

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION

YEARS ENDED OCTOBER 31, 2024 AND 2023

AND

INDEPENDENT AUDITOR'S REPORT

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
FINANCIAL STATEMENTS WITH SUPPLEMENTAL INFORMATION
YEARS ENDED OCTOBER 31, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

Chairman and Commissioners of
Lakewood Township Municipal Utilities Authority
Lakewood, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of business-type activities of the Lakewood Township Municipal Utilities Authority (the "Authority"), in the County of Ocean, State of New Jersey, as of and for the years ended October 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Lakewood Township Municipal Utilities Authority, in the County of Ocean, as of October 31, 2024 and 2023, and the changes in 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Lakewood Township Municipal Utilities Authority, in the County of Ocean, State of New Jersey and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

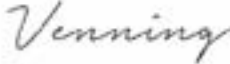
Supplementary Information

Our audit was conducted for the purpose of forming 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 not a required part of the basic financial statements.

The accompanying supplementary schedules as listed in the table of contents 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, 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 September 9, 2025, on our consideration of the Lakewood Township Municipal Utilities Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Lakewood Township Municipal Utilities Authority, in the County of Ocean, State of New Jersey'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 Lakewood Township Municipal Utilities Authority's internal control over financial reporting and compliance.


VENNING & COMPANY, LLC
Certified Public Accountants

Toms River, New Jersey
September 9, 2025

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

**Chairman and Commissioners of
Lakewood Township Municipal Utilities Authority
Lakewood, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the government activities and each major fund and the aggregate remaining fund information of the Lakewood Township Municipal Utilities Authority, in the County of Ocean, State of New Jersey as of and for the years ended October 31, 2024 and 2023, and the related notes to the financial statements which collectively comprise Lakewood Township Municipal Utilities Authority's basic financial statements, and have issued our report thereon dated September 9, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lakewood Township Municipal Utilities 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lakewood Township Municipal Utilities Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lakewood Township Municipal Utilities Authority's internal control.

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

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

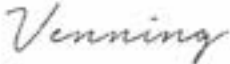


Report on Compliance and Other Matters

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


VENNING & COMPANY, LLC
Certified Public Accountants

Toms River, New Jersey
September 9, 2025

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED OCTOBER 31, 2024

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

Financial Statements

The financial statements included on this report are the statements of net position, statements of revenues, expenses and changes in net position and statements of cash flows as of and for the years ended October 31, 2024 and 2023.

The statements of net position show the financial position of the Lakewood Township Municipal Utilities Authority ("Authority") at October 31st of each year. Assets are compared with liabilities and net position is the result.

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

Finally, the statements of cash flows demonstrate why cash balances increased or decreased during the year.

Financial Analysis

The Authority, at October 31, 2024, had total assets and deferred outflows of resources of \$122,814,382 compared to \$114,080,461 at October 31, 2023. The total assets and deferred outflows of resources increased by approximately \$8,734,000 from 2023 to 2024 primarily as a result of the increase in plant, property and equipment. The Authority, at October 31, 2023, had total assets and deferred outflows of resources of \$114,080,461 compared to \$105,218,217 at October 31, 2022. The total assets and deferred outflows of resources increased by approximately \$8,862,000 from 2022 to 2023 primarily as a result of the increase in plant, property and equipment.

The Authority's liabilities and deferred inflows of resources of \$43,877,203 at year end October 31, 2024 increased from the October 31, 2023 balance of \$36,536,132. The liabilities and deferred inflows of resources increased by approximately \$7,300,000 primarily due to the increase in construction cost payable and a increase in deferred inflows OPEB. The Authority's liabilities and deferred inflows of resources of \$36,536,132 at year end October 31, 2023 decreased from the October 31, 2022 balance of \$37,862,037. The liabilities and deferred inflows of resources decreased by approximately \$1,326,000 primarily due to the decrease in deferred inflows OPEB.

In summary, the Authority's net position for the year ended October 31, 2024 reflects an increase of approximately \$1,400,000 from 2023. This is due to a net position increase of \$1,045,126 and the net increase of \$347,727 in contributed capital. The Authority's net position for the year ended October 31, 2023 reflects an increase of approximately \$10,200,000 from 2022, which was due primarily to a net position increase of \$1,833,817 and the net increase of \$8,354,332 in Developer expansion of system.

(Continued)

LAKESIDE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED OCTOBER 31, 2024**

The Authority's activity for the year remained relatively stable from 2023 to 2024. The Authority's net increase for 2024 was \$1,392,850 which includes \$3,272,673 for annual depreciation and amortization. The capital contributions received for the year, which represent water and sewer infrastructure that is accepted by the Authority, were \$1,635,543 in 2024 compared to \$9,542,916 in 2023.

The Authority's activity for the year remained relatively stable from 2022 to 2023. The Authority's net increase for 2023 was \$10,188,149 which includes \$3,120,309 for annual depreciation and amortization. The capital contributions received for the year, which represent water and sewer infrastructure that is accepted by the Authority, were \$9,542,916 in 2023 compared to \$3,302,306 in 2022.

Condensed Financial Information

Key Authority financial information for the years 2024, 2023, and 2022 include the following balances:

	ASSETS		
	2024	2023	2022
Unrestricted assets	\$ 22,305,973	\$ 21,143,174	\$ 20,561,712
Restricted assets	2,376,121	4,014,644	6,497,330
Property, plant and equipment, net of depreciation	92,756,775	82,925,821	74,895,270
Total assets	117,438,869	108,083,639	101,954,312
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows related to pensions	859,806	806,726	652,892
Deferred outflows related to OPEB	4,515,707	5,190,096	2,611,013
Total deferred outflow of resources	5,375,513	5,996,822	3,263,905
Total assets and deferred outflow of resources	\$ 122,814,382	\$ 114,080,461	\$ 105,218,217

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED OCTOBER 31, 2024**

Liabilities			
	2024	2023	2022
Current liabilities payable from current unrestricted assets	\$ 4,630,746	\$ 3,609,401	\$ 3,531,931
Current liabilities payable from current restricted assets	5,785,984	2,035,310	1,706,321
Long-term liabilities	<u>29,672,531</u>	<u>28,542,093</u>	<u>26,318,024</u>
Total liabilities	<u>40,089,261</u>	<u>34,186,804</u>	<u>31,556,276</u>
Deferred Inflow of Resources			
Deferred inflows related to pensions	302,787	334,494	759,341
Deferred inflows related to OPEB	2,117,350	519,496	3,923,548
Easement and assignment of cell tower leases	826,354	852,979	879,604
Premium on revenue bonds payable, net	277,530	315,280	353,030
Gain on loan refunding's, net	<u>263,921</u>	<u>327,079</u>	<u>390,238</u>
Total deferred inflow of resources	<u>3,787,942</u>	<u>2,349,328</u>	<u>6,305,761</u>
Net Position			
Contributed capital, net of related accumulated depreciation	36,310,679	35,962,955	27,608,623
Investments in capital assets, net of related debt	39,346,297	37,233,218	35,737,279
Restricted for bond service fund	125,473	123,754	110,464
Renewal and replacement fund	57,106	54,363	52,148
Unrestricted	<u>3,097,624</u>	<u>4,170,039</u>	<u>3,847,666</u>
Total net position	<u>78,937,179</u>	<u>77,544,329</u>	<u>67,356,180</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 122,814,382</u>	<u>\$ 114,080,461</u>	<u>\$ 105,218,217</u>

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED OCTOBER 31, 2024**

Other Financial Information

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total operating and non-operating revenues	\$ 16,379,581	\$ 14,515,855	\$ 13,145,894
Total operating and non-operating expenses	<u>16,622,274</u>	<u>13,870,622</u>	<u>12,236,650</u>
Excess of revenues over expenses	<u>\$ (242,693)</u>	<u>\$ 645,233</u>	<u>\$ 909,244</u>
Capital additions	\$ 9,313,933	\$ 11,150,860	\$ 4,442,321
Capital contributions	\$ 1,635,543	\$ 9,542,916	\$ 3,302,306
Bonds paid down	\$ 1,415,288	\$ 1,378,235	\$ 1,771,511
Bonds and notes payable	\$ 10,646,743	\$ 12,079,942	\$ 13,507,022

Authority 2024 operating revenues were above budget expectations by \$1,502,431 mainly due to higher than expected connection fees budgeted. The Authority's total 2024 operating expenses were over budget by \$632,415 for the year due to sewage treatment cost being higher than estimated. Various other expense lines make up the remainder of the savings.

Authority 2023 operating revenues were above budget expectations by \$832,400 mainly due to higher than expected connection fees budgeted. The Authority's total 2023 operating expenses were under budget by \$358,936 for the year due to lower employee costs than estimated. Additionally sewage treatment cost and utilities costs were lower than estimated. Various other expense lines make up the remainder of the savings.

The Authority's financial report is designed to provide users of the financial statements with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. The financial statements of the Authority are a matter of public record and may be examined at 390 New Hampshire Avenue, Lakewood, New Jersey during the Authority's business hours.

