

LAKESWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION

YEARS ENDED OCTOBER 31, 2022 AND 2021

AND

INDEPENDENT AUDITOR'S REPORT

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
FINANCIAL STATEMENTS WITH SUPPLEMENTAL INFORMATION
YEARS ENDED OCTOBER 31, 2022 AND 2021

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MOHEL ELLIOTT BAUER & GASS

A P R O F E S S I O N A L A S S O C I A T I O N

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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, 2022 and 2021, 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, 2022 and 2021, 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.

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A P R O F E S S I O N A L A S S O C I A T I O N
C E R T I F I E D P U B L I C A C C O U N T A N T S

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.

MOHEL ELLIOTT BAUER & GASS

A P R O F E S S I O N A L A S S O C I A T I O N

CERTIFIED PUBLIC ACCOUNTANTS

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.

Other 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 November 8, 2023, 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.



Toms River, New Jersey
November 8, 2023

**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, 2022 and 2021, 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 November 8, 2023.

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.

MOHEL ELLIOTT BAUER & GASS
A P R O F E S S I O N A L A S S O C I A T I O N
C E R T I F I E D P U B L I C A C C O U N T A N T S

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.

Mohe Elliott Bauer & Gass

Toms River, New Jersey
November 8, 2023

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED OCTOBER 31, 2022

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, 2022 and 2021.

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, 2022, had total assets and deferred outflows of resources of \$105,218,217 compared to \$99,379,589 at October 31, 2021. The total assets and deferred outflows of resources increased by approximately \$5,839,000 from 2021 to 2022 primarily as a result of the increase in cash and investments. The Authority, at October 31, 2021, had total assets and deferred outflows of resources of \$99,379,589 compared to \$96,867,210 at October 31, 2020. The total assets and deferred outflows of resources increased by approximately \$2,512,000 from 2019 to 2020 primarily as a result of the increase in cash and investments.

The Authority's liabilities and deferred inflows of resources of \$37,862,037 at year end October 31, 2022 increased from the October 31, 2021 balance of \$36,234,959. The liabilities and deferred inflows of resources increased by approximately \$1,627,000 primarily due to the increase in ARP advanced funds. The Authority's liabilities and deferred inflows of resources of \$36,234,959 at year end October 31, 2021 decreased from the October 31, 2020 balance of \$36,671,084. The liabilities and deferred inflows of resources increased by approximately \$436,000 primarily due to the decrease in pension liability.

In summary, the Authority's net position for the year ended October 31, 2022 reflects a increase of approximately \$4,212,000 from 2021. This is due to a net position increase of \$1,979,980 and the net increase of \$2,231,570 in Developer expansion of system. The Authority's net position for the year ended October 31, 2021 reflects an increase of approximately \$2,949,000 from 2020, which was due primarily to a net position increase of \$2,656,167 and the net increase of \$292,337 in Developer expansion of system.

(Continued)

LAKESWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

FOR THE YEAR ENDED OCTOBER 31, 2022

The Authority's activity for the year remained relatively stable from 2021 to 2022, The Authority's net increase for 2022 was \$4,211,550 which includes \$2,982,624 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 \$3,302,306 in 2022 compared to \$1,309,868 in 2021.

The Authority's activity for the year remained relatively stable from 2020 to 2021, The Authority's net increase for 2021 was \$2,948,504 which includes \$2,859,224 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 \$1,309,868 in 2021 compared to \$1,435,708 in 2020.

Condensed Financial Information

Key Authority financial information for the years 2022, 2021, and 2020 include the following balances:

	ASSETS		
	2022	2021	2020
Unrestricted current assets	\$ 20,561,712	\$ 18,581,002	\$ 16,380,444
Restricted current assets	6,497,330	3,962,522	3,197,427
Property, plant and equipment, net of depreciation	74,895,270	73,733,894	73,518,406
Total assets	101,954,312	96,277,418	93,096,277
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows related to pensions	652,892	798,830	1,140,485
Deferred outflows related to OPEB	2,611,013	2,303,341	2,630,448
Total deferred outflow of resources	3,263,905	3,102,171	3,770,933
Total assets and deferred outflow of resources	\$ 105,218,217	\$ 99,379,589	\$ 96,867,210

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED OCTOBER 31, 2022**

Liabilities

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Current liabilities payable from current unrestricted assets	\$ 3,531,931	\$ 2,876,959	\$ 2,574,608
Current liabilities payable from current restricted assets	1,706,321	2,392,838	2,369,884
Non-current liabilities	<u>26,318,024</u>	<u>23,745,360</u>	<u>24,592,570</u>
Total liabilities	<u>31,556,276</u>	<u>29,015,157</u>	<u>29,537,062</u>

Deferred Inflow of Resources

Deferred inflows related to pensions	759,341	2,191,795	2,056,480
Deferred inflows related to OPEB	3,923,548	3,277,602	3,337,606
Easement and assignment of cell tower leases	879,604	906,229	932,854
Premium on revenue bonds payable, net	353,030	390,780	280,030
Gain on loan refundings, net	<u>390,238</u>	<u>453,396</u>	<u>527,052</u>
Total deferred inflow of resources	<u>6,305,761</u>	<u>7,219,802</u>	<u>7,134,022</u>

Net Position

Contributed capital, net of related accumulated depreciation	27,608,623	25,377,053	25,084,716
Investments in capital assets, net of related debt	35,737,279	35,046,618	34,829,842
Restricted for bond service fund	110,464	123,905	20,657
Restricted for bond reserve fund	-	441,984	441,984
Renewal and replacement fund	52,148	51,897	51,893
Unrestricted	<u>3,847,666</u>	<u>2,103,173</u>	<u>(232,966)</u>
Total net position	<u>67,356,180</u>	<u>63,144,630</u>	<u>60,196,126</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 105,218,217</u>	<u>\$ 99,379,589</u>	<u>\$ 96,867,210</u>

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED OCTOBER 31, 2022**

Other Financial Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total operating and non-operating revenues	\$ 13,145,894	\$ 13,172,135	\$ 12,648,697
Total operating and non-operating expenses	<u>12,236,650</u>	<u>11,533,499</u>	<u>11,780,812</u>
Excess of revenues over expenses	<u>\$ 909,244</u>	<u>\$ 1,638,636</u>	<u>\$ 867,885</u>
Capital additions	\$ 4,442,321	\$ 3,216,442	\$ 6,627,728
Capital contributions	\$ 3,302,306	\$ 1,309,868	\$ 1,435,708
Bonds paid down	\$ 1,771,511	\$ 1,585,738	\$ 1,603,038
Bonds and notes payable	\$ 13,507,022	\$ 15,250,791	\$ 14,801,782

Authority 2022 operating revenues were above budget expectations by \$369,184 mainly due to higher than expected connection fees budgeted. The Authority's total 2022 operating expenses were under budget by \$924,652 for the year due to lower employee benefits than estimated. Additionally sewage treatment cost and utilities costs were lower than estimated. Various other expense lines make up the remainder of the savings.

