account - The amount of funds on deposit must be maintained at a level equal to the lesser of the maximum annual debt service during any calendar year; 125% of average annual debt service or 10% of the principal amount of debt. At December 31, 2023, the balance in the bond reserve account meets the requirements of the Bond Resolution. Whenever the amount in this account exceeds the Bond Reserve Fund Requirement, the excess is transferred to the Revenue Fund.

Renewal and Replacement Account - These funds are maintained for reasonable and necessary expenses with respect to the system for major repairs, renewals, replacements or maintenance items of a type not recurring annually, all to the extent not provided for in the then current annual budget or not paid from reserves in the Operating Account. Money in this account is pledged for the security of payment of principal and interest on the 2010 Sewer Revenue Loans. Whenever the amount in this account exceeds the Renewal and Replacement Fund Requirement, the excess is transferred to the Revenue Fund.

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

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

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Authority has no investment policy to limit its exposure to custodial credit risk. All of the Authority's investments totaling \$337,684.34 as of December 31, 2023 and \$446,977.97 as of December 31, 2022, invested in Certificates of Deposits are held in the name of the Authority and are covered by GUDPA.

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.

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

<u>Investment</u>	<u>Maturity</u>	Fair Value		<u>Fair Value</u> December 31, 2023	<u>Fair Value</u> December 31, 2022
		Hierarchy Level*	Credit Rating		
GUDPA Insured:					
First Colonial Certificate of Deposit	1/19/2023	Level 1	N/A		\$ 83,290.20
First Colonial Certificate of Deposit	1/19/2023	Level 1	N/A		109,543.18
First Colonial Certificate of Deposit	11/7/2023	Level 1	N/A		57,010.02
First Colonial Certificate of Deposit	12/24/2023	Level 1	N/A		197,134.57
First Colonial Certificate of Deposit	1/29/2024	Level 1	N/A	\$ 83,539.75	
First Colonial Certificate of Deposit	3/1/2024	Level 1	N/A	57,010.02	
First Colonial Certificate of Deposit	3/1/2024	Level 1	N/A	197,134.57	
				<u>\$ 337,684.34</u>	<u>\$ 446,977.97</u>

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

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

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

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

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

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

Service Fees

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

<u>Year</u>	<u>Beginning Balance</u>	<u>Billings</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
2023	\$ 1,025,033.49	\$ 3,971,712.87	\$ 4,102,899.21	82.11%
2022	966,959.57	4,057,412.56	3,999,338.64	79.60%
2021	983,504.40	4,033,832.87	4,050,377.70	80.73%

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

During the year ended December 31, 2023, the following changes in capital assets occurred:

	Balance <u>Jan. 1, 2023</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2023</u>
Capital Assets not being Depreciated					
Land & Land Improvements	\$ 105,400.00				\$ 105,400.00
Construction in Progress	92,518.35				92,518.35
Total Capital Assets not being Depreciated	197,918.35	\$ -	\$ -	\$ -	197,918.35
Capital Assets being Depreciated					
Infrastructure	9,964,541.75		(105,843.89)		9,858,697.86
Buildings	6,576,905.52				6,576,905.52
Vehicles	1,576,040.43	8,875.00			1,584,915.43
Equipment	1,677,689.35	356,144.73	105,843.89		2,139,677.97
Total Capital Assets being Depreciated	19,795,177.05	365,019.73	-	-	20,160,196.78
Total Capital Assets, Cost	19,993,095.40	365,019.73	-	-	20,358,115.13
Less Accumulated Depreciation					
Infrastructure	7,901,867.88	137,485.84			8,039,353.72
Buildings	5,032,347.58	117,176.89			5,149,524.47
Vehicles	875,201.76	125,359.59			1,000,561.35
Equipment	988,601.08	70,960.56			1,059,561.64
Total Accumulated Depreciation	14,798,018.30	450,982.88	-	-	15,249,001.18
Capital Assets, Net	\$ 5,195,077.10	\$ (85,963.15)	\$ -	\$ -	\$ 5,109,113.95

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

During the year ended December 31, 2022, the following changes in capital assets occurred:

	Balance <u>Jan. 1, 2022</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2022</u>
Capital Assets not being Depreciated					
Land & Land Improvements	\$ 105,400.00				\$ 105,400.00
Construction in Progress	92,518.35				92,518.35
Total Capital Assets not being Depreciated	197,918.35	\$ -	\$ -	\$ -	197,918.35
Capital Assets being Depreciated					
Infrastructure	9,778,564.53	185,977.22			9,964,541.75
Buildings	6,576,905.52				6,576,905.52
Vehicles	1,411,616.43	164,424.00			1,576,040.43
Equipment	1,668,306.94	9,382.41			1,677,689.35
Total Capital Assets being Depreciated	19,435,393.42	359,783.63	-	-	19,795,177.05
Total Capital Assets, Cost	19,633,311.77	359,783.63	-	-	19,993,095.40
Less Accumulated Depreciation					
Infrastructure	7,743,711.68	158,156.20			7,901,867.88
Buildings	4,915,170.69	117,176.89			5,032,347.58
Vehicles	761,938.58	113,263.18			875,201.76
Equipment	925,230.22	63,370.86			988,601.08
Total Accumulated Depreciation	14,346,051.17	451,967.13	-	-	14,798,018.30
Capital Assets, Net	\$ 5,287,260.60	\$ (92,183.50)	\$ -	\$ -	\$ 5,195,077.10

Note 4: DETAIL NOTES – LIABILITIES**Long Term Liabilities**

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

	Balance Jan. 1, 2023	Additions	Reductions	Balance Dec. 31, 2023	Due Within One Year
Loans Payable:					
NJEIT Loans	\$ 304,723.77		\$ (50,542.36)	\$ 254,181.41	\$ 50,542.36
Issuance Premiums	1,018.70		(154.74)	863.96	
Total Loans Payable	305,742.47	\$ -	(50,697.10)	255,045.37	50,542.36
Other Liabilities					
Net Pension Liability	3,020,901.00	1,233,743.00	(1,251,167.00)	3,003,477.00	
Net OPEB Obligation	7,239,375.00			7,239,375.00	
Other Liabilities -					
Related to Pension	126,215.00	138,571.00	(126,215.00)	138,571.00	
Termination Benefits	168,444.00	8,626.00	(41,938.00)	135,132.00	
Compensated Absences	106,180.48	237,826.98	(256,511.98)	87,495.48	8,749.55
Total Other Liabilities	10,661,115.48	1,618,766.98	(1,675,831.98)	10,604,050.48	8,749.55
Total Long Term Liabilities	\$ 10,966,857.95	\$ 1,618,766.98	\$ (1,726,529.08)	\$ 10,859,095.85	\$ 59,291.91

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

	Balance Jan. 1, 2022	Additions	Reductions	(Restated) Balance Dec. 31, 2022	Due Within One Year
Loans Payable:					
NJEIT Loans	\$ 355,266.13		\$ (50,542.36)	\$ 304,723.77	\$ 50,542.36
Issuance Premiums	1,173.44		(154.74)	1,018.70	
Total Loans Payable	356,439.57	\$ -	(50,697.10)	305,742.47	50,542.36
Other Liabilities					
Net Pension Liability	2,728,936.00	2,183,757.00	(1,891,792.00)	3,020,901.00	
Net OPEB Obligation	8,483,364.00	4,374,559.00	(5,618,548.00)	7,239,375.00	
Other Liabilities -					
Related to Pension	134,888.00	126,215.00	(134,888.00)	126,215.00	
Termination Benefits	163,090.00	5,354.00		168,444.00	
Compensated Absences	112,034.09	240,540.80	(246,394.41)	106,180.48	10,618.05
Total Other Liabilities	11,622,312.09	6,930,425.80	(7,891,622.41)	10,661,115.48	10,618.05
Total Long Term Liabilities	\$ 11,978,751.66	\$ 6,930,425.80	\$ (7,942,319.51)	\$ 10,966,857.95	\$ 61,160.41

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Revenue Loans Payable**

On March 10, 2010, the Authority closed on two loans from the New Jersey Environmental Infrastructure Trust (the "NJEIT Series 2010A") totaling \$929,000.00 for the repair of various pump stations and wet wells. The Fund portion of the award totaled \$699,000.00 and is interest free. The remaining Trust portion totaled \$230,000.00 and carries interest rates varying from 3.0% to 5.0% with a final maturity in 2029.