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LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

**STATEMENTS OF NET POSITION
OCTOBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
Unrestricted assets:		
Cash and interest bearing accounts	\$ 17,910,557	\$ 17,572,002
Investments, at fair value	1,684,005	991,942
Accounts receivable	2,678,340	2,273,127
Accrued interest receivable	12,090	10,993
Other receivable	-	131,793
Prepaid expenses	20,981	163,317
Total unrestricted assets	<u>22,305,973</u>	<u>21,143,174</u>
Restricted assets:		
Construction Fund:		
Cash	647,749	2,304,547
Investments, at fair value	-	-
Bond Service Fund:		
Investments, at fair value	1,671,266	1,655,734
Renewal and Replacement Fund:		
Investments, at fair value	57,106	54,363
Total restricted assets	<u>2,376,121</u>	<u>4,014,644</u>
Property, plant and equipment		
Less: accumulated depreciation	<u>92,756,775</u>	<u>82,925,821</u>
Total assets	<u>117,438,869</u>	<u>108,083,639</u>
 DEFERRED OUTFLOW OF RESOURCES		
Deferred outflows related to pensions	859,806	806,726
Deferred outflows related to OPEB	4,515,707	5,190,096
Total deferred outflow of resources	<u>5,375,513</u>	<u>5,996,822</u>
Total assets and deferred outflow of resources	<u>\$ 122,814,382</u>	<u>\$ 114,080,461</u>

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

STATEMENTS OF NET POSITION
(Continued)
OCTOBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
LIABILITIES		
Current liabilities payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 1,107,560	\$ 548,211
Accrued payroll liabilities	42,800	20,566
Accrued pension liabilities	450,838	411,569
Easement and assignment of cell tower leases	26,625	26,625
Unearned revenue	598,990	538,293
Escrow fund	<u>2,403,933</u>	<u>2,064,137</u>
Total current liabilities payable from unrestricted assets	<u>4,630,746</u>	<u>3,609,401</u>
Current liabilities payable from restricted assets		
Accrued interest payable on revenue bond	99,240	116,692
Revenue bonds payable - current portion	1,446,553	1,415,288
Vehicle and equipment loans- current portion	59,834	112,667
Construction cost payable	<u>4,180,357</u>	<u>390,663</u>
Total current liabilities payable from restricted assets	<u>5,785,984</u>	<u>2,035,310</u>
Compensated absences	355,801	354,545
Long-term portion of revenue bonds payable	9,073,671	10,520,224
Vehicle and equipment loans	66,685	31,763
ARP advanced funds	154,907	336,519
New Jersey Infrastructure Bank - Interim financing note	3,670,643	-
Net pension liability	4,501,982	4,460,305
Net OPEB liability	<u>11,848,842</u>	<u>12,838,737</u>
Total long-term liabilities	<u>29,672,531</u>	<u>28,542,093</u>
Total liabilities	<u>40,089,261</u>	<u>34,186,804</u>
DEFERRED INFLOW OF RESOURCES		
Deferred inflows related to pensions	302,787	334,494
Deferred inflows related to OPEB	2,117,350	519,496
Easement and assignment of cell tower leases	826,354	852,979
Premium on revenue bonds payable, net	277,530	315,280
Gain on loan refunding's, net	<u>263,921</u>	<u>327,079</u>
Total deferred inflow of resources	<u>3,787,942</u>	<u>2,349,328</u>
Total liabilities and deferred inflows of resources	<u>\$ 43,877,203</u>	<u>\$ 36,536,132</u>
NET POSITION		
Contributed capital		
Less: accumulated depreciation	\$ 36,310,679	\$ 35,962,955
Restricted for:		
Construction Fund - Investments in capital assets, net of related debt	39,346,297	37,233,218
Bond Service Fund	125,473	123,754
Renewal and Replacement Fund	57,106	54,363
Unrestricted:		
Unrestricted Fund	<u>3,097,624</u>	<u>4,170,039</u>
Total Net Position	<u>\$ 78,937,179</u>	<u>\$ 77,544,329</u>

The accompanying notes are an integral
part of these financial statements

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
YEARS ENDED OCTOBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Operating revenues:		
Water and sewer service charges	\$ 13,720,682	\$ 12,423,938
Connection fees	1,226,559	918,773
Other income	<u>716,497</u>	<u>433,894</u>
Total operating revenues	<u>15,663,738</u>	<u>13,776,605</u>
Operating expenses:		
Personnel services	2,891,133	2,885,089
Employee benefits	3,569,615	1,979,061
Administrative	1,042,794	891,352
Operations and maintenance	5,627,824	4,845,754
Depreciation	<u>3,272,673</u>	<u>3,120,309</u>
Total operating expenses	<u>16,404,039</u>	<u>13,721,565</u>
Operating income/loss	(740,301)	55,040
Other income (expense):		
Investment income	715,843	739,250
Bond issue expense	(99,608)	-
Bond interest expense	<u>(118,627)</u>	<u>(149,057)</u>
Income/deficiency (before transfer of depreciation on assets purchased with contributed capital)	(242,693)	645,233
Transfer of depreciation to contributed capital	<u>1,287,819</u>	<u>1,188,584</u>
Change in net position	1,045,126	1,833,817
Restricted and unrestricted net position - beginning of year	<u>41,581,374</u>	<u>39,747,557</u>
Restricted and unrestricted net position - end of year	<u>42,626,500</u>	<u>41,581,374</u>
Contributed capital - beginning of year	35,962,955	27,608,623
Developer/Grant expansion of system	1,635,543	9,542,916
Transfer of depreciation from operations to contributed capital	<u>(1,287,819)</u>	<u>(1,188,584)</u>
Contributed capital - end of year	<u>36,310,679</u>	<u>35,962,955</u>
Total net position - end of year	<u>\$ 78,937,179</u>	<u>\$ 77,544,329</u>

The accompanying notes are an integral
part of these financial statements

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

**STATEMENTS OF CASH FLOWS
YEARS ENDED OCTOBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash received from customers	\$ 15,292,597	\$ 13,996,174
Cash paid to suppliers and employees	(10,995,891)	(11,136,087)
Investment income - received	714,746	734,665
Bond issue expense	(99,608)	-
Bond interest expense - paid	(236,987)	(266,547)
Increase (decrease) in escrow funds	<u>339,796</u>	<u>524,616</u>
Net cash provided by operating activities	<u>5,014,653</u>	<u>3,852,821</u>
Cash flows from investing activities:		
Capital expenditures	(9,313,933)	(10,866,497)
Purchase of investments	(3,412,377)	(2,435,818)
Sale/maturity of investments	<u>2,702,039</u>	<u>3,534,800</u>
Net cash used in investing activities	<u>(10,024,271)</u>	<u>(9,767,515)</u>
Cash flows from financing activities:		
Developer/Grant expansion of system	1,635,543	9,542,916
American Rescue Plan Grant - received	-	3,873
American Rescue Plan Grant - expended	(181,612)	(3,061,577)
New Jersey Infrastructure Bank - Interim financing note	3,670,643	-
Vehicle and equipment loans	94,756	48,380
Vehicle and equipment loan payments	(112,667)	(97,225)
Principal redemption of long-term debt	<u>(1,415,288)</u>	<u>(1,378,235)</u>
Net cash provided (used) by financing activities	<u>3,691,375</u>	<u>5,058,132</u>
Net increase in cash and cash equivalents	<u>(1,318,243)</u>	<u>(856,562)</u>
Cash and cash equivalents at beginning of year	<u>19,876,549</u>	<u>20,733,111</u>
Cash and cash equivalents at end of year	<u><u>\$ 18,558,306</u></u>	<u><u>\$ 19,876,549</u></u>

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

STATEMENTS OF CASH FLOWS
(Continued)
YEARS ENDED OCTOBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Change in net position	\$ 1,045,126	\$ 1,833,817
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation, net of transfer to contributed capital	1,984,854	1,931,725
Unbudgeted pension expense - non cash item	(43,110)	(158,235)
Unbudgeted OPEB expense - non cash item	1,282,348	320,022
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(405,213)	229,518
Accrued interest receivable	(1,097)	(4,585)
Other receivable	131,793	(131,793)
Prepaid expenses	142,336	(147,460)
Increase (decrease) in:		
Accounts payable and accrued liabilities	559,349	(549,563)
Accrued payroll liabilities	22,234	11,746
Accrued pension liabilities	39,269	73,995
Compensated absences	1,256	46,457
Cell tower leases	(26,625)	(26,625)
Unearned billings	60,697	16,676
Escrow funds	339,796	524,616
Accrued interest payable on revenue bonds	(17,452)	(16,581)
Amortization on gain loan refunding's	(63,158)	(63,159)
Premium on revenue bonds payable	(37,750)	(37,750)
Total adjustments	<u>3,969,527</u>	<u>2,019,004</u>
Net cash provided by operating activities	\$ <u>5,014,653</u>	\$ <u>3,852,821</u>

The accompanying notes are an integral
part of these financial statements

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2024 AND 2023**

NOTE 1 - NATURE OF ORGANIZATION

The Lakewood Township Municipal Utilities Authority was created by ordinance of the Township of Lakewood dated July 22, 1971 and as amended on August 12, 1971.

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

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

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

The Authority is considered to be a "Component Unit" of the Township of Lakewood under accounting principles generally accepted in the United States of America (GAAP). This determination is based on the oversight responsibility of the Township, which manifests itself primarily in the selection of members of the Authority and on accountability for fiscal matters.

The powers of the Authority are exercised by a governing body or Board composed of five members and two alternates.