Authority 2021 operating revenues were above budget expectations by \$879,312 mainly due to higher than expected connection fees budgeted. The Authority's total 2021 operating expenses were under budget by \$891,079 for the year due to lower employee benefits 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.

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

**STATEMENTS OF NET POSITION
OCTOBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Unrestricted assets:		
Cash and interest bearing accounts	\$ 16,275,363	\$ 14,381,732
Investments, at fair value	1,761,439	1,630,376
Accounts receivable	2,502,645	2,507,531
Accrued interest receivable	6,408	47,599
Prepaid expenses	15,857	13,764
Total unrestricted assets	<u>20,561,712</u>	<u>18,581,002</u>
Restricted assets:		
Construction Fund:		
Cash	4,457,748	1,054,037
Investments, at fair value	365,462	363,817
Bond Service Fund:		
Investments, at fair value	1,621,972	2,050,787
Bond Reserve Fund:		
Investments, at fair value	-	441,984
Renewal and Replacement Fund:		
Investments, at fair value	52,148	51,897
Total restricted assets	<u>6,497,330</u>	<u>3,962,522</u>
Property, plant and equipment		
Less: accumulated depreciation	<u>74,895,270</u>	<u>73,733,894</u>
Total unrestricted and restricted assets	<u>101,954,312</u>	<u>96,277,418</u>
 DEFERRED OUTFLOW OF RESOURCES		
Deferred outflows related to pensions	652,892	798,830
Deferred outflows related to OPEB	<u>2,611,013</u>	<u>2,303,341</u>
Total deferred outflow of resources	<u>3,263,905</u>	<u>3,102,171</u>
	<u><u>\$ 105,218,217</u></u>	<u><u>\$ 99,379,589</u></u>

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

**STATEMENTS OF NET POSITION
(Continued)
OCTOBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
LIABILITIES		
Current liabilities payable from unrestricted assets:		
Accounts payable and accrued liabilities	\$ 1,097,774	\$ 842,295
Accrued payroll liabilities	8,820	18,628
Accrued pension liabilities	337,574	318,190
Easement and assignment of cell tower leases	26,625	26,625
Unearned revenue	521,617	503,393
Escrow fund	<u>1,539,521</u>	<u>1,167,828</u>
Total current liabilities payable from unrestricted assets	<u>3,531,931</u>	<u>2,876,959</u>
Current liabilities payable from restricted assets		
Accrued interest payable on revenue bond	133,273	155,371
Revenue bonds payable - current portion	1,378,235	1,771,511
Vehicle and equipment loans- current portion	88,513	61,335
Construction cost payable	<u>106,300</u>	<u>404,621</u>
Total current liabilities payable from restricted assets	<u>1,706,321</u>	<u>2,392,838</u>
Compensated absences	308,088	287,367
Long-term portion of revenue bonds payable	11,935,512	13,313,747
Vehicle and equipment loans	104,762	104,198
ARP advanced funds	3,394,223	-
Net pension liability	4,039,859	3,218,671
Net OPEB liability	<u>6,535,580</u>	<u>6,821,377</u>
Total liabilities	<u>31,556,276</u>	<u>29,015,157</u>
DEFERRED INFLOW OF RESOURCES		
Deferred inflows related to pensions	759,341	2,191,795
Deferred inflows related to OPEB	3,923,548	3,277,602
Easement and assignment of cell tower leases	879,604	906,229
Premium on revenue bonds payable, net	353,030	390,780
Gain on loan refundings, net of accumulated amortization	<u>390,238</u>	<u>453,396</u>
Total deferred inflow of resources	<u>6,305,761</u>	<u>7,219,802</u>
NET POSITION		
Contributed capital		
Less: accumulated depreciation	27,608,623	25,377,053
Restricted for:		
Construction Fund - Investments in capital assets, net of related debt	35,737,279	35,046,618
Bond Service Fund	110,464	123,905
Bond Reserve Fund	-	441,984
Renewal and Replacement Fund	52,148	51,897
Unrestricted:		
Unrestricted Fund	<u>3,847,666</u>	<u>2,103,173</u>
Total Net Position	<u><u>\$ 67,356,180</u></u>	<u><u>\$ 63,144,630</u></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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Water and sewer service charges	\$ 12,098,341	\$ 11,831,523
Connection fees	675,213	830,023
Other income	<u>231,568</u>	<u>415,046</u>
Total operating revenues	<u>13,005,122</u>	<u>13,076,592</u>
Operating expenses:		
Personnel services	2,607,986	2,298,113
Employee benefits	906,944	757,020
Administrative	720,470	923,765
Operations and maintenance	4,830,890	4,491,607
Depreciation	<u>2,982,624</u>	<u>2,859,224</u>
Total operating expenses	<u>12,048,914</u>	<u>11,329,729</u>
Operating income	956,208	1,746,863
Other income (expense):		
Investment income	140,772	95,543
Bond interest expense	<u>(187,736)</u>	<u>(203,770)</u>
Income (before transfer of depreciation on assets purchased with contributed capital)	909,244	1,638,636
Transfer of depreciation to contributed capital	<u>1,070,736</u>	<u>1,017,531</u>
Change in net position	1,979,980	2,656,167
Restricted and unrestricted net position - beginning of year	<u>37,767,577</u>	<u>35,111,410</u>
Restricted and unrestricted net position - end of year	<u>39,747,557</u>	<u>37,767,577</u>
Contributed capital - beginning of year	25,377,053	25,084,716
Developer expansion of system	3,302,306	1,309,868
Transfer of depreciation from operations to contributed capital	<u>(1,070,736)</u>	<u>(1,017,531)</u>
Contributed capital - end of year	<u>27,608,623</u>	<u>25,377,053</u>
Total net position - end of year	<u>\$ 67,356,180</u>	<u>\$ 63,144,630</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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from customers	\$ 13,001,607	\$ 12,687,011
Cash paid to suppliers and employees	(9,195,458)	(8,522,624)
Investment income - received	181,963	56,909
Bond interest expense - paid	(310,742)	(142,831)
Increase (decrease) in escrow funds	<u>371,693</u>	<u>(86,247)</u>
Net cash provided by operating activities	<u>4,049,063</u>	<u>3,992,218</u>
Cash flows from investing activities:		
Capital expenditures	(4,442,321)	(3,216,442)
Purchase of investments	(3,801,021)	(5,965,661)
Sale/maturity of investments	<u>4,538,861</u>	<u>5,053,719</u>
Net cash used in investing activities	<u>(3,704,481)</u>	<u>(4,128,384)</u>
Cash flows from financing activities:		
Developer expansion of system	3,302,306	1,309,868
American Rescue Plan Grant - received	3,750,000	2,102,309
American Rescue Plan Grant - expended	(355,777)	-
Vehicle and equipment loans	94,757	41,146
Vehicle and equipment loan payments	(67,015)	(108,708)
Principal redemption of long-term debt	<u>(1,771,511)</u>	<u>(1,585,738)</u>
Net cash provided (used) by financing activities	<u>4,952,760</u>	<u>1,758,877</u>
Net increase in cash and cash equivalents	5,297,342	1,622,711
Cash and cash equivalents at beginning of year	<u>15,435,769</u>	<u>13,813,058</u>
Cash and cash equivalents at end of year	<u><u>\$ 20,733,111</u></u>	<u><u>\$ 15,435,769</u></u>