Year Ending <u>Dec. 31,</u>	Interest Free Loan <u>Principal</u>	Loan <u>Principal</u>	Total <u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 35,542.36	\$ 15,000.00	\$ 50,542.36	\$ 3,525.00	\$ 54,067.36
2025	35,542.36	15,000.00	50,542.36	2,925.00	53,467.36
2026	35,542.36	15,000.00	50,542.36	2,325.00	52,867.36
2027	35,542.36	15,000.00	50,542.36	1,800.00	52,342.36
2028	22,011.97	15,000.00	37,011.97	1,200.00	38,211.97
2029		15,000.00	15,000.00	600.00	15,600.00
	<u>\$ 164,181.41</u>	<u>\$ 90,000.00</u>	254,181.41	<u>\$ 12,375.00</u>	<u>\$ 266,556.41</u>

Premium on Loan	863.96
Current Maturities	<u>(50,542.36)</u>
Long-Term Portion	<u>\$ 204,503.01</u>

Compensated Absences

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

Authority employees may accumulate unused sick days with no restrictions. Employees are compensated for accumulated sick leave upon retirement or resignation at their then current hourly rate of pay times the number of days accumulated. One week of vacation time not used during the year may be carried forward for one year. Upon separation from the Authority, the employee will be paid for all accrued vacation time at their then current hourly rate. The accrued liability for accumulated sick leave and vacation time at December 31, 2023 and 2022 estimated at \$87,495.48 and \$106,180.48, respectively.

Termination Benefits

The Authority accounts for termination benefits (e.g., severance pay) as directed by Governmental Accounting Standards Board Statement No. 47, *Accounting for Termination Benefits*. A liability for termination benefits attributable to union and individual employment contracts already approved and not contingent on a specific event that is outside the control of the employer and employee is accrued at the undiscounted total at current level costs.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Termination Benefits (Cont'd)**

Authority employees accumulate severance pay while they work at the Authority. Management employees accumulate 13 weeks of severance pay for their time worked at the Authority payable upon retirement or resignation at their then current hourly rate of pay. Union employees hired on or before January 1, 2012 and have obtained the age of 60 years at the time of separation from employment will be entitled to receive 2 weeks of severance pay at their then current hourly rate of pay. Union employees hired after January 1, 2012 and have obtained 25 years of service or a minimum of 10 years of service at the age of 60 or older at the time of separation from employment will be entitled to receive 2 weeks of severance pay at their then current hourly rate of pay. The accrued liability for employee severance at December 31, 2023 and 2022 is estimated at \$135,132.00 and \$168,444.00, respectively.

Net Pension Liability

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

Net OPEB Liability

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

Pension Plans

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

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

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

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

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****General Information about the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

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

Vesting and Benefit Provisions

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

The following represents the membership tiers for PERS:

Tier Definition

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

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

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

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****General Information about the Pension Plans (Cont'd)****Contributions**

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

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

The Employer's contractually required contribution rate for the years ended December 31, 2023 and December 31, 2022 was 17.40% and 16.30% of the Employer's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2023, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2023 was \$277,142.00, and was payable by April 1, 2024. For the prior year measurement date of June 30, 2022, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2022 was \$252,429.00, and was paid by April 1, 2023.

Employee contributions to the Plan for the year ended December 31, 2023 and December 31, 2022 were \$119,430.00 and \$116,506.28, respectively.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Employer, under Chapter 133, P.L. 2001, for the years ended December 31, 2023 and December 31, 2022 was 0.59% and 0.41% of the Employer's covered payroll.

Based on the most recent PERS measurement date of June 30, 2023, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Employer, to the pension plan for the year ended December 31, 2023 was \$9,367.00, and is payable by April 1, 2024. For the prior year measurement date of June 30, 2022, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Employer, to the pension plan for the year ended December 31, 2022 was \$6,356.00, and was paid by April 1, 2023.

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

For the year ended December 31, 2023 and 2022, there were no employees participating in DCRP.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions****Public Employees' Retirement System**

Pension Liability - As of December 31, 2023, there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The Employer's proportionate share of the PERS net pension liability was \$3,003,477.00. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2023. The Employer's proportion of the net pension liability was based on a projection of the Employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2023 measurement date, the Employer's proportion was .0207359781%, which was an increase of .0007185802% from its proportion measured as of June 30, 2022.

As of December 31, 2022 there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The Employer's proportionate share of the PERS net pension liability was \$3,020,901.00. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. The Employer's proportion of the net pension liability was based on a projection of the Employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2022 measurement date, the Employer's proportion was .0200173979%, which was a decrease of .0030184028% from its proportion measured as of June 30, 2021.

Pension (Benefit) Expense - For the years ended December 31, 2023 and December 31, 2022, the Employer recognized its proportionate share of the PERS pension (benefit) expense of (\$88,558.00) and (\$325,751.00), respectively. These amounts were based on the Plan's June 30, 2023 and 2022 measurement dates, respectively.

For the years ended December 31, 2023 and December 31, 2022, the Employer has recognized as a revenue and an expenditure on-behalf payments made by the State for the State's proportionate share of the PERS pension expense, associated with the Employer, under Chapter 133, P.L. 2001, calculated by the Plan as of the June 30, 2023 and 2022 measurement date. The amounts recognized as a revenue and an expenditure in the financial statements was \$9,367.00 and \$6,356.00, respectively.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

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

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Measurement Date</u>		<u>Measurement Date</u>	
	<u>June 30, 2023</u>		<u>June 30, 2022</u>	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>
Differences between Expected and Actual Experience	\$ 28,717.00	\$ 12,277.00	\$ 21,803.00	\$ 19,228.00
Changes of Assumptions	6,598.00	182,024.00	9,360.00	452,348.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	13,831.00	-	125,032.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	202,963.00	346,299.00	188,672.00	510,058.00
Contributions Subsequent to the Measurement Date	138,571.00	-	126,215.00	-
	<u>\$ 390,680.00</u>	<u>\$ 540,600.00</u>	<u>\$ 471,082.00</u>	<u>\$ 981,634.00</u>

Deferred outflows of resources in the amounts of \$138,571.00 and \$126,215.00 will be included as a reduction of the net pension liability during the years ending December 31, 2024 and 2023, respectively. These amounts are based on an estimated April 1, 2025 and April 1, 2024 contractually required contribution, prorated from the pension plan's measurement date of June 30, 2023 and 2022 to the Employer's year end of December 31, 2023 and December 31, 2022.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Public Employees' Retirement System (Cont'd)**

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

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

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

<u>Year Ending December 31,</u>	
2024	\$ (177,103.00)
2025	(147,085.00)
2026	36,551.00
2027	(3,116.00)
2028	2,262.00
	<u>\$ (288,491.00)</u>

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Actuarial Assumptions****Public Employees' Retirement System**

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

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

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

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

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Actuarial Assumptions (Cont'd)****Public Employees' Retirement System (Cont'd)**

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

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

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

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Actuarial Assumptions (Cont'd)****Public Employees' Retirement System (Cont'd)**

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability	<u>\$ 3,909,888.00</u>	<u>\$ 3,003,477.00</u>	<u>\$ 2,232,001.00</u>

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability	<u>\$ 3,880,973.00</u>	<u>\$ 3,020,901.00</u>	<u>\$ 2,288,945.00</u>

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Pension Plans (Cont'd)****Pension Plan Fiduciary Net Position****Public Employees' Retirement System**

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

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

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

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

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

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

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

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****General Information about the State Health Benefit Local Government Retired Employees Plan (Cont'd)**

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

The Authority was billed monthly by the Plan and paid \$125,921.59 for the year ended December 31, 2022. This amount represents 8.13% of the Authority's covered payroll. During the year ended December 31, 2022, retirees were not required to contribute to the Plan.