Members of the Board are as follows:

	<u>Term Expires</u>
Senator Robert W. Singer, Chairman	January 31, 2026
Mayor Raymond Coles, Vice Chairman	January 31, 2029
Yocheved Miller, Treasurer	January 31, 2030
Anne Fish, Assistant Secretary	January 31, 2028
Meir Lichtenstein, Commissioner	January 31, 2027
Sam Flancbaum, Alternate Commissioner	January 31, 2029
Chana Eisen, Alternate Commissioner	January 31, 2030
Justin Flancbaum, Executive Director	

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

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

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

B. Budgetary Accounting

Each year the Authority adopts a budget which is approved by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The budget may be amended by resolution of the Board of Commissioners of the Authority. The budgetary basis of accounting is utilized to determine the Authority has sufficient cash to operate and pay debt service. As such, certain items such as bond payments are included in budgetary expenses while depreciation is not included.

C. Accounts Receivable

The Authority bills its customers quarterly based on actual usage. No allowance for doubtful accounts is deemed necessary as the Authority places its delinquent accounts on tax sale once a year.

D. Inventory

Inventory consists principally of chemicals for the treatment of water, spare parts and other equipment, and recorded as expenditures when they are acquired, regardless of when used.

E. Property, Plant and Equipment

Costs of the water and sewer systems incurred to date consist of facilities constructed or acquired, cost of acquisition of land, easements and rights-of-way, costs incidental to such construction or acquisitions, including engineering and inspection fees, costs of equipment, administrative and legal expenses, facilities contributed to the Authority by developers, and interest on bonds incurred during the period of construction.

Depreciation is calculated utilizing the straight-line method for financial reporting purposes. Depreciation on assets acquired with grants-in-aid is recorded as a reduction of contributed capital.

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Statement of Cash Flows

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

G. Investment Securities

State laws authorize the Authority to invest in obligations of the U.S. Treasury and other instruments allowed under N.J.S. 40A: 5-14. Cash and investments include bank balances and investments that, at the balance sheet date, were entirely insured. Investments are shown at cost or amortized cost plus accrued interest shown under a separate caption.

H. Use of Estimates

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

I. Escrow Funds

Monies required from contractors to assure performance. Deposits are retained in the account until the contractor satisfies all outstanding debts to the Authority and/or at the end of one year the engineer recommends release of the monies and acceptance of the project.

J. Reclassifications

Certain reclassifications have been made to the 2023 financial statements to conform with the 2024 presentation.

K. Compensated Absences

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

L. Unearned Revenue

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

(Continued)

LAKESIDE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing activities or result from non-exchange transactions or ancillary activities. When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the Authority's policy to apply those expenses to restricted net assets to the extent such are available and then to unrestricted net assets.

N. Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

- **Net Investment in Capital Assets** - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- **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** - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

O. Deferred Inflows/Outflows of Resources

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

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

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(Continued)
OCTOBER 31, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fair Value Measurement

The Authority categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level I - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Level II - Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level III - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

Subsequent to initial recognition, the Authority may premeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

The following methods and assumptions were used by the Authority in estimating the fair value of its financial instruments:

Certificate of Deposit: Valued at the net asset value (NAV) at year end when the NAV is valued at \$1 per unit.

The preceding methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Q. Subsequent Events

The Authority has evaluated subsequent activity through September 9, 2025, the date the financial statements were available to be issued. Based upon this evaluation, the Authority determined that no subsequent events have occurred, which require adjustment to or disclosure in the financial statements.

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2024 AND 2023

NOTE 3 - CONTRIBUTED CAPITAL

On September 22, 1987, the Lakewood Township Municipal Utilities Authority accepted a grant from the Economic Development Administration, U.S. Department of Commerce in an amount not to exceed \$521,000. The grant was used to provide assistance in the construction of a new water supply well and water treatment facility.

Construction grant in the amount of \$300,000 was provided by the Township of Lakewood, Lakewood Industrial Commission, to help defray cost of the expansion of the Authority's facilities in order to assure an adequate water supply and treatment facility for the Lakewood Industrial Campus.

A non-refundable contribution in the amount of \$835,000 was provided by Lakewood Cogeneration, L.P. The contribution will be used towards the construction of the relocated wells and/or other related future plant facilities.

A contribution in the amount of \$56,061 was received from New Jersey Spill Compensation Fund. These monies were used to provide assistance in the construction of the Locust Street and Vermont Avenue water main extensions.

American Rescue Plan grant from Lakewood Township. The grant will be used towards the Old Pine Acres sanitary sewer extension phase I, Leisure Village and Leisure Village East metering project, Ridge Avenue water main loop and Chambers Bridge Road meter main loop.

Developer expansion of the Authority's water distribution and sewer sanitary collection systems.

	<u>2024</u>	<u>2023</u>
Economic Development Administration	\$ 521,000	\$ 521,000
Township of Lakewood	300,000	300,000
Lakewood Cogeneration, L.P.	835,000	835,000
New Jersey Spill Compensation Fund	56,061	56,061
American Rescue Plan	3,595,439	3,417,354
Developer expansion of system	<u>51,350,410</u>	<u>49,892,952</u>
	56,657,910	55,022,367
Less: accumulated depreciation	<u>20,347,231</u>	<u>19,059,412</u>
	<u>\$ 36,310,679</u>	<u>\$ 35,962,955</u>

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
(Continued)
OCTOBER 31, 2024 AND 2023

NOTE 4 - SIGNIFICANT TRUST AGREEMENT AND BOND RESOLUTION REQUIREMENTS

In accordance with the 1997 bond resolution and the 1986 and 1993 supplemental bond resolutions, the Authority has established the following cash and investment funds for the deposit of all revenues received by the Authority:

<u>Funds</u>	<u>Amount</u>	<u>Use For Which Restricted</u>
Revenue	All revenues received by the Authority.	Authorized operating expenses and, as of the first day of each month, transfers to the various funds described below.
General	Any extent.	Authorized expenditures and transfers to the various funds.
Construction	Proceeds of debt issued and construction grants - in aid.	Construction costs of the system.
Bond Service (Current Debt Service)	Amount needed to pay principal and interest due on or before the first day of May and November.	Principal and interest on the bonds.
Bond Reserve (Future Debt Service)	Amount needed to equal the greatest amount of debt service due in any bond year.	Transfers to meet minimum levels required in the bond service or sinking funds. Any excess may be transferred into the renewal and replacement fund.
Renewal and Replacement	Amount needed to increase the balance to equal the renewal and replacement requirements as defined by the resolution.	Transfers to meet minimum levels required in the bond service, sinking or bond reserve funds or major repairs, renewals and extensions of the system.

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2024 AND 2023

NOTE 5 - CASH AND CASH EQUIVALENTS

The Authority is governed by the deposit and investment limitations of New Jersey state law. The deposits held at October 31, 2024 and 2023, and reported at fair value are shown below.

	<u>2024</u>	<u>2023</u>
Deposits:		
Demand deposits	\$ 21,970,683	\$ 22,578,588
Total deposits	<u>\$ 21,970,683</u>	<u>\$ 22,578,588</u>
Reconciliation to Statements of Net Position:		
Current unrestricted assets:		
Cash	\$ 19,594,562	\$ 18,563,944
Current restricted assets:		
Cash	<u>2,376,121</u>	<u>4,014,644</u>
Total	<u>\$ 21,970,683</u>	<u>\$ 22,578,588</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority does not have a deposit policy for custodial credit risk. As of October 31, 2024 and 2023, the Authority's bank balances of \$21,907,683 and \$22,578,588 and was insured or collateralized as follows:

	<u>2024</u>	<u>2023</u>
Insured	\$ 3,412,377	\$ 2,702,039
Collateralized in the Authority's names		
Under GUDPA	<u>18,495,306</u>	<u>19,876,549</u>
Total	<u>\$ 21,907,683</u>	<u>\$ 22,578,588</u>

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2024 AND 2023

NOTE 6 - INVESTMENTS

A. Custodial Credit Risk

For an investment, custodial credit risk is a 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 counterpart's trust department or agent but not in the Authority's name. All of the Authority's investments are held in name of the Authority and are collateralized by GUDPA.

B. Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Authority has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

C. Investment Credit Risk

The Authority has no investment policy that limits its investment choices other than the limitation of state law as follows:

- 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 federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the Authority or bonds or other obligations of the local unit or units within which the Authority is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Authority;
- Local Government investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities.

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2024 AND 2023

NOTE 6 - INVESTMENTS (Continued)

Investments are presented in the financial statements at fair value.

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
UNRESTRICTED FUNDS:				
REVENUE FUND				
State of New Jersey				
Cash Management Funds	\$ 79,462	\$ 79,462	\$ 75,386	\$ 75,386
JP Morgan, U.S. Treasury Plus Premier,				
Money Market Fund	<u>1,501,697</u>	<u>1,501,697</u>	<u>818,650</u>	<u>818,650</u>
	<u>1,581,159</u>	<u>1,581,159</u>	<u>894,036</u>	<u>894,036</u>
GENERAL FUND				
JP Morgan, U.S. Treasury Plus Premier,				
Money Market Fund	<u>102,846</u>	<u>102,846</u>	<u>97,906</u>	<u>97,906</u>
Total Unrestricted	<u>1,684,005</u>	<u>1,684,005</u>	<u>991,942</u>	<u>991,942</u>
RESTRICTED FUNDS:				
BOND SERVICE FUND				
JP Morgan, U.S. Treasury Plus Premier,				
Money Market Fund	<u>1,671,266</u>	<u>1,671,266</u>	<u>1,655,734</u>	<u>1,655,734</u>
RENEWAL AND REPLACEMENT FUND				
JP Morgan, U.S. Treasury Plus Premier,				
Money Market Fund	<u>57,106</u>	<u>57,106</u>	<u>54,363</u>	<u>54,363</u>
Total Restricted	<u>1,728,372</u>	<u>1,728,372</u>	<u>1,710,097</u>	<u>1,710,097</u>
Total	<u>\$ 3,412,377</u>	<u>\$ 3,412,377</u>	<u>\$ 2,702,039</u>	<u>\$ 2,702,039</u>

NOTE 7 - VEHICLE AND EQUIPMENT LOANS

Lakewood Township Municipal Utilities Authority purchased vehicles and equipment under long-term loans. The loans have various terms two years to five years, and interest rates range from 5.108% to 7.491%.