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

STATEMENTS OF CASH FLOWS
(Continued)
YEARS ENDED OCTOBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Change in net position	\$ <u>1,979,980</u>	\$ <u>2,656,167</u>
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation, net of transfer to contributed capital	1,911,888	1,841,693
Unbudgeted pension expense - non cash item	(465,328)	(505,970)
Unbudgeted OPEB expense - non cash item	52,477	26,847
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	4,886	(391,784)
Accrued interest receivable	41,191	(38,634)
Prepaid expenses	(2,093)	(582)
Increase (decrease) in:		
Accounts payable and accrued liabilities	255,479	320,746
Accrued payroll liabilities	(9,808)	2,692
Accrued pension liabilities	19,384	36,332
Compensated absences	20,721	67,816
Cell tower leases	(26,625)	(26,625)
Unearned billings	18,224	28,828
Escrow funds	371,693	(86,247)
Accrued interest payable on revenue bonds	(22,098)	23,845
Amortization on gain loan refunding's	(63,158)	(73,656)
Premium on revenue bonds payable	(37,750)	110,750
Total adjustments	<u>2,069,083</u>	<u>1,336,051</u>
Net cash provided by operating activities	\$ <u><u>4,049,063</u></u>	\$ <u><u>3,992,218</u></u>

The accompanying notes are an integral
part of these financial statements

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2022 AND 2021

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, 2024
Anne Fish, Assistant Secretary	January 31, 2023
Craig Theibault, Treasurer	January 31, 2027
Yocheved Miller, Commissioner	January 31, 2025
Sam Flancbaum, Alternate Commissioner	January 31, 2024
Meir Lichtenstein, Alternate Commissioner	January 31, 2025

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, 2022 AND 2021

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, 2022 AND 2021

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 2021 financial statements to conform with the 2022 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 measureable and the Authority is eligible to realize the revenue

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2022 AND 2021

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, 2022 AND 2021

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 November 8, 2023, 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.

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2022 AND 2021

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 Lesure 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>2022</u>	<u>2021</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	355,777	-
Developer expansion of system	<u>43,411,613</u>	<u>40,465,084</u>
	45,479,451	42,177,145
Less: accumulated depreciation	<u>17,870,828</u>	<u>16,800,092</u>
	<u>\$ 27,608,623</u>	<u>\$ 25,377,053</u>

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2022 AND 2021

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, 2022 AND 2021

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, 2022 and 2021, and reported at fair value are shown below.

	<u>2022</u>	<u>2021</u>
Deposits:		
Demand deposits	\$ <u>24,534,132</u>	\$ <u>19,974,630</u>
Total deposits	\$ <u><u>24,534,132</u></u>	\$ <u><u>19,974,630</u></u>
Reconciliation to Statements of Net Position:		
Current unrestricted assets:		
Cash	\$ 18,036,802	\$ 16,012,108
Current restricted assets:		
Cash	<u>6,497,330</u>	<u>3,962,522</u>
Total	\$ <u><u>24,534,132</u></u>	\$ <u><u>19,974,630</u></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, 2022 and 2021, the Authority's bank balances of \$24,534,132 and \$19,974,630 and was insured or collateralized as follows:

	<u>2022</u>	<u>2021</u>
Insured	\$ 3,801,021	\$ 4,538,861
Collateralized in the Authority's names		
Under GUDPA	<u>20,733,111</u>	<u>15,435,769</u>
Total	\$ <u><u>24,534,132</u></u>	\$ <u><u>19,974,630</u></u>

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2022 AND 2021

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, 2022 AND 2021

NOTE 6 - INVESTMENTS (Continued)

Investments are presented in the financial statements at fair value.

	<u>2022</u>		<u>2021</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	\$ 71,959	\$ 71,959	\$ 71,323	\$ 71,323
JP Morgan, U.S. Treasury Plus Premier,				
Money Market Fund	<u>1,595,563</u>	<u>1,595,563</u>	<u>1,465,589</u>	<u>1,465,589</u>
	<u>1,667,522</u>	<u>1,667,522</u>	<u>1,536,912</u>	<u>1,536,912</u>
GENERAL FUND				
JP Morgan, U.S. Treasury Plus Premier,				
Money Market Fund	<u>93,917</u>	<u>93,917</u>	<u>93,464</u>	<u>93,464</u>
Total Unrestricted	<u>1,761,439</u>	<u>1,761,439</u>	<u>1,630,376</u>	<u>1,630,376</u>
RESTRICTED FUNDS:				
CONSTRUCTION FUND				
JP Morgan, U.S. Treasury Plus Premier,				
Money Market Fund	<u>365,462</u>	<u>365,462</u>	<u>363,817</u>	<u>363,817</u>
BOND SERVICE FUND				
JP Morgan, U.S. Treasury Plus Premier,				
Money Market Fund	<u>1,621,972</u>	<u>1,621,972</u>	<u>2,050,787</u>	<u>2,050,787</u>
BOND RESERVE FUND				
U.S. Treasury Bond Slug,				
4.04547%, due 11/01/21	<u>-</u>	<u>-</u>	<u>441,984</u>	<u>441,984</u>
RENEWAL AND REPLACEMENT FUND				
JP Morgan, U.S. Treasury Plus Premier,				
Money Market Fund	<u>52,148</u>	<u>52,148</u>	<u>51,897</u>	<u>51,897</u>
Total Restricted	<u>2,039,582</u>	<u>2,039,582</u>	<u>2,908,485</u>	<u>2,908,485</u>
Total	<u>\$ 3,801,021</u>	<u>\$ 3,801,021</u>	<u>\$ 4,538,861</u>	<u>\$ 4,538,861</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 one year, two years and five years, and interest rates range from 4.847% to 5.258%.