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

OPEB Liability – At December 31, 2022, the Authority's proportionate share of the net OPEB liability was \$5,167,709.00.

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

The Authority's proportion of the net OPEB liability was based on the ratio of the Plan members of an individual employer to the total members of the Plan' during the measurement period July 1, 2021 through June 30, 2022. For the June 30, 2022 measurement date, the Authority's proportion was .031999%, which was a decrease of .000393% from its proportion measured as of the June 30, 2021 measurement date, as adjusted.

OPEB (Benefit) Expense - At December 31, 2022, the Authority's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2022 measurement date, is \$3,637.00.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

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

	Measurement Date	
	<u>June 30, 2022</u>	
	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows</u>	<u>Inflows</u>
	<u>of Resources</u>	<u>of Resources</u>
Differences between Expected and Actual Experience	\$ 266,866.00	\$ 957,874.00
Changes of Assumptions	689,652.00	1,763,639.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	1,360.00	-
Changes in Proportion	426,679.00	458,846.00
Contributions Subsequent to the Measurement Date	<u>60,480.73</u>	<u>-</u>
	<u>\$ 1,445,037.73</u>	<u>\$ 3,180,359.00</u>

Deferred outflows of resources in the amount of \$60,480.73 were the result of the Authority contributions subsequent to the Plan's measurement date of June 30, 2022. This amount will be included as a reduction of the Authority's net OPEB liability during the year ending December 31, 2023.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)

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

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

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

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

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

<u>Year Ending</u>	
December 31, 2024	\$ (513,677.00)
December 31, 2025	(514,091.00)
December 31, 2026	(332,382.00)
December 31, 2027	(156,806.00)
December 31, 2028	(2,743.00)
Thereafter	<u>(276,103.00)</u>
	<u>\$ (1,795,802.00)</u>

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****Actuarial Assumptions**

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

Salary Increases *

PERS:

Initial Fiscal Year Applied:

Rate for All Future Years 2.75% to 6.55%

Mortality:

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

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

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

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

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

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

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****Actuarial Assumptions (Cont'd)**

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

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

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

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

	1% Decrease <u>(2.54%)</u>	Current Discount Rate <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
Authority's Proportionate Share of the Net OPEB Liability	\$ 5,990,415.00	\$ 5,167,709.00	\$ 4,505,765.00

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

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Authority's Proportionate Share of the Net OPEB Liability	\$ 4,383,923.00	\$ 5,167,709.00	\$ 6,171,518.00

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan (Cont'd)****OPEB Plan Fiduciary Net Position**

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

Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan

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

General Information about the OPEB Plan**Plan Description and Benefits Provided**

The Authority has established a postemployment benefit plan to assist retirees in paying for medical coverage. The plan provides reimbursement for dental and vision coverage and a portion of Medicare part B premiums for the retiree, spouse and eligible dependents with full vesting occurring at retirement age 62 with 15 years of service or no minimum age requirement with 25 years of service. No assets are accumulated in a trust. In accordance with GASB Statement 75, this plan is considered a Single Employer, Defined Benefit OPEB Plan that is not administered through a Trust that meets the criteria in paragraph 4 of GASB Statement 75.

Employees Covered by Benefit Terms - At December 31, 2022, the following employees were covered by the benefit terms:

	<u>December 31, 2022</u>
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	12
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	
Active Employees	<u>26</u>
	<u>38</u>

Contributions

Employees are not required to contribute to the plan.

Total OPEB Liability

The Authority's total OPEB liability of \$2,071,666.00 as of December 31, 2022, was measured as of December 31, 2022.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)****Actuarial Assumptions and Other Inputs**

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

Inflation	2.45% Annually
Salary Increases	5.00% Annually
Discount Rate	4.31%
Healthcare Cost Trend Rates	
Dental	2.00%
Vision	2.00%
Medicare Part B	14.55% during 2022 and 4.40% per year thereafter

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

Mortality rates were based on 2010 Public General Amount Weighted Morality Tables for Male and Female Retirees Projected to 2026 using Scale MP-2020.

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

Changes in the Total OPEB Liability

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

	<u>December 31, 2022</u>
Balance at Beginning of Year	\$ 2,685,094.00
Changes for the Year:	
Service Cost	\$ 101,199.00
Interest Cost	62,042.00
Change in Benefit Terms	-
Benefit Payments	(58,139.00)
Actuarial Assumption Changes	<u>(718,530.00)</u>
Net Changes	<u>(613,428.00)</u>
Balance at End of Year	<u><u>\$ 2,071,666.00</u></u>

For 2022, the discount rate changed from 2.25% as of December 31, 2021 to 4.31% as of December 31, 2022.

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)****Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

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

	1.00% Decrease (3.31%)	Current Discount Rate (4.31%)	1.00% Increase (5.31%)
Total OPEB Liability	<u>\$ 2,381,988.00</u>	<u>\$ 2,071,666.00</u>	<u>\$ 1,817,670.00</u>

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

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

	1.00% Decrease Various	Healthcare Cost Trend Rate Various	1.00% Increase Various
Total OPEB Liability	<u>\$ 1,768,344.00</u>	<u>\$ 2,071,666.00</u>	<u>\$ 2,452,103.00</u>

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

For the year ended December 31, 2022, the Authority recognized OPEB expense of \$61,955.00. At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions or Other Inputs	<u>\$ 109,568.07</u>	<u>\$ 596,288.07</u>

Note 4: DETAIL NOTES – LIABILITIES (CONT'D)**Postemployment Benefits Other Than Pensions (OPEB) – Authority Plan (Cont'd)****OPEB (Benefit) Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)**

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

Year Ending December 31,	
2023	\$ (101,285.00)
2024	(101,283.00)
2025	(106,160.00)
2026	(134,689.00)
2027	<u>(43,303.00)</u>
	<u>\$ (486,720.00)</u>