The following is a schedule of future minimum lease payments for operating leases (with initial or remaining terms in excess of one year) as of October 31, 2024:

<u>Year Ending October 31:</u>	<u>Total</u>
2025	\$ 59,834
2026	35,580
2027	27,628
2028	3,477
	<u>\$ 126,519</u>

NOTE 8 - NEW JERSEY INFRASTRUCTURE BANK - INTERIM FINANCING

On February 28, 2024, the Lakewood Township Municipal Utilities Authority closed on the interim financing of \$12,060,428 through the New Jersey Infrastructure Bank for a Granular activated carbon (GAC) filtration system at the Shorrock and the New Hampshire Avenue treatment plants.

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2024 AND 2023

NOTE 9 - REVENUE BONDS

2024 Revenue Bonds

	Series 2008 Refunding 2016A-R1	Supplemental Series 2012	Meter Series 2012	Series 2021A	Total
Trust Loan	\$ 2,588,000	\$ 463,587	\$ 338,869	\$ 1,910,000	\$ 5,300,456
Fund Loan	1,654,889	251,603	634,636	2,678,640	5,219,768
	<u>4,242,889</u>	<u>715,190</u>	<u>973,505</u>	<u>4,588,640</u>	<u>10,520,224</u>
Less: current portion	<u>1,016,614</u>	<u>108,625</u>	<u>173,289</u>	<u>148,025</u>	<u>1,446,553</u>
	<u>\$ 3,226,275</u>	<u>\$ 606,565</u>	<u>\$ 800,216</u>	<u>\$ 4,440,615</u>	<u>\$ 9,073,671</u>

2023 Revenue Bonds

	Series 2008 Refunding 2016A-R1	Supplemental Series 2012	Meter Series 2012	Series 2021A	Total
Trust Loan	\$ 3,160,000	\$ 521,510	\$ 382,300	\$ 1,955,000	\$ 6,018,810
Fund Loan	2,067,394	302,787	764,857	2,781,664	5,916,702
	<u>5,227,394</u>	<u>824,297</u>	<u>1,147,157</u>	<u>4,736,664</u>	<u>11,935,512</u>
Less: current portion	<u>984,504</u>	<u>109,108</u>	<u>173,651</u>	<u>148,025</u>	<u>1,415,288</u>
	<u>\$ 4,242,890</u>	<u>\$ 715,189</u>	<u>\$ 973,506</u>	<u>\$ 4,588,639</u>	<u>\$ 10,520,224</u>

Maturities of the debt for each of the succeeding five years are as follows:

Year ended October 31,	Series 2008 Refunding 2016A-R1	Supplemental Series 2012	Meter Series 2012	Series 2021A	Total
2025	\$ 1,016,614	\$ 108,625	\$ 173,289	\$ 148,025	\$ 1,446,553
2026	1,046,860	112,789	177,578	153,025	1,490,252
2027	1,073,244	116,887	177,139	153,025	1,520,295
2028	1,106,172	116,898	177,147	158,025	1,558,242
2029	-	117,261	165,355	163,025	445,641
Thereafter	-	142,729	102,998	3,813,514	4,059,241
	<u>\$ 4,242,890</u>	<u>\$ 715,189</u>	<u>\$ 973,506</u>	<u>4,588,639</u>	<u>\$ 10,520,224</u>

On November 7, 2002, the Lakewood Township Municipal Utilities Authority authorized the issuance of \$6,461,230 Series 2002 Revenue Bonds for the purpose of providing funds for the replacement of the existing Shorrock Street Treatment Plant with the construction of a new facility and the construction of a 3.0 MG ground level storage tank and pump station. In 2007 NJEIT 2007B Refunding Bonds were issued. The bonds' interest payments are semiannual on May 1 and November 1 of each year.

On November 6, 2008, the Lakewood Township Municipal Utilities Authority authorized the issuance of Series 2008 Revenue Bonds of 16,369,580 for the purpose of providing funds for the replacement of the Airport Road water storage tank, upgrade and the expansion of the New Hampshire Avenue treatment plant, construction of well no. 17 with ASR capability, install well pump and motor in well no. 4, construction of Cedar Bridge raw water main and renovation of the Authority's administration building. In 2016 NJEIT 2016A-R1 Refunding Bonds were issued.

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2024 AND 2023

NOTE 9 - REVENUE BONDS (Continued)

On May 3, 2012, the Lakewood Township Municipal Utilities Authority authorized the issuance of Series 2012 Revenue Bonds of \$1,995,430 for the purpose of providing supplemental additional funds for the replacement of the Airport Road water storage tank, upgrade and the expansion of the New Hampshire Avenue treatment plant, construction of well no. 17 with ASR capability, install well pump and motor in well no. 4, construction of Cedar Bridge raw water main and renovation of the Authority's administration building.

On May 3, 2012, the Lakewood Township Municipal Utilities Authority authorized the issuance of Series 2012 Revenue Bonds of \$3,205,781 for the purpose of providing funds for the replacement and upgrading the utility billing meters through out the Authorities service area. This included integration of the new meters into an Automated Metering Infrastructure.

On June 10, 2021, the Lakewood Township Municipal Utilities Authority closed on the issuance of \$5,027,714 Revenue Bonds, Series 2021 through the New Jersey Infrastructure Bank Financing program, which paid off the NJEIT interim financing. The issuance is for office expansion and sewer distribution system improvements.

Bond interest expense consists of the following:

	2024	2023
Revenue Bonds Series 2008	\$ 133,775	\$ 161,675
Revenue Bonds Series 2012 - Supplemental	16,257	18,489
Revenue Bonds Series 2012 - Meter	11,939	13,589
Revenue Bonds Series 2021	53,963	56,213
NJEIT interest	3,602	-
Amortization gain loan refunding's	(63,159)	(63,159)
Amortize premium on revenue bonds	(37,750)	(37,750)
Bond interest expense	<u>\$ 118,627</u>	<u>\$ 149,057</u>

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following:

	2024	2023	Estimated Useful Lives Years
Land	\$ 76,445	\$ 76,445	--
Water and sewer system	120,905,122	117,623,607	40-75
Office building and garage	3,579,757	3,541,996	5-40
Other equipment	330,784	225,009	5-7
Transportation equipment	1,101,302	986,093	5
Construction in progress	15,065,548	5,502,181	--
	141,058,958	127,955,331	
Less: accumulated depreciation	<u>48,302,183</u>	<u>45,029,510</u>	
	<u>\$ 92,756,775</u>	<u>\$ 82,925,821</u>	

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2024 AND 2023

NOTE 11 - OCUA CREDIT/DEFICIENCY

The Authority makes quarterly payments to the Ocean County Utilities Authority (OCUA) for the treatment of its sewerage. These payments are based on gallons sent for treatment and are estimated billings. After the calendar year is over, in accordance with a service agreement executed by the parties, a final invoice is sent by the OCUA based upon actual flows.

At the end of the year, the OCUA is required to provide the Authority with a "Deficiency Notification" in accordance with Articles V and IX of the Service Agreement. The credit or (deficiency) is computed by taking the actual flows for the year and comparing this number to the estimated flows. The Authority has recorded a deficiency/(deficiency credit) in the amount of \$532,625 and \$(131,793) for the years ended October 31, 2024 and 2023, respectively. These deficiency's are recorded as expenses. Credits are recorded as revenue when received and deficiencies are recorded as expenses when billed.

NOTE 12 - DEFERRED COMPENSATION PROGRAM

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

During December 1998, the Authority, in accordance with Internal Revenue Code 457, amended the Deferred Compensation Plan to establish an exclusive benefit trust whereby all Plan investments are held for the exclusive benefit of the Plan's participants and beneficiaries and are not subject to the claims of the Authority's general creditors. As such, the Deferred Compensation Plan amounts as of October 31, 2024 and 2023 are not reflected on the Authority's statements of net position.

NOTE 13 - RISK MANAGEMENT

The Authority is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Authority is a member of the New Jersey Utilities Authorities Joint Insurance Fund (JIF). The joint insurance pool is both an insured and self-administered group of 80 authorities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The JIF will be self-sustaining through member premiums. The JIF participates in the Municipal Excess Liability Insurance program which has a contract for excess insurance. There were no settlements in excess of insurance coverage for 2024, 2023, or 2022.

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2024 AND 2023

NOTE 14 - EASEMENT AND ASSIGNMENT OF CELL TOWER LEASES

The Lakewood Township Municipal Utilities Authority has entered into a agreement with LD Holdings, LLC to purchase easement and the assignment of rental lease agreements with cellular carriers. Term of leases is forty (40) years commencing in 2012. The purchase price paid at closing was \$725,000. The purchase price is being amortized over four hundred eighty (480) months at \$1,510 per month.