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, 2022:

<u>Year Ending October 31:</u>	<u>Total</u>
2023	\$ 88,513
2024	85,620
2025	16,575
2026	<u>2,567</u>
	<u>\$ 193,275</u>

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2022 AND 2021

NOTE 8 - REVENUE BONDS

2022 Revenue Bonds						
	Series 2002 Refunding 2007B	Series 2008 Refunding 2016A-R1	Supplemental Series 2012	Meter Series 2012	Series 2021A	Total
Trust Loan	\$ -	\$ 3,704,000	\$ 575,188	\$ 421,368	\$ 2,000,000	\$ 6,700,556
Fund Loan	-	2,479,454	353,970	895,078	2,884,689	6,613,191
	-	6,183,454	929,158	1,316,446	4,884,689	13,313,747
Less: current portion	-	956,060	104,861	169,289	148,025	1,378,235
	\$ -	\$ 5,227,394	\$ 824,297	\$ 1,147,157	\$ 4,736,664	\$ 11,935,512
2021 Revenue Bonds						
	Series 2002 Refunding 2007B	Series 2008 Refunding 2016A-R1	Supplemental Series 2012	Meter Series 2012	Series 2021A	Total
Trust Loan	\$ 257,170	\$ 4,224,000	\$ 629,269	\$ 460,729	\$ 2,040,000	\$ 7,611,168
Fund Loan	163,201	2,892,723	405,154	1,025,298	2,987,714	7,474,090
	420,371	7,116,723	1,034,423	1,486,027	5,027,714	15,085,258
Less: current portion	420,371	933,269	105,265	169,581	143,025	1,771,511
	\$ -	\$ 6,183,454	\$ 929,158	\$ 1,316,446	\$ 4,884,689	\$ 13,313,747

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

Year ended October 31,	Series 2002 Refunding 2007B	Series 2008 Refunding 2016A-R1	Supplemental Series 2012	Meter Series 2012	Series 2021A	Total
2023	\$ -	\$ 956,060	\$ 104,861	\$ 169,289	\$ 148,025	\$ 1,378,235
2024	-	984,504	109,108	173,651	148,025	1,415,288
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
Thereafter	-	1,106,172	376,888	445,500	4,134,564	6,063,124
	\$ -	\$ 6,183,454	\$ 929,158	\$ 1,316,446	4,884,689	\$ 13,313,747

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, 2022 AND 2021

NOTE 8 - 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:

	<u>2022</u>	<u>2021</u>
Revenue Bonds Series 2002	\$ 6,230	\$ 18,588
Revenue Bonds Series 2008	188,275	213,675
Revenue Bonds Series 2012 - Supplemental	20,644	20,481
Revenue Bonds Series 2012 - Meter	15,158	16,942
Revenue Bonds Series 2021	58,338	43,020
Amortization gain loan refunding's	(63,159)	(73,657)
Amortize premium on revenue bonds	<u>(37,750)</u>	<u>(35,279)</u>
Bond interest expense	<u>\$ 187,736</u>	<u>\$ 203,770</u>

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following:

	<u>2022</u>	<u>2021</u>	<u>Estimated Useful Lives Years</u>
Land	\$ 76,445	\$ 76,445	--
Water and sewer system	110,421,942	106,916,717	40-75
Office building and garage	3,541,996	3,536,189	5-40
Other equipment	225,009	224,770	5-7
Transportation equipment	1,000,778	885,319	5
Construction in progress	<u>1,601,367</u>	<u>1,084,097</u>	--
	116,867,537	112,723,537	
Less: accumulated depreciation	<u>41,972,267</u>	<u>38,989,643</u>	
	<u>\$ 74,895,270</u>	<u>\$ 73,733,894</u>	

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2022 AND 2021

NOTE 10 - 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 in the amount of \$79,249 and \$116,925 for the years ended October 31, 2022 and 2021, respectively. These deficiency's are recorded as expenses. Credits are recorded as revenue when received and deficiencies are recorded as expenses when billed.

NOTE 11 - DEFERRED COMPENSATION PROGRAM

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

During December 1998, the Authority, in accordance with Internal Revenue Code 457, amended the Deferred Compensation Plan to establish an exclusive benefit trust whereby all Plan investments are held for the exclusive benefit of the Plan's participants and beneficiaries and are not subject to the claims of the Authority's general creditors. As such, the Deferred Compensation Plan amounts as of October 31, 2022 and 2021 are not reflected on the Authority's statements of net position.

NOTE 12 - 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 2022, 2021, or 2020.

(Continued)

LAKESWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2022 AND 2021

NOTE 13 - 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.

NOTE 14 - PENDING LITIGATION

There are actions, which have been instituted against the Board. The outcomes of these cases cannot be determined at the present. The final outcomes if unavailable to the Board, will be covered through insurance or the budgetary process.

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2022 AND 2021

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)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2022 AND 2021

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.

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 2022, 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, 2022, the Authority's contractually required contribution to PERS was \$337,574.

Components of Net Pension Liability - As of October 31, 2022, the Authority reported a liability of \$4,039,859 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The Authority's proportion of the net pension liability was based on the ratio of the Authority's contribution to the total contributions to PERS during the measurement period July 1, 2021 through June 30, 2022. The Authority's proportion measured as of June 30, 2022 was .02677%. There was a decrease from its proportion measured as of June 30, 2021 of .0004%.