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

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

	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022
Deferred Outflows of Resources - Related to OPEB				
State Plan	\$ 1,551,561.91	\$ 305,711.40	\$ (412,235.58)	\$ 1,445,037.73
Authority Plan	147,894.38	-	(38,326.31)	109,568.07
	<u>1,699,456.29</u>	<u>305,711.40</u>	<u>(450,561.89)</u>	<u>1,554,605.80</u>
Total Deferred Outflows of Resources - Related to OPEB				
	<u>\$ 1,699,456.29</u>	<u>\$ 305,711.40</u>	<u>\$ (450,561.89)</u>	<u>\$ 1,554,605.80</u>
Net OPEB Liability				
State Plan	\$ 5,798,270.00	\$ 4,211,318.00	\$ (4,841,879.00)	\$ 5,167,709.00
Authority Plan	2,685,094.00	163,241.00	(776,669.00)	2,071,666.00
	<u>8,483,364.00</u>	<u>4,374,559.00</u>	<u>(5,618,548.00)</u>	<u>7,239,375.00</u>
Total Net OPEB Liability				
	<u>\$ 8,483,364.00</u>	<u>\$ 4,374,559.00</u>	<u>\$ (5,618,548.00)</u>	<u>\$ 7,239,375.00</u>
Deferred Inflows of Resources - Related to OPEB				
State Plan	\$ 2,790,905.00	\$ 1,258,581.67	\$ (869,127.67)	\$ 3,180,359.00
Authority Plan	17,370.38	718,530.00	(139,612.31)	596,288.07
	<u>2,808,275.38</u>	<u>1,977,111.67</u>	<u>(1,008,739.98)</u>	<u>3,776,647.07</u>
Total Deferred Inflows of Resources - Related to OPEB				
	<u>\$ 2,808,275.38</u>	<u>\$ 1,977,111.67</u>	<u>\$ (1,008,739.98)</u>	<u>\$ 3,776,647.07</u>

Note 5: DETAIL NOTES – DEFERRED INFLOWS OF RESOURCES**Connection Fees**

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

Note 6: INTERGOVERNMENTAL AGREEMENTS**Borough of Merchantville Service Agreement**

On January 22, 1996, the Authority entered into an agreement with the Borough of Merchantville ("Borough") regarding the disposal of wastewater generated from within the Borough, the relationship between the parties regarding disposal, and other pertinent issues. Additionally, the agreement provides a means for the funding of necessary capital improvements to the collection system within the Borough.

The Borough is required to pay the Authority for each of the Borough's connections an amount equal to fifty percent of the amount charged to Authority customers. The Borough must pay in two equal, semi-annual installments due on the thirtieth day of June and the thirty-first day of December. In addition, the Borough pays an additional fee for the use of the Authority's personnel and equipment of \$10.00 per year for each connection in the Borough to cover the cost of maintenance and repairs. The additional fee was originally established for a period of two years and automatically renews for successive two-year periods unless either party provides written notice at least 180 days prior to any extension thereof. Payments of the additional fee are also paid in two equal semi-annual installments on the same dates as the rate payments.

Township of Pennsauken Service Agreement

A Service Agreement was entered into on May 1, 1987, between the Authority and the Township of Pennsauken. Under the Service Agreement, the Township agrees to pay any shortfall the Authority may encounter in making payments for either operating expenses and/or debt service.

Cherry Hill Township Service Agreement

On December 12, 1955, the Authority entered into an agreement with the Township of Delaware, which is now known as Cherry Hill Township. The Authority agreed to accept sewage from a small section of Cherry Hill Township. Payment for this service is calculated at a per unit charge using the same rate schedule used in charging Pennsauken Township customers. This agreement will stay in effect until one of the parties terminates the agreement giving one year's notice.

Note 7: DEFERRED COMPENSATION SALARY ACCOUNT

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

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

Note 8: RISK MANAGEMENT

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

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

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

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

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

Note 9: CONTINGENCIES**Litigation**

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

Note 10: RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

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

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

Note 10: RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS (CONT'D)**Statement of Net Position – December 31, 2022**

	<u>Balance December 31, 2022, as previously stated</u>	<u>Restatement</u>	<u>Balance December 31, 2022, as restated</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB	\$ 1,699,456.29	\$ (144,850.49)	\$ 1,554,605.80
Total Deferred Outflows of Resources	<u>2,170,538.29</u>	<u>(144,850.49)</u>	<u>2,025,687.80</u>
LIABILITIES			
Long-term Liabilities:			
OPEB Liability	<u>8,483,364.00</u>	<u>(1,243,989.00)</u>	<u>7,239,375.00</u>
Total Long Term Liabilities	<u>12,149,686.54</u>	<u>(1,243,989.00)</u>	<u>10,905,697.54</u>
Total Liabilities	<u>13,034,893.93</u>	<u>(1,243,989.00)</u>	<u>11,790,904.93</u>
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	<u>2,808,275.38</u>	<u>968,371.69</u>	<u>3,776,647.07</u>
Total Deferred Inflows of Resources	<u>3,794,830.38</u>	<u>968,371.69</u>	<u>4,763,202.07</u>
NET POSITION			
Unrestricted (Deficit)	<u>(11,124,493.66)</u>	<u>130,766.82</u>	<u>(10,993,726.84)</u>
Total Net Position	<u>\$ (5,842,954.47)</u>	<u>\$ 130,766.82</u>	<u>\$ (5,712,187.65)</u>

Statement of Revenues, Expenses and Changes in Net Position - December 31, 2022

	<u>Balance December 31, 2022, as previously stated</u>	<u>Restatement</u>	<u>Balance December 31, 2022, as restated</u>
Operating Expenses:			
Administration:			
Employee Benefits	\$ 148,588.81	\$ (65,383.41)	\$ 83,205.40
Total Administration	<u>965,044.28</u>	<u>(65,383.41)</u>	<u>899,660.87</u>
Cost of Providing Service:			
Employee Benefits	<u>369,249.41</u>	<u>(65,383.41)</u>	<u>303,866.00</u>
Total Cost of Providing Service	<u>2,020,676.17</u>	<u>(65,383.41)</u>	<u>1,955,292.76</u>
Total Operating Expenses	<u>3,437,687.58</u>	<u>(130,766.82)</u>	<u>3,306,920.76</u>
Operating Income	<u>973,812.06</u>	<u>130,766.82</u>	<u>1,104,578.88</u>
Change in Net Position	<u>826,735.76</u>	<u>130,766.82</u>	<u>957,502.58</u>
Net Position (Deficit) - Beginning	<u>(6,669,690.23)</u>	<u>-</u>	<u>(6,669,690.23)</u>

REQUIRED SUPPLEMENTARY INFORMATION

PENNSAUKEN SEWERAGE AUTHORITY
 Required Supplementary Information
 Schedule of the Authority's Proportionate Share
 of the Net OPEB Liability - State Plan
 Last Seven Plan Years

	Measurement Date Ended June 30,			
	<u>2023</u>	<u>2022</u>	<u>2021 (a)</u>	<u>2020</u>
Authority's Proportion of the Net OPEB Liability		0.031999%	0.032392%	0.032630%
Authority's Proportionate Share of the Net OPEB Liability	Information	\$ 5,167,709.00	\$ 5,830,489.00	\$ 5,855,980.00
Authority's Covered Payroll (Plan Measurement Period)	Not Available	\$ 1,527,327.00	\$ 1,634,612.00	\$ 1,649,915.00
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll		338.35%	356.69%	354.93%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		-0.36%	0.28%	0.91%
	Measurement Date Ended June 30,			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Authority's Proportion of the Net OPEB Liability	0.030403%	0.031865%	0.030500%	
Authority's Proportionate Share of the Net OPEB Liability	\$ 4,118,412.00	\$ 4,992,168.00	\$ 6,226,816.00	
Authority's Covered Payroll (Plan Measurement Period)	\$ 1,593,029.00	\$ 1,446,662.00	\$ 1,514,606.00	
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	258.53%	345.08%	411.12%	
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.97%	1.03%	

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

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

PENNSAUKEN SEWERAGE AUTHORITY
 Required Supplementary Information
 Schedule of the Authority's OPEB Contributions - State Plan
 Last Seven Years