The Lakewood Township Municipal Utilities Authority has entered into an agreement with SBA Site Management, LLC to purchase easement and the assignment of rental lease agreements with cellular carriers. Term of leases is fifty (50) years commencing in 2016. The purchase price paid at closing was \$425,000. The purchase price is being amortized over six hundred (600) months at \$708 per month.

Permitted Use - Premises may be used by tenant for transmission and reception of radio communication signals.

(Continued)

LAKESWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2024 AND 2023

NOTE 15 - PENSION PLAN

Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

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

(Continued)

LAKESIDE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2024 AND 2023

NOTE 15 - PENSION PLAN - (Continued)

Allocation Methodology - GASB Statement No. 68 Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense (benefit).

Contributions - The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2024, the State's pension contribution was more than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended October 31, 2024, the Authority's contractually required contribution to PERS was \$450,838.

Components of Net Pension Liability - As of October 31, 2024, the Authority reported a liability of \$4,501,982 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The Authority's proportion of the net pension liability was based on the ratio of the Authority's contribution to the total contributions to PERS during the measurement period July 1, 2023 through June 30, 2024. The Authority's proportion measured as of June 30, 2024 was .03313%. There was a increase from its proportion measured as of June 30, 2023 of .00234%.

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2024 AND 2023

NOTE 15 - PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

Collective Balances as of October 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Actuarial valuation date (including roll forward)	July 1, 2024	July 1, 2023
Deferred outflows of resources	\$ 859,806	\$ 806,726
Deferred inflows of resources	\$ 302,787	\$ 334,494
Net pension liability	\$ 4,501,982	\$ 4,460,305
Authority's portion of the plan's total net pension liability	0.03313%	0.03079%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended October 31, 2024, the Authority recognized pension expense (benefit) of \$407,727. As of October 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 5,593	\$ 51,222
Net difference between expected and actual experience	90,183	11,986
Net difference between projected and actual earnings on pension plan investments	-	208,745
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>764,030</u>	<u>30,834</u>
Total	<u>\$ 859,806</u>	<u>\$ 302,787</u>

Amounts allocated as deferred outflows of resources and deferred inflows of resources related to pensions will be included in pension expense as follows:

<u>Year Ended October 31:</u>	<u>PERS</u>
2025	\$ 604,339
2026	(467,620)
2027	269,032
2028	155,310
2029	<u>(4,042)</u>
Total	<u>\$ 557,019</u>

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2024 AND 2023

NOTE 15 - PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

The Authority will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience		
Year of pension plan deferral:		
2019	5.21	-
2020	5.16	-
2021	-	5.13
2022	-	5.04
2023	5.08	-
2024	5.08	-
Changes of assumptions		
Year of pension plan deferral:		
2019	-	5.21
2020	-	5.16
2021	5.13	-
2022	-	5.04
Difference between projected and actual investment earning on pension plan investments:		
Year of pension plan deferral:		
2019	-	5.00
2020	-	5.00
2021	-	5.00
2022	-	5.00
2023	-	5.00
Changes in proportion:		
Year of pension plan deferral:		
2019	5.21	5.21
2020	5.16	5.16
2021	5.13	5.13
2022	5.04	5.04
2023	5.08	5.08
2024	5.08	5.08

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2024 AND 2023

NOTE 15 - PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

Actuarial Assumptions - The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions:

Measurement date	June 30, 2024
Actuarial valuation date	July 1, 2023
Inflation rate	
price	2.75%
wage	3.25%
Salary increases:	2.75 - 6.55%
	based on years of service
Investment rate of return	7.00%

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

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) 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 PERS's target asset allocation as of June 30, 2024 are summarized in the following table.

(Continued)

LAKWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2024 AND 2023

NOTE 15 - PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equity	28.00%	8.63%
Non-U.S. developed markets equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging markets equity	5.50%	10.66%
Private equity	13.00%	12.40%
Real estate	8.00%	10.95%
Real assets	3.00%	8.20%
High yield	4.50%	6.74%
Private credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk mitigation Strategies	3.00%	7.10%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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.

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS

(Continued)
OCTOBER 31, 2024 AND 2023

NOTE 15 - PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

Sensitivity of the Authority's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Authority's proportionate share of the net pension liability as of June 30, 2023 calculated using the discount rate as disclosed above, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage -point higher (8.00%) than the current rate:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Authority's proportionate share of the net pension liability	\$ 5,672,497	\$ 4,501,982	\$ 3,196,407

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2024 AND 2023

NOTE 16- OTHER POST EMPLOYMENT BENEFITS

LOCAL PLAN:

The following information is provided in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits.

In 2023 the Authority changed from the State Health Benefit Local Government Retired Employees Plan to a Local Plan.

Employees and Retirees Covered – At October 31, 2024, the following employees were covered by the Authorities plan:

<u>Participant Data</u>	<u>Amount</u>
Active Employees	
Total	35
Average Age	51
Retired Employees	
Total	4
Average Age	75

Basis of Valuation

This valuation has been conducted based upon 2024 census, plan design and financial information provided by Fairview. Census includes 4 participants currently receiving retiree benefits, and 35 active participants of whom 7 are eligible to retire as of the valuation date. The average age of the active population is 51 and the average age of the retiree population is 75.

Actuarial assumptions were selected with the intention of satisfying the requirements of New Jersey Local Finance Notice 2007-15 in addition to Statement of Government Accounting Standard Number 75.

Demographic assumptions were selected based on those used by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2023 report from Cheiron. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the July 1, 2023 report from Aon Consultants.

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2024 AND 2023

NOTE 16- OTHER POST EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs

<i>Mortality</i>	<i>PUB 2010 "General" classification headcount weighted mortality with generational improvement using Scale MP-2021</i>
<i>Turnover</i>	<i>NJ State Pensions Ultimate Withdrawal Rates- prior to benefits eligibility</i>
<i>Assumed Retirement Age</i>	<i>Attainment of 25 years of service or age 62 with 15 years of service if earlier</i>
<i>Full Attribution Period</i>	<i>Service to Assumed Retirement Age</i>
<i>Annual Discount Rate</i>	<i>4.19% Based on the Bond Buyer 20 Index as of October 31, 2023 4.16% Based on the Bond Buyer 20 Index as of October 31, 2024</i>
<i>CPI Increase</i>	<i>2.50%</i>
<i>Rate of Salary Increase</i>	<i>2.50%</i>
<i>Medical Trend</i>	<i>Medical: 6.5% in 2024, reducing by 0.25% per annum, leveling at 4.5% per annum in 2032 Drug: 14.0% in 2024, 10.0% in 2025, 7.5% in 2026 reducing by 0.75% per annum, leveling at 4.5% per annum in 2030 Medicare Advantage: 4.5% per annum Dental and Vision: 3.5% per annum</i>
<i>Medical Cost Aging Factor</i>	<i>NJ SHBP Medical Morbidity Rates</i>

Discount Rate – The discount rate is the single rate that reflects (1) the long-term expected rate of return on the OPEB plan investments that are expected to be used to finance the payments of benefits, to the extent that the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and OPEB plan assets are expected to be invested using a strategy to achieve that return and (2) a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of Aa, to the extent that the conditions for use of the long-term expected rate of return are not met. For the total OPEB liability calculation as of October 31, 2024, the discount rate utilized was 4.16%.

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2024 AND 2023

NOTE 16- OTHER POST EMPLOYMENT BENEFITS (Continued)

Net OPEB Liability

Changes in the Total OPEB Liability – The changes to the total OPEB Liability during the year ending October 31, 2024 were as follows:

Balance, October 31, 2023	\$ 12,838,738
Changes for the Year: Service Cost	412,023
Interest Cost	554,717
Difference Between Expected and Actual Experience	-
Changes of Assumptions	(1,933,260)
Benefits Paid (implicit)	(23,376)
Net Changes	(989,896)
Balance, October 31, 2024	<u>\$ 11,848,842</u>

Sensitivity of Net OPEB Liability to Changes in the Discount Rate - The following presents the collective net OPEB liability as of October 31, 2024, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

<u>At 1% decrease (3.16%)</u>	<u>At discount rate (4.16%)</u>	<u>At 1% increase (5.16%)</u>
\$12,646,245	\$11,848,842	\$11,174,016

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate - The following presents the net OPEB liability as of October 31, 2024, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

<u>1% decrease</u>	<u>Healthcare cost trend rate</u>	<u>1% increase</u>
\$11,514,806	\$11,848,842	\$12,272,028

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
(Continued)
OCTOBER 31, 2024 AND 2023**

NOTE 16- OTHER POST EMPLOYMENT BENEFITS (Continued)

Additional Information - The following is a summary of the deferred outflows of resources, deferred inflows of resources, and Net OPEB liability balances as of October 31, 2024 and October 31, 2023:

Balances at October 31, 2024 and October 31, 2023

	<u>10/31/2024</u>	<u>10/31/2023</u>
Actuarial valuation date (including roll forward)	October 31, 2024	October 31, 2023
Deferred Outflows of Resources	\$ 4,515,707	\$ 5,190,096
Deferred Inflows of Resources	2,117,350	519,496
Net OPEB Liability	11,848,842	12,838,737
Authority's portion of the Plan's total Net OPEB Liability	100%	100%

OPEB Deferred Outflows/Inflows of Resources - At October 31, 2024, the Authority's OPEB outflows and inflows, calculated by the plan as of October 31, 2024 measurement date is \$4,515,707 and \$2,117,350, respectively. At October 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 131,989
Change of assumptions	4,515,707	1,695,671
Change in Recognition of Fiduciary Net Position	-	14,246
Subtotals Based on Prior Valuations	-	275,444
	<u>\$ 4,515,707</u>	<u>\$ 2,117,350</u>

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

Year ending October 31:	
2025	\$ 259,911
2026	316,905
2027	573,959
2028	227,890
2029	417,089
Thereafter	602,603
	<u>\$ 2,398,357</u>

(Continued)

LAKWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2024 AND 2023

NOTE 17 - SUBSEQUENT EVENTS

The Lakewood Township Municipal Utilities Authority passed resolutions for short term funding from the NJEIT of the following projects:

Granular activated carbon (GAC) filtration system at wells 1, 2 and 3 in the amount of \$3,400,000.