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2022 AND 2021

NOTE 15 - PENSION PLAN - (Continued)

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

Collective Balances as of October 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Actuarial valuation date (including roll forward)	July 1, 2022	July 1, 2021
Deferred outflows of resources	\$ 652,892	\$ 798,830
Deferred inflows of resources	\$ 759,341	\$ 2,191,795
Net pension liability	\$ 4,039,859	\$ 3,218,671
Authority's portion of the plan's total net pension liability	0.02677%	0.02717%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended October 31, 2022, the Authority recognized pension expense (benefit) of (\$127,754). As of October 31, 2022, 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	\$ 12,517	\$ 604,927
Net difference between expected and actual experience	29,158	25,713
Net difference between projected and actual earnings on pension plan investments	167,206	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>444,011</u>	<u>128,701</u>
Total	<u>\$ 652,892</u>	<u>\$ 759,341</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>
2023	\$ (87,463)
2024	(44,559)
2025	(21,731)
2026	47,408
2027	<u>(104)</u>
Total	<u>\$ (106,449)</u>

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
(Continued)
OCTOBER 31, 2022 AND 2021

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:		
2017	5.48	-
2018	-	5.63
2019	5.21	-
2020	5.16	-
2021	-	5.13
2022	-	5.04
Changes of assumptions		
Year of pension plan deferral:		
2017	-	5.48
2018	-	5.63
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:		
2017	5.00	-
2018	5.00	-
2019	5.00	-
2020	5.00	-
2021	5.00	-
2022	5.00	-
Changes in proportion:		
Year of pension plan deferral:		
2017	5.48	5.48
2018	5.63	5.63
2019	5.21	5.21
2020	5.16	5.16
2021	5.13	5.13
2022	5.04	5.04

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2022 AND 2021

NOTE 15 - PENSION PLAN - (Continued)

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

Actuarial Assumptions - The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Measurement date	June 30, 2022
Actuarial valuation date	July 1, 2021
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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2022 AND 2021

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	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation Strategies	3.00%	4.91%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2022 AND 2021

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, 2022 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	\$ 5,090,222	\$ 4,039,859	\$ 3,151,090

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2022 AND 2021

NOTE 16 - OTHER POST EMPLOYMENT BENEFITS

State Health Benefit Local Government Retired Employees Plan:

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

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

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

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

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2022 AND 2021

NOTE 16 - OTHER POST EMPLOYMENT BENEFITS (Continued)

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

Allocation Methodology - GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense (benefit). The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense (benefit) are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2022 were \$3,361,552,823 and \$12,729,372,321, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense (benefit) are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during measurement period July 1, 2021 through June 30, 2022. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Special Funding Situation - Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Therefore these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State if treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer. The participating employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State of New Jersey under the special funding situation.

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2022 AND 2021

NOTE 16 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Net OPEB Liability

Components of Net OPEB Liability - As of October 31, 2022, the Authority reported a liability of \$6,535,580 for its proportionate share of the net OPEB liability.

	<u>October 31, 2022</u>
Total OPEB liability	\$ 6,511,837
Plan fiduciary net position (deficit)	<u>(23,743)</u>
Net OPEB liability	<u><u>\$ 6,535,580</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.36%

The total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Salary increases*:	
Rate for all future years (PERS)	2.75% to 6.55%
Rate for all future years (PFRS)	3.25% to 16.25%

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

Mortality- PERS rates were based on Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using the MP-2021.

Mortality- PFRS rates were based on Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using the MP-2021.

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

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

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2022 AND 2021

NOTE 16 - OTHER POST EMPLOYMENT BENEFITS (Continued)

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

Sensitivity of Net OPEB Liability to Changes in the Discount Rate - The following presents the collective net OPEB liability of the participating employers as of June 30, 2022, 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 (2.54%)</u>	<u>At discount rate (3.54%)</u>	<u>At 1% increase (4.54%)</u>
\$7,691,124	\$6,535,580	\$5,619,786

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate - The following presents the net OPEB liability as of June 30, 2022, 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>
\$5,452,875	\$6,535,580	\$7,948,376

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2022 AND 2021

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, 2022 and October 31, 2021:

Balances at October 31, 2022 and October 31, 2021

	<u>10/31/2022</u>	<u>10/31/2021</u>
Actuarial valuation date (including roll forward)	June 30, 2022	June 30, 2021
Deferred Outflows of Resources	\$ 2,611,013	\$ 2,303,341
Deferred Inflows of Resources	3,923,548	3,277,602
Net OPEB Liability	6,535,580	6,821,377
Authority's portion of the Plan's total Net OPEB Liability	0.04047%	0.03790%

OPEB Deferred Outflows/Inflows of Resources - At October 31, 2022, the Authority's proportionate share of the OPEB outflows and inflows, calculated by the plan as of June 30, 2022 measurement date is \$2,611,013 and \$3,923,548, respectively. At October 31, 2022, 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	\$ 337,504	\$ 1,211,419
Change of assumptions	872,200	2,230,467
Differences between projected actual investment earnings on OPEB plan investments	1,721	-
Changes in Proportion	<u>1,399,588</u>	<u>481,662</u>
	<u>\$ 2,611,013</u>	<u>\$ 3,923,548</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 June 30:	
2023	\$ (348,495)
2024	(348,802)
2025	(275,444)
2026	(123,015)
2027	(27,580)
Thereafter	<u>(189,199)</u>
	<u>\$ (1,312,535)</u>

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2022 AND 2021

NOTE 16 - OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

(Continued)

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(Continued)

OCTOBER 31, 2022 AND 2021

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 the Shorrocks and the New Hampshire Avenue treatment plants in the amount of \$10,000,000.

Granular activated carbon (GAC) filtration system at wells 1, 2 and 3 in the amount of \$3,500,000.

Meter replacement project in the amount of \$5,575,000.