	<u>Year Ended December 31,</u>			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Authority's Required Contributions		\$ 125,921.59	\$ 114,996.89	\$ 92,337.14
Authority's Contributions in Relation to the Required Contribution	Information Not Available	<u>(125,921.59)</u>	<u>(114,996.89)</u>	<u>(92,337.14)</u>
Authority's Contribution Deficiency (Excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Calendar Year)		\$ 1,548,919.00	\$ 1,522,480.00	\$ 1,702,816.00
Authority's Contributions as a Percentage of Covered Payroll		8.13%	7.55%	5.42%
	<u>Year Ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Authority's Required Contributions	\$ 98,070.72	\$ 180,629.77	\$ 170,397.41	
Authority's Contributions in Relation to the Required Contribution	<u>(98,070.72)</u>	<u>(180,629.77)</u>	<u>(170,397.41)</u>	
Authority's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Authority's Covered Payroll (Calendar Year)	\$ 1,618,087.00	\$ 1,514,225.00	\$ 1,747,863.00	
Authority's Contributions as a Percentage of Covered Payroll	6.06%	11.93%	9.75%	

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

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

	<u>Measurement Date Ending June 30,</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Authority's Proportion of the Net Pension Liability	0.0207359781%	0.0200173979%	0.0230358007%	0.0224561541%	0.0214367055%
Authority's Proportionate Share of the Net Pension Liability	\$ 3,003,477.00	\$ 3,020,901.00	\$ 2,728,936.00	\$ 3,662,011.00	\$ 3,862,569.00
Authority's Covered Payroll (Plan Measurement Period)	\$ 1,552,604.00	\$ 1,475,264.00	\$ 1,688,152.00	\$ 1,625,024.00	\$ 1,500,188.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	193.45%	204.77%	161.65%	225.35%	257.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.23%	62.91%	70.33%	58.32%	56.27%
	<u>Measurement Date Ending June 30,</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability	0.0211484510%	0.0231177215%	0.0228999629%	0.0213162988%	0.0213287332%
Authority's Proportionate Share of the Net Pension Liability	\$ 4,162,921.00	\$ 5,381,436.00	\$ 6,782,312.00	\$ 4,785,082.00	\$ 3,993,322.00
Authority's Covered Payroll (Plan Measurement Period)	\$ 1,506,088.00	\$ 1,586,304.00	\$ 1,575,356.00	\$ 1,473,412.00	\$ 1,475,004.00
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	276.41%	339.24%	430.53%	324.76%	270.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%	47.93%	52.08%

PENNSAUKEN SEWERAGE AUTHORITY
 Required Supplementary Information
 Schedule of the Authority's Pension Contributions
 Public Employees' Retirement System (PERS)
 Last Ten Years

	<u>Year Ended December 31,</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 277,142.00	\$ 252,429.00	\$ 269,776.00	\$ 245,659.00	\$ 208,516.00
Contributions in Relation to Contractually Required Contribution	<u>(277,142.00)</u>	<u>(252,429.00)</u>	<u>(269,776.00)</u>	<u>(245,659.00)</u>	<u>(208,516.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Calendar Year)	\$ 1,592,400.00	\$ 1,548,919.00	\$ 1,522,480.00	\$ 1,702,816.00	\$ 1,618,087.00
Authority's Contributions as a Percentage of Covered Payroll	17.40%	16.30%	17.72%	14.43%	12.89%
	<u>Year Ended December 31,</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 210,303.00	\$ 214,161.00	\$ 203,440.00	\$ 183,263.00	\$ 175,831.00
Contributions in Relation to Contractually Required Contribution	<u>(210,303.00)</u>	<u>(214,161.00)</u>	<u>(203,440.00)</u>	<u>(183,263.00)</u>	<u>(175,831.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Calendar Year)	\$ 1,514,225.00	\$ 1,474,863.00	\$ 1,555,135.00	\$ 1,577,112.00	\$ 1,502,070.00
Authority's Contributions as a Percentage of Covered Payroll	13.89%	14.52%	13.08%	11.62%	11.71%

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

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

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

Changes in Benefit Terms

None.

Changes in Assumptions

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

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	4.31%	2018	3.75%
2021	2.25%	2017	3.75%
2020	1.93%	2016	4.00%
2019	3.75%		

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

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

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

Changes in Benefit Terms

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

Changes in Assumptions

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

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

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

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

There were no changes to mortality projections.

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

Note 3: POSTEMPLOYMENT BENEFITS - PENSION

Public Employees' Retirement System (PERS)

Changes in Benefit Terms

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

Changes in Assumptions

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

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

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

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

SUPPLEMENTARY SCHEDULES

PENNSAUKEN SEWERAGE AUTHORITY
 Schedule of Revenues, Expenses and Changes in Net Position
 Unrestricted and Restricted Accounts
 For the Year Ended December 31, 2023

	Operating	General	Restricted			Total
			Bond Service	Bond Reserve	Renewal and Replacement	
Operating Revenues:						
Service Fees	\$ 3,983,230.13					\$ 3,983,230.13
Intergovernmental Service Fees	234,670.38					234,670.38
Connection Fees	2,550.00					2,550.00
Other Operating Revenues	166,353.49					166,353.49
Total Operating Revenues	4,386,804.00	\$ -	\$ -	\$ -	\$ -	4,386,804.00
Operating Expenses:						
Administration:						
Salaries and Wages	614,764.28					614,764.28
Employee Benefits	310,262.04					310,262.04
Other Expenses	210,971.28					210,971.28
Cost of Providing Service:						
Salaries and Wages	1,125,572.59					1,125,572.59
Employee Benefits	566,762.14					566,762.14
Other Expenses	627,346.62					627,346.62
Depreciation	450,982.88					450,982.88
Total Operating Expenses	3,906,661.83	-	-	-	-	3,906,661.83
Operating Income	480,142.17	-	-	-	-	480,142.17
Non-operating Income (Expenses):						
Investment Income	16,273.67	5,072.76		2,172.08	3,364.91	26,883.42
Interest on Loans			(3,722.43)			(3,722.43)
Contribution to Pennsauken Township		(150,000.00)				(150,000.00)
Change in Net Position before Transfers	496,415.84	(144,927.24)	(3,722.43)	2,172.08	3,364.91	353,303.16
Transfers	(496,415.84)	498,230.40	3,722.43	(2,172.08)	(3,364.91)	
Change in Net Position	-	353,303.16	-	-	-	353,303.16
Net Position (Deficit) - Beginning, as Originally Stated	250,000.00	(6,397,371.83)		54,417.36	250,000.00	(5,842,954.47)
Prior Period Adjustment (Note 10)		130,766.82				130,766.82
Net Position (Deficit) - Beginning, as Restated	250,000.00	(6,266,605.01)		54,417.36	250,000.00	(5,712,187.65)
Change in Net Position		353,303.16				353,303.16
Net Position (Deficit) - Ending						
Net Investment in Capital Assets		\$ 4,708,050.33				\$ 4,708,050.33
Restricted	\$ 250,000.00		\$ -	\$ 54,417.36	\$ 250,000.00	\$ 554,417.36
Unrestricted (Deficit)		\$ (10,621,352.18)				\$ (10,621,352.18)

PENNSAUKEN SEWERAGE AUTHORITY
 Schedule of Cash Receipts and Disbursements
 For the Year Ended December 31, 2023