Meter replacement project in the amount of \$6,500,000.

The Lakewood Township Municipal Utilities Authority is a plaintiff of a class action lawsuit regarding per- and polyfluoroalkyl substances (PFAS) contamination.

REQUIRED SUPPLEMENTARY INFORMATION

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	Measurement Date Ended June 30,				
	2024	2023	2022	2021	2020
Authority's Proportion of the Net Pension Liability	0.03313%	0.03079%	0.02677%	0.02717%	0.02577%
Authority's Proportionate Share of the Net Pension Liability	\$ 4,501,982	\$ 4,460,305	\$ 4,039,859	\$ 3,218,671	\$ 4,201,611
Authority's Covered-Employee Payroll	\$ 2,586,028	\$ 2,618,730	\$ 2,349,099	\$ 2,021,518	\$ 1,923,362
Authority's Proportionate Share of the Net Pension Liability as a Percentage of It's Covered-Employee Payroll	174.09%	170.32%	171.97%	159.22%	218.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.22%	65.23%	62.91%	70.34%	58.32%

	Measurement Date Ended June 30,				
	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	0.02509%	0.02141%	0.02409%	0.02209%	0.02060%
Authority's Proportionate Share of the Net Pension Liability	\$ 4,520,526	\$ 4,216,288	\$ 5,608,668	\$ 6,542,011	\$ 4,623,328
Authority's Covered-Employee Payroll	\$ 1,768,642	\$ 1,670,415	\$ 1,666,927	\$ 1,531,543	\$ 1,355,328
Authority's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	255.59%	252.41%	336.47%	427.15%	341.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.27%	53.60%	48.10%	40.14%	47.93%

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	For the year ended October 31,				
	2024	2023	2022	2021	2020
Authority's Contractually Required Contribution	\$ 450,833	\$ 411,569	\$ 337,574	\$ 318,190	\$ 281,858
Authority's Contribution in Relation to the Contractually Required Contribution	<u>450,833</u>	<u>411,569</u>	<u>337,574</u>	<u>318,190</u>	<u>281,858</u>
Authority's Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Authority's Covered-Employee Payroll	\$ 2,586,028	\$ 2,618,730	\$ 2,349,099	\$ 2,021,518	\$ 1,961,443
Authority's Contributions as a Percentage of it's Covered-Employee Payroll	17.43%	15.72%	14.37%	15.74%	14.37%
	For the year ended October 31,				
	2019	2018	2017	2016	2015
Authority's Contractually Required Contribution	\$ 245,844	\$ 214,637	\$ 223,204	\$ 196,232	\$ 177,068
Authority's Contribution in Relation to the Contractually Required Contribution	<u>245,844</u>	<u>214,637</u>	<u>223,204</u>	<u>196,232</u>	<u>177,068</u>
Authority's Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Authority's Covered-Employee Payroll	\$ 1,833,050	\$ 1,740,435	\$ 1,670,415	\$ 1,668,927	\$ 1,531,543
Authority's Contributions as a Percentage of it's Covered-Employee Payroll	13.41%	12.33%	13.36%	11.77%	11.56%

LAKESIDE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY

LAST TEN FISCAL YEARS

	Measurement Date				
	2024	2023	2022	2021	2020
Authority's Proportion of the Net Other Postemployment Benefits Liability	100%	100%	0.04047%	0.03790%	0.03935%
Authority's Proportionate Share of the Net Other Postemployment Benefits Liability	\$ 11,848,842	\$ 12,838,737	\$ 6,535,580	\$ 6,821,377	\$ 7,061,633
Authority's Covered-Employee Payroll	\$ 2,585,028	\$ 2,618,730	\$ 2,349,099	\$ 2,021,518	\$ 1,923,362
Authority's Proportionate Share of the Net Other Postemployment Benefits Liability as a Percentage of its Covered-Employee Payroll	458.10%	490.27%	278.22%	337.44%	367.15%
Plan fiduciary net position as a percentage of the total other postemployment benefits liability	N/A	N/A	0.36%	0.28%	0.91%

	Measurement Date			
	2019	2018	2017	2016
Authority's Proportion of the Net Other Postemployment Benefits Liability	0.03398%	0.03573%	0.03336%	0.03476%
Authority's Proportionate Share of the Net Other Postemployment Benefits Liability	\$ 4,602,955	\$ 5,597,213	\$ 6,810,707	\$ 7,548,773
Authority's Covered-Employee Payroll	\$ 1,708,642	\$ 1,670,415	\$ 1,696,927	\$ 1,531,543
Authority's Proportionate Share of the Net Other Postemployment Benefits Liability as a Percentage of its Covered-Employee Payroll	269.25%	335.06%	401.58%	492.89%
Plan fiduciary net position as a percentage of the total other postemployment benefits liability	1.98%	1.97%	1.03%	0.69%

** In 2023 the Authority changed from the State Health Benefit Local Government Retired Employees Plan to a Local Plan.

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

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
OCTOBER 31, 2024

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

None.

Changes of Assumptions

None.

State Health Benefit Local Retired Employees Plan/Local Plan (OPEB)

Changes of Benefit Terms

None.

Changes of Assumptions

The discount rate changed from 4.19% as of October 31, 2023, to 4.16% as of October 31, 2024.

Changes of Coverage

In 2023 the Authority changed from the State Health Benefit Local Government Retired Employees Plan to a Local Plan.

SUPPLEMENTAL INFORMATION

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

**SCHEDULE OF OPERATING REVENUES AND COSTS FUNDED BY OPERATING REVENUES (BUDGET VS. ACTUAL)
YEAR ENDED OCTOBER 31, 2024**

	Adopted Water Budget	Adopted Sewer Budget	Adopted Budget Total	Amended Budget Total	Actual	Variance Favorable/ (Unfavorable)
Operating revenues:						
Water and sewer service charges	\$ 7,910,736	\$ 5,570,571	\$ 13,481,307	\$ 13,719,307	\$ 13,720,682	\$ 1,375
Connection fees	350,000	150,000	500,000	1,045,000	1,226,559	181,559
Other income	101,283	78,717	180,000	716,000	716,497	497
Total operating revenues	8,362,019	5,799,288	14,161,307	15,480,307	15,663,738	183,431
Cost of Providing Services:						
Personnel Services:						
Plant & distribution	971,499	396,809	1,368,308	1,178,308	1,176,686	1,622
Administration & engineering	1,005,276	698,581	1,703,857	1,609,857	1,609,447	410
Commissioners	61,950	43,050	105,000	105,000	105,000	-
	2,038,725	1,138,440	3,177,165	2,893,165	2,891,133	2,032
Employee Benefits:						
Health insurance	1,322,912	742,562	2,065,474	1,645,474	1,636,080	9,394
Pension expense	224,866	123,906	348,772	453,772	450,838	2,934
Pension expense (non-cash)	195,000	105,000	300,000	300,000	(43,111)	343,111
Post employment benefit plan (non-cash)	188,500	101,500	290,000	1,285,000	1,282,348	2,652
Payroll taxes	163,098	91,076	254,174	254,174	213,384	40,790
Workman's compensation insurance	18,198	10,305	28,503	30,503	30,076	427
	2,112,574	1,174,349	3,286,923	3,968,923	3,569,615	399,308
Administrative:						
Office costs	76,700	53,300	130,000	178,000	177,779	221
Postage & advertising notices	32,450	22,550	55,000	55,000	29,190	25,810
Bank fees	14,750	10,250	25,000	35,000	34,207	793
Licenses and taxes	46,350	5,150	51,500	51,500	50,768	732
Insurance	82,600	57,400	140,000	140,000	94,239	45,761
Legal	40,002	27,798	67,800	86,800	85,916	884
Engineering	43,775	7,725	51,500	158,500	158,146	354
Accounting and actuary	70,000	30,000	100,000	114,000	113,246	754
Dues, publications and seminars	15,193	10,557	25,750	25,750	18,636	7,114
Repairs and maintenances	29,500	20,500	50,000	64,000	63,914	86
Telephone	15,193	10,557	25,750	36,750	35,850	900
Information technology	60,770	42,230	103,000	123,000	122,613	387
Trustee fees	64,890	27,810	92,700	92,700	46,600	46,100
Sundry	10,331	7,179	17,510	17,510	11,690	5,820
	602,504	333,006	935,510	1,178,510	1,042,794	135,716