REQUIRED SUPPLEMENTARY INFORMATION

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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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Authority's Proportion of the Net Pension Liability	0.02677%	0.02717%	0.02577%	0.02509%	0.02141%	0.02409%	0.02209%	0.02060%	0.01792%	0.01667%
Authority's Proportionate Share of the Net Pension Liability	\$ 4,039,859	\$ 3,218,671	\$ 4,201,611	\$ 4,520,526	\$ 4,216,288	\$ 5,608,668	\$ 6,542,011	\$ 4,623,328	\$ 3,355,593	\$ 3,185,130
Authority's Covered-Employee Payroll	\$ 2,349,099	\$ 2,021,518	\$ 1,923,362	\$ 1,768,642	\$ 1,670,415	\$ 1,666,927	\$ 1,531,543	\$ 1,355,328	\$ 1,203,329	\$ 1,146,351
Authority's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	171.97%	159.22%	218.45%	255.59%	252.41%	336.47%	427.15%	341.12%	278.86%	277.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.91%	70.34%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

LAKELAND TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

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

	For the year ended October 31,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Authority's Contractually Required Contribution	\$ 337,574	\$ 318,190	\$ 281,858	\$ 245,844	\$ 214,637	\$ 223,204	\$ 196,232	\$ 177,068	\$ 147,751	\$ 125,572
Authority's Contribution in Relation to the Contractually Required Contribution	337,574	318,190	281,858	245,844	214,637	223,204	196,232	177,068	147,751	125,572
Authority's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered-Employee Payroll	\$ 2,349,099	\$ 2,021,518	\$ 1,961,443	\$ 1,833,050	\$ 1,740,435	\$ 1,670,415	\$ 1,666,927	\$ 1,531,543	\$ 1,355,328	\$ 1,203,329
Authority's Contributions as a Percentage of it's Covered-Employee Payroll	14.37%	15.74%	14.37%	13.41%	12.33%	13.36%	11.77%	11.56%	10.90%	10.44%

LAKESIDE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

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

LAST TEN FISCAL YEARS

	Measurement Date Ended June 30,						
	2022	2021	2020	2019	2018	2017	2016
Authority's Proportion of the Net Other Postemployment Benefits Liability	0.04047%	0.03790%	0.03935%	0.03398%	0.03573%	0.03336%	0.03476%
Authority's Proportionate Share of the Net Other Postemployment Benefits Liability	\$ 6,535,580	\$ 6,821,377	\$ 7,061,633	\$ 4,602,955	\$ 5,597,213	\$ 6,810,707	\$ 7,548,773
Authority's Covered-Employee Payroll	\$ 2,349,099	\$ 2,021,518	\$ 1,923,362	\$ 1,768,642	\$ 1,670,415	\$ 1,666,927	\$ 1,531,543
Authority's Proportionate Share of the Net Other Postemployment Benefits Liability as a Percentage of it's Covered-Employee Payroll	278.22%	337.44%	367.15%	260.25%	335.08%	408.58%	492.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.36%	0.28%	0.91%	1.98%	1.97%	1.03%	0.69%

*** This schedule is presented to illustrate the requirement to show information for 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, 2022

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

None.

Changes of Assumptions

None.

State Health Benefit Local Retired Employees Plan (OPEB)

Changes of Benefit Terms

None.

Changes of Assumptions

The discount rate changed from 2.16% as of June 30, 2021, to 3.54% as of June 30, 2022.

SUPPLEMENTAL INFORMATION

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LAKWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF OPERATING REVENUES AND COSTS FUNDED BY OPERATING REVENUES (BUDGET VS. ACTUAL)
YEAR ENDED OCTOBER 31, 2022

	Original Water Budget	Original Sewer Budget	Original Budget Total	Final Budget Total	Actual	Variance Favorable/ (Unfavorable)
Operating revenues:						
Water and sewer service charges	\$ 6,952,696	\$ 5,372,402	\$ 12,325,098	\$ 12,325,098	\$ 12,098,341	\$ (226,757)
Connection fees	126,588	54,252	180,840	180,840	675,213	494,373
Other income	70,128	59,872	130,000	130,000	231,568	101,568
Total operating revenues	7,149,412	5,486,526	12,635,938	12,635,938	13,005,122	369,184
Cost of Providing Services:						
Personnel Services:						
Plant & distribution	808,168	346,538	1,154,706	1,169,706	1,166,316	3,390
Administration & engineering	820,392	618,894	1,439,286	1,439,286	1,382,316	56,970
Commissioners	39,900	30,100	70,000	70,000	59,354	10,646
	1,668,460	995,532	2,663,992	2,678,992	2,607,986	71,006
Employee Benefits:						
Health insurance	635,000	365,000	1,000,000	1,000,000	764,297	235,703
Pension expense	202,051	116,139	318,190	338,190	337,574	616
Pension expense (non-cash)	190,500	109,500	300,000	(381,000)	(465,328)	84,328
Post employment benefit plan (non-cash)	184,150	105,850	290,000	290,000	52,477	237,523
Payroll taxes	143,126	88,586	231,712	231,712	205,092	26,620
Workman's compensation insurance	17,740	10,760	28,500	28,500	12,832	15,668
	1,372,567	795,835	2,168,402	1,507,402	906,944	600,458
Administrative:						
Office costs	28,500	21,500	50,000	80,000	77,288	2,712
Postage & advertising notices	17,100	12,900	30,000	30,000	29,967	33
Bank fees	2,850	2,150	5,000	30,000	29,889	111
Licenses and taxes	45,000	5,000	50,000	50,000	34,055	15,945
Insurance	51,300	38,700	90,000	90,000	80,222	9,778
Legal	22,800	17,200	40,000	71,000	70,384	616
Engineering	42,500	7,500	50,000	50,000	14,299	35,701
Accounting and actuary	59,500	25,500	85,000	87,000	86,891	109
Dues, publications and seminars	14,250	10,750	25,000	25,000	24,354	646
Repairs and maintenances	48,450	36,550	85,000	108,000	107,679	321
Telephone	14,250	10,750	25,000	25,000	16,125	8,875
Information technology	57,000	43,000	100,000	100,000	81,711	18,289
Trustee fees	63,000	27,000	90,000	90,000	57,135	32,865
Sundry	9,234	6,966	16,200	16,200	10,471	5,729
	475,734	265,466	741,200	852,200	720,470	131,730

See auditors' report

LAKELWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

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

(Continued)