	Operating <u>Account</u>	General <u>Account</u>	Revenue <u>Account</u>	Restricted			<u>Total</u>
				<u>Bond Service</u>	<u>Bond Reserve</u>	<u>Renewal and Replacement</u>	
Cash, Cash Equivalents and Investments Jan. 1, 2023	\$ 2,149,731.56	\$ 121,529.16	\$ 11.18	\$ -	\$ 59,963.36	\$ 280,818.74	\$ 2,612,054.00
Cash Receipts:							
Investment Income	16,273.13	5,161.07	0.52		136.46	267.75	21,838.93
Service Fees Receivable	3,819,032.09						3,819,032.09
Other Accounts Receivable	19,451.63						19,451.63
Intergovernmental Service Fees	132,680.56						132,680.56
Other Operating Income	156,986.49						156,986.49
Deferred Revenue	18,084.90						18,084.90
Overpaid Service Fees	80,630.48						80,630.48
Developer's Escrow	30,515.00						30,515.00
Unearned Revenue	230,964.44						230,964.44
Transfers in				55,357.35			55,357.35
Total Cash Receipts and Investments Available	6,654,350.28	126,690.23	11.70	55,357.35	60,099.82	281,086.49	7,177,595.87
Cash Disbursements:							
Budget Appropriations	3,887,430.12			690.00			3,888,120.12
Loan Interest Payments				4,124.99			4,124.99
Loan Principal				50,542.36			50,542.36
Accounts Payable	108,736.98						108,736.98
Capital Assets	381,214.28						381,214.28
Other Accounts Receivable	19,451.63						19,451.63
Developer's Escrow	4,211.73						4,211.73
Transfers out		55,357.35					55,357.35
Total Cash Disbursements	4,401,044.74	55,357.35	-	55,357.35	-	-	4,511,759.44
Cash, Cash Equivalents and Investments Dec. 31, 2023	\$ 2,253,305.54	\$ 71,332.88	\$ 11.70	\$ -	\$ 60,099.82	\$ 281,086.49	\$ 2,665,836.43
Analysis of Balance:							
Cash & Cash Equivalents	\$ 2,253,305.54	\$ 71,332.88	\$ 11.70		\$ 3,089.80	\$ 412.17	\$ 2,328,152.09
Investments							
Certificate of Deposits					57,010.02	280,674.32	337,684.34
Total	\$ 2,253,305.54	\$ 71,332.88	\$ 11.70	\$ -	\$ 60,099.82	\$ 281,086.49	\$ 2,665,836.43

PENNSAUKEN SEWERAGE AUTHORITY
 Schedule of Anticipated Budget Revenues, Operating Appropriations
 Principal Payments and Non-Operating Appropriations Compared to Budget -- Non-GAAP Budgetary Basis
 For the Year Ended December 31, 2023

	Adopted Budget	Transfers/ Modifications	Modified Budget	Actual	Variance Favorable / (Unfavorable)
Budget Revenues:					
Operating Revenues:					
Service Fees:					
Residential	\$ 2,780,000.00		\$ 2,780,000.00	\$ 2,792,265.16	\$ 12,265.16
Business/Commercial	1,305,000.00		1,305,000.00	1,190,964.97	(114,035.03)
Intergovernmental	237,000.00		237,000.00	234,670.38	(2,329.62)
Total Service Fees	4,322,000.00	\$ -	4,322,000.00	4,217,900.51	(104,099.49)
Connection Fees:					
Residential	12,000.00		12,000.00	2,550.00	(9,450.00)
Business/Commercial	12,000.00		12,000.00		(12,000.00)
Intergovernmental	1,000.00		1,000.00		(1,000.00)
Total Connection Fees	25,000.00	-	25,000.00	2,550.00	(22,450.00)
Other Operating Revenues:					
Filing Fees	500.00		500.00	3,560.00	3,060.00
Interest and Fines on Delinquents	49,000.00		49,000.00	65,495.81	16,495.81
Miscellaneous	16,000.00		16,000.00	97,297.68	81,297.68
Total Other Operating Revenues	65,500.00	-	65,500.00	166,353.49	100,853.49
Total Operating Revenues	4,412,500.00	-	4,412,500.00	4,386,804.00	(25,696.00)
Non-Operating Revenues:					
Investment Income					
Unrestricted Accounts	15,000.00		15,000.00	21,346.43	6,346.43
Restricted Accounts	5,000.00		5,000.00	5,536.99	536.99
Total Investment Income	20,000.00	-	20,000.00	26,883.42	6,883.42
Total Budget Revenues	4,432,500.00	-	4,432,500.00	4,413,687.42	(18,812.58)
Operating Appropriations:					
Administration:					
Salaries and Wages					
Management	317,500.00	10,500.00	328,000.00	321,349.12	6,650.88
Office Administration	325,000.00	1,000.00	326,000.00	275,415.16	50,584.84
Commissioners	18,000.00		18,000.00	18,000.00	
Total Salaries and Wages	660,500.00	11,500.00	672,000.00	614,764.28	57,235.72
Employee Benefits:					
Public Employees Retirement System	145,000.00	(8,700.00)	136,300.00	130,898.00	5,402.00
Social Security Tax	56,000.00		56,000.00	52,783.92	3,216.08
Unemployment Comp Insurance	5,000.00		5,000.00	3,346.42	1,653.58
Health Insurance	158,000.00	10,000.00	168,000.00	167,788.09	211.91
Vision/Dental/Prescription Insurance	54,000.00	(4,500.00)	49,500.00	47,683.06	1,816.94
Employee Sick Time Payback	76,500.00	2,000.00	78,500.00	78,256.05	243.95
Total Employee Benefits	494,500.00	(1,200.00)	493,300.00	480,755.54	12,544.46

(Continued)

PENNSAUKEN SEWERAGE AUTHORITY
 Schedule of Anticipated Budget Revenues, Operating Appropriations
 Principal Payments and Non-Operating Appropriations Compared to Budget -- Non-GAAP Budgetary Basis
 For the Year Ended December 31, 2023

	Adopted Budget	Transfers/ Modifications	Modified Budget	Actual	Variance Favorable / (Unfavorable)
Operating Appropriations (Cont'd):					
Administration (Cont'd):					
Other Expenses:					
Auditing Fees	\$ 37,000.00	\$ (4,000.00)	\$ 33,000.00	\$ 43,665.00	\$ (10,665.00)
Legal Fees	20,000.00		20,000.00	18,200.00	1,800.00
Other Professional Fees	20,000.00	(5,000.00)	15,000.00	10,255.00	4,745.00
Public Official Liability Insurance	11,000.00	2,100.00	13,100.00	8,329.00	4,771.00
Office Supplies and Expenses	15,000.00		15,000.00	12,655.96	2,344.04
Postage	14,000.00	(1,600.00)	12,400.00	13,031.56	(631.56)
Advertising/Printing	15,000.00		15,000.00	10,527.59	4,472.41
Telephone Expense	25,000.00		25,000.00	21,531.33	3,468.67
Miscellaneous Expenses	5,500.00	(700.00)	4,800.00	4,972.24	(172.24)
Service Contracts	25,000.00		25,000.00	13,657.58	11,342.42
Equipment Rental	3,500.00		3,500.00	2,989.56	510.44
Building Utilities/Expenses	25,000.00		25,000.00	11,643.32	13,356.68
Building Repairs	25,000.00		25,000.00	17,433.14	7,566.86
Civic Involvement	32,500.00		32,500.00	15,000.00	17,500.00
Education/Seminars	10,000.00	(1,100.00)	8,900.00	7,080.00	1,820.00
Total Other Expenses	283,500.00	(10,300.00)	273,200.00	210,971.28	62,228.72
Total Administration Department	1,438,500.00	-	1,438,500.00	1,306,491.10	132,008.90
Cost of Providing Service:					
Salaries and Wages					
Operations and Maintenance	975,000.00	7,500.00	982,500.00	941,851.81	40,648.19
Management	184,000.00	3,000.00	187,000.00	183,720.78	3,279.22
Total Salaries and Wages	1,159,000.00	10,500.00	1,169,500.00	1,125,572.59	43,927.41
Employee Benefits:					
Public Employees Retirement System	145,000.00		145,000.00	130,898.00	14,102.00
Social Security Tax	100,000.00		100,000.00	90,022.92	9,977.08
Unemployment Comp Insurance	8,500.00		8,500.00	5,212.87	3,287.13
Health Insurance	345,000.00	2,500.00	347,500.00	347,385.65	114.35
Vision/Dental/Prescription Insurance	112,000.00	(10,000.00)	102,000.00	97,853.93	4,146.07
Uniforms	8,000.00		8,000.00	7,625.92	374.08
Employee Sick Time Payback	93,500.00	(10,000.00)	83,500.00	58,256.35	25,243.65
Total Employee Benefits	812,000.00	(17,500.00)	794,500.00	737,255.64	57,244.36