See auditors' report

LAKELAND TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF OPERATING REVENUES AND COSTS FUNDED BY OPERATING REVENUES (BUDGET VS. ACTUAL)

(Continued)

YEAR ENDED OCTOBER 31, 2024

	Adopted Water Budget	Adopted Sewer Budget	Adopted Budget Total	Amended Budget Total	Actual	Variance Favorable/ (Unfavorable)
Operations and Maintenance:						
Ocean County Utilities Authority	-	2,754,000	2,754,000	3,129,000	3,126,076	2,924
Purchased water	960,000	-	960,000	977,000	976,003	997
Utilities - electric & gas	321,300	35,700	357,000	421,000	420,294	706
Chemicals and supplies	347,625	38,625	386,250	386,250	323,895	62,355
Laboratory tests	150,000	-	150,000	150,000	69,722	80,278
Repairs and maintenance	357,000	63,000	420,000	439,000	438,597	403
Vehicle costs	21,630	9,270	30,900	64,900	64,460	440
Tools, small equipment & uniforms	10,815	4,635	15,450	88,450	87,956	494
Meter costs	12,360	8,240	20,600	104,600	104,337	263
Other	3,039	2,111	5,150	17,150	16,484	666
Total Cost of Providing Services	2,183,769	2,915,581	5,099,350	5,777,350	5,627,824	149,526
Other Costs Funded By Revenue:						
Principal Maturity	1,178,064	237,224	1,415,288	1,415,288	1,415,288	-
Total Costs Funded By Operating Revenues	8,115,636	5,798,600	13,914,236	15,233,236	14,546,654	686,582
Net Operating Revenues	246,383	688	247,071	247,071	1,117,084	870,013
Non-Operating Revenue/(Expenses):						
Investment income	117,359	82,641	200,000	200,000	715,843	515,843
Bond interest expense	(164,142)	(51,792)	(215,934)	(215,934)	(118,627)	97,307
Bond issue expense	-	-	-	-	(99,608)	(99,608)
Depreciation	-	-	-	-	(3,272,673)	(3,272,673)
Total Non-Operating Revenue/(Expenses):	(46,783)	30,849	(15,934)	(15,934)	(2,775,065)	(2,759,131)
Excess (Deficiency) of Revenues Over Expenses	\$ 199,600	\$ 31,537	\$ 231,137	\$ 231,137	\$ (1,657,981)	\$ (1,889,116)
Reconciliation of Budgetary Basis to Net Income						
Excess (Deficiency) of Revenues Over Expenses					\$ (1,657,981)	
Adjustments to Budgetary Basis:						
Principal Maturities					1,415,288	
Net Income Before Contributions					\$ (242,693)	

See auditors' report

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

**SCHEDULE OF OPERATING REVENUES
YEARS ENDED OCTOBER 31, 2024 AND 2023**

	<u>Water</u>	<u>2024 Sewer</u>	<u>Total</u>
OPERATING REVENUES			
SERVICE CHARGES			
Service charges residential	\$ 3,940,880	\$ 4,370,803	\$ 8,311,683
Service charges commercial	1,245,971	656,647	1,902,618
Service charges industrial	1,199,691	845,542	2,045,233
Service charges fire service sprinklers	1,133,448	-	1,133,448
Service charges fire service hydrants	327,700	-	327,700
	<u>7,847,690</u>	<u>5,872,992</u>	<u>13,720,682</u>
OTHER OPERATING REVENUES			
Connection fees	913,153	313,406	1,226,559
Other income	629,384	87,113	716,497
	<u>\$ 9,390,227</u>	<u>\$ 6,273,511</u>	<u>\$ 15,663,738</u>
	<u>Water</u>	<u>2023 Sewer</u>	<u>Total</u>
OPERATING REVENUES			
SERVICE CHARGES			
Service charges residential	\$ 3,852,104	\$ 4,002,204	\$ 7,854,308
Service charges commercial	882,710	568,176	1,450,886
Service charges industrial	1,024,170	781,654	1,805,824
Service charges fire service sprinklers	1,027,563	-	1,027,563
Service charges fire service hydrants	285,357	-	285,357
	<u>7,071,904</u>	<u>5,352,034</u>	<u>12,423,938</u>
OTHER OPERATING REVENUES			
Connection fees	678,851	239,922	918,773
Other income	321,993	111,901	433,894
	<u>\$ 8,072,748</u>	<u>\$ 5,703,857</u>	<u>\$ 13,776,605</u>

See auditors' report

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF OPERATING EXPENSES
YEAR ENDED OCTOBER 31, 2024 WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED OCTOBER 31, 2023

			Total	
	Water	Sewer	2024	2023
PERSONNEL SERVICES				
Plant & distribution	\$ 835,228	\$ 341,458	\$ 1,176,686	\$ 1,189,036
Administration & engineering	950,160	659,287	1,609,447	1,590,632
Commissioners	61,950	43,050	105,000	105,421
	<u>1,847,338</u>	<u>1,043,795</u>	<u>2,891,133</u>	<u>2,885,089</u>
EMPLOYEE BENEFITS				
Health insurance	966,197	669,883	1,636,080	1,172,656
Pension expense	293,045	157,793	450,838	411,569
Pension expense (non-cash)	(28,022)	(15,089)	(43,111)	(158,235)
Post employment benefit plan (non-cash)	833,526	448,822	1,282,348	320,022
Payroll taxes	125,896	87,488	213,384	206,199
Workman's compensation insurance	18,647	11,429	30,076	26,850
	<u>2,209,289</u>	<u>1,360,326</u>	<u>3,569,615</u>	<u>1,979,061</u>
ADMINISTRATIVE				
Office costs	106,936	70,843	177,779	141,784
Postage & advertising notices	17,222	11,968	29,190	81,944
Bank fees	20,178	14,029	34,207	21,655
Licenses and taxes	48,532	2,236	50,768	42,043
Insurance	58,998	35,241	94,239	76,913
Legal	52,065	33,851	85,916	65,716
Engineering	134,780	23,366	158,146	46,081
Accounting and actuary	78,272	34,974	113,246	81,805
Dues, publications and seminars	11,011	7,625	18,636	19,816
Repairs and maintenances	36,996	26,918	63,914	61,688
Telephone	21,865	13,985	35,850	21,249
Information technology	72,249	50,364	122,613	134,323
Trustee fees	27,098	19,502	46,600	49,990
Sundry	6,938	4,752	11,690	46,345
	<u>693,140</u>	<u>349,654</u>	<u>1,042,794</u>	<u>891,352</u>
OPERATIONS AND MAINTENANCE				
Ocean County Utilities Authority	-	3,126,076	3,126,076	2,412,256
Purchased water	976,003	-	976,003	894,571
Utilities - electric & gas	378,410	41,884	420,294	363,996
Chemicals and supplies	309,217	14,678	323,895	354,270
Laboratory tests	69,722	-	69,722	83,938
Repairs and maintenance	380,635	57,962	438,597	431,533
Vehicle costs	44,267	20,193	64,460	102,065
Tools, small equipment & uniforms	61,475	26,481	87,956	96,329
Meter costs	62,602	41,735	104,337	84,686
Other	11,213	5,271	16,484	22,110
	<u>2,293,544</u>	<u>3,334,280</u>	<u>5,627,824</u>	<u>4,845,754</u>
DEPRECIATION				
	<u>2,356,325</u>	<u>916,348</u>	<u>3,272,673</u>	<u>3,120,309</u>
	<u>\$ 9,399,636</u>	<u>\$ 7,004,403</u>	<u>\$ 16,404,039</u>	<u>\$ 13,721,565</u>

See auditors' report

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - UNRESTRICTED AND RESTRICTED
YEAR ENDED OCTOBER 31, 2024 WITH COMPARATIVE TOTALS
FOR YEAR ENDED OCTOBER 31, 2023

	RESTRICTED				TOTALS	
	UNRESTRICTED	CONSTRUCTION	BOND SERVICE	RENEWAL AND REPLACEMENT	2024	2023
Operating revenues:						
Water and sewer service charges	\$ 13,720,662	\$ -	\$ -	\$ -	\$ 13,720,662	\$ 12,423,938
Connection fees	1,226,559				1,226,559	918,773
Other income	716,497				716,497	433,894
Total operating revenues	15,663,738	-	-	-	15,663,738	13,776,605
Cost of operations:						
Personnel services	2,891,133				2,891,133	2,885,089
Employee benefits	3,569,615				3,569,615	1,979,061
Administrative	1,042,794				1,042,794	891,352
Operations & Maintenance	5,627,824				5,627,824	4,845,754
Depreciation	3,272,673				3,272,673	3,120,309
Total cost of operations	16,404,039	-	-	-	16,404,039	13,721,565
Operating profit	(740,301)	-	-	-	(740,301)	55,040
Other income (expense):						
Investment income	644,022	41,330	27,748	2,743	715,843	739,250
Bond issue expense	(99,608)				(99,608)	-
Bond interest expense			(118,627)		(118,627)	(149,057)
Net income before transfers	(195,887)	41,330	(90,879)	2,743	(242,593)	645,233
Transfers:						
Investment income, net	71,821	(41,330)	(27,748)	(2,743)	-	-
Bond interest expense	(118,627)		118,627		-	-
Depreciation on assets purchased with contributed capital	1,287,819				1,287,819	1,188,584
To (from) restricted assets	(2,117,541)	2,113,079	1,719	2,743	-	-
Increase (decrease) in net position	(1,072,415)	2,113,079	1,719	2,743	1,045,126	1,833,817
Net Position - beginning of year	4,170,039	37,233,218	123,754	54,363	41,581,374	39,747,557
Net Position - end of year	\$ 3,097,624	\$ 39,346,297	\$ 125,473	\$ 57,106	\$ 42,626,500	\$ 41,581,374