YEAR ENDED OCTOBER 31, 2022

	Original Water Budget	Original Sewer Budget	Original Budget Total	Final Budget Total	Actual	Variance Favorable/ (Unfavorable)
Operations and Maintenance:						
Ocean County Utilities Authority	-	2,688,848	2,688,848	2,688,848	2,591,178	97,670
Purchased water	876,000	-	876,000	888,000	887,831	169
Utilities - electric & gas	270,000	30,000	300,000	346,000	345,680	320
Chemicals and supplies	135,000	15,000	150,000	263,000	262,810	190
Laboratory tests	50,000	-	50,000	69,000	68,022	978
Repairs and maintenance	233,750	41,250	275,000	600,000	597,681	2,319
Vehicle costs	38,500	16,500	55,000	55,000	50,011	4,989
Tools, small equipment & uniforms	10,500	4,500	15,000	15,000	2,063	12,937
Meter costs	1,500	1,000	2,500	12,500	11,614	886
Other	2,850	2,150	5,000	15,000	14,000	1,000
	1,618,100	2,799,248	4,417,348	4,952,348	4,830,890	121,458
Total Cost of Providing Services	5,134,861	4,856,081	9,990,942	9,990,942	9,066,290	924,652
Other Costs Funded By Revenue:						
Principal Maturity	1,542,121	229,390	1,771,511	1,771,511	1,771,511	-
Total Costs Funded By Operating Revenues	6,676,982	5,085,471	11,762,453	11,762,453	10,837,801	924,652
Net Operating Revenues	472,430	401,055	873,485	873,485	2,167,321	1,293,836
Non-Operating Revenue/(Expenses):						
Investment income	47,949	37,051	85,000	85,000	140,772	55,772
Bond interest expense	(223,552)	(58,862)	(282,414)	(282,414)	(187,736)	94,678
Depreciation	-	-	-	-	(2,982,624)	(2,982,624)
Total Non-Operating Revenue/(Expenses):	(175,603)	(21,811)	(197,414)	(197,414)	(3,029,588)	(2,832,174)
Excess (Deficiency) of Revenues Over Expenses	\$ 296,827	\$ 379,244	\$ 676,071	\$ 676,071	\$ (862,267)	\$ (1,538,338)
Reconciliation of Budgetary Basis to Net Income						
Excess (Deficiency) of Revenues Over Expenses					\$ (862,267)	
Adjustments to Budgetary Basis:						
Principal Maturities					1,771,511	
Net Income Before Contributions					\$ 909,244	

See auditors' report

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

**SCHEDULE OF OPERATING REVENUES
YEARS ENDED OCTOBER 31, 2022 AND 2021**

	2022		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
SERVICE CHARGES			
Service charges residential	\$ 3,976,821	\$ 4,047,544.0	\$ 8,024,365
Service charges commercial	602,534	580,699.0	1,183,233
Service charges industrial	869,479	795,925.0	1,665,404
Service charges fire service sprinklers	962,842	-	962,842
Service charges fire service hydrants	262,497	-	262,497
	<u>6,674,173</u>	<u>5,424,168</u>	<u>12,098,341</u>
OTHER OPERATING REVENUES			
Connection fees	505,354	169,859	675,213
Other income	209,464	22,104	231,568
	<u>\$ 7,388,991</u>	<u>\$ 5,616,131</u>	<u>\$ 13,005,122</u>

	2021		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
SERVICE CHARGES			
Service charges residential	\$ 3,797,668	\$ 4,040,092	\$ 7,837,760
Service charges commercial	557,215	556,513	1,113,728
Service charges industrial	888,504	848,719	1,737,223
Service charges fire service sprinklers	892,585	-	892,585
Service charges fire service hydrants	250,227	-	250,227
	<u>6,386,199</u>	<u>5,445,324</u>	<u>11,831,523</u>
OTHER OPERATING REVENUES			
Connection fees	650,771	179,252	830,023
Other income	411,706	3,340	415,046
	<u>\$ 7,448,676</u>	<u>\$ 5,627,916</u>	<u>\$ 13,076,592</u>

See auditors' report

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
SCHEDULE OF OPERATING EXPENSES
YEAR ENDED OCTOBER 31, 2022 WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED OCTOBER 31, 2021

			Total	
	Water	Sewer	2022	2021
PERSONNEL SERVICES				
Plant & distribution	\$ 816,385	\$ 349,931	\$ 1,166,316	\$ 1,148,886
Administration & engineering	787,553	594,763	1,382,316	1,114,227
Commissioners	33,832	25,522	59,354	35,000
	<u>1,637,770</u>	<u>970,216</u>	<u>2,607,986</u>	<u>2,298,113</u>
EMPLOYEE BENEFITS				
Health insurance	435,866	328,431	764,297	735,585
Pension expense	212,642	124,932	337,574	318,190
Pension expense (non-cash)	(293,157)	(172,171)	(465,328)	(505,970)
Post employment benefit plan (non-cash)	-	-	52,477	26,847
Payroll taxes	129,001	76,091	205,092	168,218
Workman's compensation insurance	7,314	5,518	12,832	14,150
	<u>491,666</u>	<u>362,801</u>	<u>906,944</u>	<u>757,020</u>
ADMINISTRATIVE				
Office costs	44,891	32,397	77,288	32,593
Postage & advertising notices	16,992	12,975	29,967	23,262
Bank fees	17,052	12,837	29,889	35,080
Licenses and taxes	31,184	2,871	34,055	53,958
Insurance	45,727	34,495	80,222	67,854
Legal	40,768	29,616	70,384	102,570
Engineering	11,227	3,072	14,299	121,702
Accounting and actuary	58,357	28,534	86,891	105,580
Dues, publications and seminars	14,140	10,214	24,354	8,234
Repairs and maintenances	65,924	41,755	107,679	71,985
Telephone	8,390	7,735	16,125	20,782
Information technology	48,591	33,120	81,711	107,113
Trustee fees	34,082	23,053	57,135	92,602
Bond issue cost	-	-	-	64,652
Sundry	5,477	4,994	10,471	15,798
	<u>442,802</u>	<u>277,668</u>	<u>720,470</u>	<u>923,765</u>
OPERATIONS AND MAINTENANCE				
Ocean County Utilities Authority	-	2,591,178	2,591,178	2,614,932
Purchased water	887,831	-	887,831	786,214
Utilities - electric & gas	311,136	34,544	345,680	274,020
Chemicals and supplies	246,951	15,859	262,810	236,473
Laboratory tests	68,022	-	68,022	63,711
Repairs and maintenance	471,546	126,135	597,681	467,596
Vehicle costs	45,063	4,948	50,011	30,395
Tools, small equipment & uniforms	1,444	619	2,063	9,596
Meter costs	10,257	1,357	11,614	8,670
Other	9,626	4,374	14,000	-
	<u>2,051,876</u>	<u>2,779,014</u>	<u>4,830,890</u>	<u>4,491,607</u>
DEPRECIATION	<u>2,147,489</u>	<u>835,135</u>	<u>2,982,624</u>	<u>2,859,224</u>
	<u>\$ 6,771,603</u>	<u>\$ 5,224,834</u>	<u>\$ 12,048,914</u>	<u>\$ 11,329,729</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, 2022 WITH COMPARATIVE TOTALS
FOR YEAR ENDED OCTOBER 31, 2021