(Continued)

PENNSAUKEN SEWERAGE AUTHORITY
 Schedule of Anticipated Budget Revenues, Operating Appropriations
 Principal Payments and Non-Operating Appropriations Compared to Budget -- Non-GAAP Budgetary Basis
 For the Year Ended December 31, 2023

	Adopted Budget	Transfers/ Modifications	Modified Budget	Actual	Variance Favorable / (Unfavorable)
Operating Appropriations (Cont'd):					
Cost of Providing Service (Cont'd):					
Other Expenses:					
Engineer Fees	\$ 25,000.00		\$ 25,000.00	\$ 7,402.25	\$ 17,597.75
Insurance:					
General and Auto Liability	32,000.00	\$ 4,200.00	36,200.00	19,643.00	16,557.00
Workers Compensation	67,000.00	(14,000.00)	53,000.00	45,117.00	7,883.00
Property	38,000.00	24,300.00	62,300.00	63,329.00	(1,029.00)
JIF Fund Expense	5,000.00		5,000.00	685.00	4,315.00
Uninsured Liabilities	10,000.00		10,000.00		10,000.00
Service Contracts O & M	30,000.00		30,000.00	29,630.00	370.00
Utilities/Pumping Stations	175,000.00	7,500.00	182,500.00	181,685.78	814.22
Trash Removal	10,000.00		10,000.00	4,871.00	5,129.00
Operations/Maintenance Expense	45,000.00		45,000.00	31,420.40	13,579.60
Safety Expense	5,000.00		5,000.00	4,481.15	518.85
Maintenance of Grounds and Structures	5,000.00		5,000.00	2,653.30	2,346.70
Vehicle Repair & Parts	20,000.00		20,000.00	17,663.45	2,336.55
Fuel, Oil, Mileage Expense	30,000.00	(15,000.00)	15,000.00	32,377.26	(17,377.26)
Chemicals	6,875.00		6,875.00		6,875.00
Collection System Expense	73,350.00		73,350.00	32,029.25	41,320.75
Permits & Licensing	6,000.00		6,000.00	6,001.00	(1.00)
Emergency Main Repairs	280,000.00		280,000.00	148,357.78	131,642.22
Total Other Expenses	863,225.00	7,000.00	870,225.00	627,346.62	242,878.38
Total Cost of Providing Service	2,834,225.00	-	2,834,225.00	2,490,174.85	344,050.15
Principal Payments on Debt in Lieu of Depreciation	50,550.00	-	50,550.00	50,542.36	7.64
Total Operating Appropriations	4,323,275.00	-	4,323,275.00	3,847,208.31	476,066.69
Non-Operating Appropriations:					
Contribution to Pennsauken Township	150,000.00		150,000.00	150,000.00	
Interest on Loans	4,125.00		4,125.00	3,877.17	247.83
Total Non-Operating Appropriations:	154,125.00	-	154,125.00	153,877.17	247.83
Total Appropriations and Unrestricted Net Position	4,477,400.00	-	4,477,400.00	4,001,085.48	476,314.52
Excess Anticipated Budget Revenues Over Operating and Non-Operating Appropriations	\$ (44,900.00)	\$ -	\$ (44,900.00)	\$ 412,601.94	\$ 457,501.94

(Continued)

PENNSAUKEN SEWERAGE AUTHORITY

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

<u>Reconciliation of Excess Budget Revenues</u>		
<u>over Budget Appropriations to Operating Income (Loss)</u>		\$ 412,601.94
Add:		
Loan Principal	\$ 50,542.36	
Loan Interest	3,877.17	
Contribution to Pennsauken Township Per N.J.S.A. 40A:5A-1	<u>150,000.00</u>	
		204,419.53
Less:		
Interest on Investments	26,883.42	
GASB 68 Adjustment	(340,987.00)	
Depreciation	<u>450,982.88</u>	
		<u>136,879.30</u>
Operating Income (Exhibit B)		<u>\$ 480,142.17</u>
 <u>Analysis of Charges to Appropriations</u>		
Cash Disbursed		\$ 3,888,120.12
Accounts Payable		101,175.83
On-Behalf Payment of Non-Employer Special Funding Situation Pension Expense		9,367.00
Termination Benefits		(33,312.00)
Compensated Absences		(18,685.00)
Loan Principal		50,542.36
Loan Interest		<u>3,877.17</u>
Total Budget Appropriations		<u>\$ 4,001,085.48</u>

PENNSAUKEN SEWERAGE AUTHORITY
 Schedule of Service Fees Receivable
 For the Year Ended December 31, 2023

Balance Jan. 1, 2023		\$ 1,025,033.49
Increased by:		
Residential Charges	\$ 2,792,265.16	
Business/Commercial	1,179,447.71	
		3,971,712.87
		4,996,746.36
Decreased by:		
Collections	3,819,032.09	
Unearned Revenue Realized	229,172.79	
Overpayment Applied	54,694.33	
		4,102,899.21
Balance Dec. 31, 2023		\$ 893,847.15
<u>Analysis of Balance:</u>		
Service Fees Receivable		\$ 594,818.59
Unbilled Revenue		299,028.56
Balance Dec. 31, 2023		\$ 893,847.15

Schedule 5

PENNSAUKEN SEWERAGE AUTHORITY
 Schedule of Investment Income Receivable
 For the Year Ended December 31, 2023

	<u>Balance</u> Jan. 1, 2023	<u>Investment</u> <u>Earnings</u>	<u>Received</u>	<u>Balance</u> Dec. 31, 2023
Unrestricted Earnings:				
Operating Account		\$ 16,273.13	\$ 16,273.13	
Revenue Account	\$ 0.03	0.54	0.52	\$ 0.05
General Account	388.83	5,072.76	5,161.07	300.52
	388.86	21,346.43	21,434.72	300.57
Restricted Earnings:				
Bond Reserve Account	42.47	2,172.08	136.46	2,078.09
Renewal and Replacement Fund	1,254.13	3,364.91	267.75	4,351.29
	1,296.60	5,536.99	404.21	6,429.38
	\$ 1,685.46	\$ 26,883.42	\$ 21,838.93	\$ 6,729.95

PENNSAUKEN SEWERAGE AUTHORITY
 Schedule of Intergovernmental Service Fees Receivable
 For the Year Ended December 31, 2023