See auditors' report

LAKESIDE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

SCHEDULES OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN CASH AND INVESTMENTS
UNRESTRICTED ACCOUNTS
YEARS ENDED OCTOBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash and investments at beginning of year	\$ 18,563,944	\$ 18,036,802
Cash receipts:		
Operating revenues	15,292,597	13,996,174
Investment income	642,925	677,239
Increase in escrow funds	339,796	524,616
Transfers from restricted funds	<u>-</u>	<u>-</u>
Total cash and investments available	<u>34,839,262</u>	<u>33,234,831</u>
Cash disbursements:		
Operations	10,995,891	11,136,087
Decrease in escrow funds	99,608	-
Transfers to restricted funds	<u>4,149,201</u>	<u>3,534,800</u>
Total cash disbursements	<u>15,244,700</u>	<u>14,670,887</u>
Cash and investments at end of year	\$ <u>19,594,562</u>	\$ <u>18,563,944</u>
Balance comprised of:		
Cash and interest bearing accounts	\$ 17,910,557	\$ 17,572,002
Investments	<u>1,684,005</u>	<u>991,942</u>
	<u>\$ 19,594,562</u>	<u>\$ 18,563,944</u>

See auditors' report

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN CASH INVESTMENTS
RESTRICTED ACCOUNTS
YEAR ENDED OCTOBER 31, 2024 WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED OCTOBER 31, 2023

	CONSTRUCTION	BOND SERVICE	RENEWAL AND REPLACEMENT	2024	TOTALS 2023
Cash and Investments at beginning of year	\$ 2,304,547	\$ 1,655,734	\$ 54,363	\$ 4,014,644	\$ 6,497,330
Cash receipts:					
Interest	41,330	27,748	2,743	71,821	57,426
Developer/Grant expansion	1,635,543			1,635,543	9,542,916
American Rescue Plan Grant					3,873
NJ I-Bank line of credit	3,670,643			3,670,643	
Vehicle and equipment loans	94,756			94,756	48,380
Transfers from unrestricted fund	2,509,142	1,640,059		4,149,201	3,534,800
Total cash and Investments available	10,255,961	3,323,541	57,106	13,636,608	19,684,725
Cash disbursements:					
Capital expenditures	9,313,933			9,313,933	10,866,497
American Rescue Plan Grant	181,612			181,612	3,061,577
Principal reduction long term debt		1,415,288		1,415,288	1,378,235
Vehicle and equipment loan payments	112,667			112,667	97,225
Bond interest expense		236,987		236,987	266,547
Transfer to unrestricted fund				-	-
Total cash disbursements	9,608,212	1,652,275	-	11,260,487	15,670,081
Cash and investments at end of year	\$ 647,749	\$ 1,671,266	\$ 57,106	\$ 2,376,121	\$ 4,014,644
Balance comprised of:					
Cash and interest bearing accounts	\$ 647,749	\$	\$	\$ 647,749	\$ 2,304,547
Investments		1,671,266	57,106	1,728,372	1,710,097
	\$ 647,749	\$ 1,671,266	\$ 57,106	\$ 2,376,121	\$ 4,014,644

See auditors' report

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
 (A COMPONENT UNIT OF THE TOWNSHIP OF LAKEWOOD, COUNTY OF OCEAN, STATE OF NEW JERSEY)
 SCHEDULE OF DEBT SERVICE REQUIREMENTS BY YEARS
 OCTOBER 31, 2024

SERIES 2008

<u>YEARS ENDING</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2025	\$ 1,016,614	\$ 104,400	\$ 1,121,014
2026	1,046,860	75,083	1,121,943
2027	1,073,244	45,990	1,119,234
2028	<u>1,106,172</u>	<u>-</u>	<u>1,106,172</u>
Total	\$ <u>4,242,890</u>	\$ <u>225,473</u>	\$ <u>4,468,363</u>

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LAKEWOOD, COUNTY OF OCEAN, STATE OF NEW JERSEY)
SCHEDULE OF DEBT SERVICE REQUIREMENTS BY YEARS
OCTOBER 31, 2024

SERIES 2012 SUPPLEMENTAL

<u>YEARS ENDING</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2025	\$ 108,625	\$ 13,949	\$ 122,574
2026	112,789	11,568	124,357
2027	116,887	9,351	126,238
2028	116,898	7,379	124,277
2029	117,259	5,338	122,597
2030	72,546	3,194	75,740
2031	<u>70,185</u>	<u>-</u>	<u>70,185</u>
Total	\$ <u>715,189</u>	\$ <u>50,779</u>	\$ <u>765,968</u>

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LAKEWOOD, COUNTY OF OCEAN, STATE OF NEW JERSEY)
SCHEDULE OF DEBT SERVICE REQUIREMENTS BY YEARS
OCTOBER 31, 2024

SERIES 2012 METER

<u>YEARS ENDING</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2025	\$ 173,289	\$ 10,209	\$ 183,498
2026	177,578	8,400	185,978
2027	177,139	6,749	183,888
2028	177,147	5,342	182,489
2029	165,359	3,864	169,223
2030	51,545	2,317	53,862
2031	<u>51,449</u>	<u>-</u>	<u>51,449</u>
Total	\$ <u>973,506</u>	\$ <u>36,881</u>	\$ <u>1,010,387</u>

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF LAKEWOOD, COUNTY OF OCEAN, STATE OF NEW JERSEY)
SCHEDULE OF DEBT SERVICE REQUIREMENTS BY YEARS
OCTOBER 31, 2024

SERIES 2021A

<u>YEARS ENDING</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2025	\$ 148,025	\$ 53,963	\$ 201,988
2026	153,025	51,713	204,738
2027	153,025	49,338	202,363
2028	158,025	46,838	204,863
2029	158,025	44,213	202,238
2030	163,025	41,463	204,488
2031	168,025	38,888	206,913
2032	168,025	36,713	204,738
2033	168,025	34,763	202,788
2034	173,025	32,813	205,838
2035	173,025	30,788	203,813
2036	173,025	28,688	201,713
2037	178,025	26,938	204,963
2038	178,025	25,113	203,138
2039	178,025	22,863	200,888
2040	183,024	20,988	204,012
2041	183,024	19,438	202,462
2042	183,024	17,838	200,862
2043	183,024	16,238	199,262
2044	193,024	14,638	207,662
2045	193,024	12,938	205,962
2046	193,024	11,138	204,162
2047	193,024	9,338	202,362
2048	198,024	7,425	205,449
2049	198,024	5,344	203,368
2050	198,024	4,275	202,299
Total	\$ <u>4,588,639</u>	\$ <u>704,693</u>	\$ <u>5,293,332</u>

FINANCIAL ASSISTANCE SECTION

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF EXPENDITURES OF FINANCIAL ASSISTANCE
FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED OCTOBER 31, 2024

Grantor/Pass- Through Grantor/Program Title	CFDA Number	Term of Agreement	Total		Total	
			Grant Available	Amount Available 10/31/2023	Capitalized Expenditures	Amount Available 10/31/2024
US Department of Treasury/ Lakewood Township/ American Rescue Plan	21.027	8/12/2021 - 12/31/2024	\$ 3,750,000	\$ 332,646	\$ 177,739	\$ 154,907
Total		\$	3,750,000	332,646	177,739	154,907

(a) See Notes to the Schedule of Expenditures of Federal Awards. The accompanying Notes to Financial Statements and Notes to Schedule of Expenditures of Federal Awards are an integral part of this schedule.

LAKWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2024**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards include federal award activity of the Lakewood Township Municipal Utilities Authority (hereafter referred to as the "Authority") under programs of the federal government for the fiscal year ended October 31, 2024.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

The accompanying schedule of expenditures of federal awards and state financial assistance are presented using the accrual basis of accounting. This basis of accounting is described in note 1 to the Authority's basic financial statements.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agrees with amounts reported in the Authority's basic financial statements.

NOTE 4 - RELATIONSHIP TO TOWNSHIP FINANCIAL REPORTS

Amounts reported in the accompanying schedule agrees with the amounts reported in the related Lakewood Township financial reports.

NOTE 5 - MAJOR PROGRAMS

No major programs are identified.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

LAKESIDE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED OCTOBER 31, 2024

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>yes</u> <u>x</u> <u>no</u>
Significant deficiency(ies) identified?	<u>yes</u> <u>x</u> <u>none reported</u>
Noncompliance material to financial statements noted?	<u>yes</u> <u>x</u> <u>no</u>

Federal Awards

Internal control over programs:	
Material weakness(es) identified?	<u>yes</u> <u>x</u> <u>no</u>
Significant deficiency(ies) identified?	<u>yes</u> <u>x</u> <u>none reported</u>

Assistance Listing CFDA Number(s)

Name of Federal Program or Cluster

21.027

American Rescue Plan

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED OCTOBER 31, 2024**

Section 2- 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 by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires.

None.

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT**

This section identifies the status of prior year findings related to the financial statements and federal financial assistance that are required to be reported in accordance with Government Auditing Standards and State of New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

None.