	<u>Cherry Hill</u>	<u>Merchantville</u>	<u>Total</u>
Balance Jan. 1, 2023	\$ -	\$ -	\$ -
Increased by:			
Charges Billed	<u>30,602.28</u>	<u>204,068.10</u>	<u>234,670.38</u>
	30,602.28	204,068.10	234,670.38
Decreased by:			
Cash Collections	<u>30,602.28</u>	<u>102,078.28</u>	<u>132,680.56</u>
	30,602.28	102,078.28	132,680.56
Balance Dec. 31, 2023	<u><u>\$ -</u></u>	<u><u>\$ 101,989.82</u></u>	<u><u>\$ 101,989.82</u></u>

PENNSAUKEN SEWERAGE AUTHORITY
 Schedule of Other Accounts Receivable
 For the Year Ended December 31, 2023

Balance Jan. 1, 2023	\$ -
Increased by:	
Cash Disbursed	<u>19,451.63</u>
	19,451.63
Decreased by:	
Cash Collections	<u>19,451.63</u>
	19,451.63
Balance Dec. 31, 2023	<u><u>\$ -</u></u>

PENNSAUKEN SEWERAGE AUTHORITY

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

	Balance Jan. 1, 2023	Additions	Transfers	Deletions	Balance Dec. 31, 2023
Administration:					
Infrastructure	\$ 190,940.08				\$ 190,940.08
Land	63,100.00				63,100.00
Buildings	1,014,275.10				1,014,275.10
Vehicles	110,977.00				110,977.00
Equipment	251,934.09	\$ 6,808.45			258,742.54
Operations:					
Infrastructure	9,773,601.67		\$ (105,843.89)		9,667,757.78
Land	42,300.00				42,300.00
Buildings	5,562,630.42				5,562,630.42
Vehicles	1,465,063.43	8,875.00			1,473,938.43
Equipment	1,425,755.26	349,336.28	105,843.89		1,880,935.43
	<u>19,900,577.05</u>	<u>365,019.73</u>	<u>-</u>	<u>\$ -</u>	<u>20,265,596.78</u>
Depreciation:					
Administration:					
Infrastructure	179,121.89	883.03			180,004.92
Buildings	664,520.74	32,092.94			696,613.68
Vehicles	29,801.10	8,221.20			38,022.30
Equipment	216,509.65	4,352.20			220,861.85
Operations:					-
Infrastructure	7,722,745.99	136,602.81			7,859,348.80
Buildings	4,367,826.84	85,083.95			4,452,910.79
Vehicles	845,400.66	117,138.39			962,539.05
Equipment	772,091.43	66,608.36			838,699.79
Less: Depreciation	<u>14,798,018.30</u>	<u>450,982.88</u>		<u>-</u>	<u>15,249,001.18</u>
	<u>\$ 5,102,558.75</u>	<u>\$ (85,963.15)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,016,595.60</u>
Accounts Payable		\$ 146,018.25			
Disbursed		<u>219,001.48</u>			
		<u>\$ 365,019.73</u>			

PENNSAUKEN SEWERAGE AUTHORITY
 Schedule of Overpaid Service Fees
 For the Year Ended December 31, 2023

Balance Jan. 1, 2023	\$	54,694.33
Increased by:		
Cash Received		80,630.48
		135,324.81
Decreased by:		
Applied to Service Fees Receivable		54,694.33
Balance Dec. 31, 2023	\$	80,630.48

Schedule 10

PENNSAUKEN SEWERAGE AUTHORITY
 Schedule of Other Liabilities
 For the Year Ended December 31, 2023

	<u>Turn On/Off Fees Payable</u>	<u>Unearned Revenue</u>	<u>Developer's Escrow Fees</u>	<u>Total</u>
Balance Jan. 1, 2023	\$ -	\$ 229,172.79	\$ 14,902.28	\$ 244,075.07
Increased by:				
Received	27,660.00	230,964.44	30,515.00	289,139.44
	27,660.00	460,137.23	45,417.28	533,214.51
Decreased by:				
Disbursed	27,660.00		3,917.75	31,577.75
Accounts Payable			3,616.75	3,616.75
Refunds			98.98	98.98
Realized		229,172.79		229,172.79
	27,660.00	229,172.79	7,633.48	264,466.27
Balance Dec. 31, 2023	\$ -	\$ 230,964.44	\$ 37,783.80	\$ 268,748.24

PENNSAUKEN SEWERAGE AUTHORITY
 Schedule of Accrued Interest Payable
 For the Year Ended December 31, 2023

Balance Jan. 1, 2023		\$	1,703.80
Increased by:			
Interest Charges - Budget	\$	3,877.17	
Loan Premium Amortized		<u>(154.74)</u>	
			<u>3,722.43</u>
			5,426.23
Decreased by:			
Cash Disbursed		4,124.99	
Loan Premium Amortized		<u>(154.74)</u>	
			<u>3,970.25</u>
Balance Dec. 31, 2023		\$	<u><u>1,455.98</u></u>

Schedule 12

PENNSAUKEN SEWERAGE AUTHORITY
 Schedule of Deferred Revenue (Connection Fees)
 For the Year Ended December 31, 2023

Balance Jan. 1, 2023		\$	4,921.00
Add:			
Receipts			<u>18,084.90</u>
			23,005.90
Less:			
Realized as Connection Fee Revenue			<u>2,550.00</u>
Balance Dec. 31, 2023		\$	<u><u>20,455.90</u></u>

PENNSAUKEN SEWERAGE AUTHORITY
Schedule of Sewer Revenue Loans
For the Year Ended December 31, 2023

	Date of <u>Issue</u>	Original <u>Issue</u>	<u>Maturities</u>		<u>Rate</u>	Balance <u>Jan. 1, 2023</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2023</u>
			<u>Date</u>	<u>Amount</u>				
New Jersey Environmental Infrastructure Trust Loan, Series 2010A (Non-Interest Bearing)	03/10/10	\$ 699,000.00	02/01/24	\$ 11,847.45				
			08/01/24	23,694.91				
			02/01/25	11,847.45				
			08/01/25	23,694.91				
			02/01/26	11,847.45				
			08/01/26	23,694.91				
			02/01/27	11,847.45				
			08/01/27	23,694.91				
			02/01/28	11,847.45				
			08/01/28	10,164.52				
			<u>164,181.41</u>		\$ 199,723.77	\$ 35,542.36	\$ 164,181.41	
New Jersey Environmental Infrastructure Trust Loan, Series 2010A (Interest Bearing)	03/10/10	230,000.00	08/01/24	15,000.00	4.00%			
			08/01/25	15,000.00	4.00%			
			08/01/26	15,000.00	3.50%			
			08/01/27	15,000.00	4.00%			
			08/01/28	15,000.00	4.00%			
			08/01/29	15,000.00	4.00%			
				<u>90,000.00</u>				
					304,723.77	50,542.36	254,181.41	
Premium on Loans - Amortized					1,018.70	154.74	863.96	
					<u>\$ 305,742.47</u>	<u>\$ 50,697.10</u>	<u>\$ 255,045.37</u>	

PENNSAUKEN SEWERAGE AUTHORITY

PART II

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2023

36000

PENNSAUKEN SEWERAGE AUTHORITY
Schedule of Findings and Recommendations
For the Year Ended December 31, 2023

Schedule of Financial Statement Findings

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

None

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

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

None

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APPRECIATION

We express our appreciation for the courtesies extended and assistance rendered to us during the course of this audit.

Respectfully submitted,

Bowman + Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