	UNRESTRICTED	RESTRICTED				TOTALS	
		CONSTRUCTION	BOND SERVICE	BOND RESERVE	RENEWAL AND REPLACEMENT	2022	2021
Operating revenues:							
Water and sewer service charges	\$ 12,098,341	\$	\$	\$	\$	\$ 12,098,341	\$ 11,831,523
Connection fees	675,213					675,213	830,023
Other income	231,568					231,568	415,046
Total operating revenues	13,005,122	-	-	-	-	13,005,122	13,076,592
Cost of operations:							
Personnel services	2,607,986					2,607,986	2,298,113
Employee benefits	906,944					906,944	757,020
Administrative	720,470					720,470	923,765
Operations & Maintenance	4,830,890					4,830,890	4,491,607
Depreciation	2,982,624					2,982,624	2,859,224
Total cost of operations	12,048,914	-	-	-	-	12,048,914	11,329,729
Operating profit	956,208	-	-	-	-	956,208	1,746,863
Other income (expense):							
Investment income	102,708	21,655	7,204	8,954	251	140,772	95,543
Bond interest expense			(187,736)			(187,736)	(205,634)
Net income before transfers	1,058,916	21,655	(180,532)	8,954	251	909,244	1,636,772
Transfers:							
Investment income, net	8,954			(8,954)		-	-
Bond interest expense	(187,736)		187,736			-	1,864
Depreciation on assets purchased with contributed capital	1,070,736					1,070,736	1,017,531
To (from) restricted assets	(206,377)	669,006	(20,645)	(441,984)		-	-
Increase (decrease) in net position	1,744,493	690,661	(13,441)	(441,984)	251	1,979,980	2,656,167
Net Position - beginning of year	2,103,173	35,046,618	123,905	441,984	51,897	37,767,577	35,111,410
Net Position - end of year	\$ 3,847,666	\$ 35,737,279	\$ 110,464	\$ -	\$ 52,148	\$ 39,747,557	\$ 37,767,577

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LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

**SCHEDULES OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN CASH AND INVESTMENTS
UNRESTRICTED ACCOUNTS
YEARS ENDED OCTOBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Cash and investments at beginning of year	\$ 16,012,108	\$ 14,242,550
Cash receipts:		
Operating revenues	13,001,607	12,687,011
Investment income	143,899	37,197
Increase in escrow funds	371,693	-
Transfers from restricted funds	<u>450,938</u>	<u>17,880</u>
Total cash and investments available	<u>29,980,245</u>	<u>26,984,638</u>
Cash disbursements:		
Operations	9,195,458	8,522,624
Decrease in escrow funds	-	86,247
Transfers to restricted funds	<u>2,747,985</u>	<u>2,363,659</u>
Total cash disbursements	<u>11,943,443</u>	<u>10,972,530</u>
Cash and investments at end of year	<u>\$ 18,036,802</u>	<u>\$ 16,012,108</u>
Balance comprised of:		
Cash and interest bearing accounts	\$ 16,275,363	\$ 14,381,732
Investments	<u>1,761,439</u>	<u>1,630,376</u>
	<u>\$ 18,036,802</u>	<u>\$ 16,012,108</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, 2022 WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED OCTOBER 31, 2021

	CONSTRUCTION	BOND SERVICE	BOND RESERVE	RENEWAL AND REPLACEMENT	TOTALS	
					2022	2021
Cash and investments at beginning of year	\$ 1,417,854	\$ 2,050,787	\$ 441,984	\$ 51,897	\$ 3,962,522	\$ 3,197,427
Cash receipts:						
Interest	21,655	7,204	8,954	251	38,064	19,712
Developer enhancements	3,302,306				3,302,306	1,309,868
American Rescue Plan Grant	3,750,000				3,750,000	2,102,309
Vehicle and equipment loans	94,757				94,757	41,146
Transfers from unrestricted fund	1,101,751	1,646,234			2,747,985	2,363,659
Total cash and investments available	9,688,323	3,704,225	450,938	52,148	13,895,634	9,034,121
Cash disbursements:						
Capital expenditures	4,442,321				4,442,321	3,216,442
American Rescue Plan Grant	355,777				355,777	-
Principal reduction long term debt		1,771,511			1,771,511	1,585,738
Vehicle and equipment loan payments	67,015				67,015	108,708
Bond interest expense		310,742			310,742	142,831
Transfer to unrestricted fund			450,938		450,938	17,880
Total cash disbursements	4,865,113	2,082,253	450,938	-	7,398,304	5,071,599
Cash and investments at end of year	\$ 4,823,210	\$ 1,621,972	\$ -	\$ 52,148	\$ 6,497,330	\$ 3,962,522
Balance comprised of:						
Cash and interest bearing accounts	\$ 4,457,748	\$ -	\$ -	\$ -	\$ 4,457,748	\$ 1,054,037
Investments	365,462	1,621,972	-	52,148	2,039,582	2,908,485
	\$ 4,823,210	\$ 1,621,972	\$ -	\$ 52,148	\$ 6,497,330	\$ 3,962,522

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, 2022

SERIES 2008

<u>YEARS ENDING</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2023	\$ 956,060	\$ 161,675	\$ 1,117,735
2024	984,504	133,775	1,118,279
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>6,183,454</u>	\$ <u>520,923</u>	\$ <u>6,704,377</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, 2022

SERIES 2012 SUPPLEMENTAL

<u>YEARS ENDING</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2023	\$ 104,861	\$ 18,489	\$ 123,350
2024	109,108	16,257	125,365
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>929,158</u>	\$ <u>85,525</u>	\$ <u>1,014,683</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, 2022

SERIES 2012 METER

<u>YEARS ENDING</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2023	\$ 169,289	\$ 13,589	\$ 182,878
2024	173,651	11,939	185,590
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>1,316,446</u>	\$ <u>62,409</u>	\$ <u>1,378,855</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, 2022

SERIES 2021A

<u>YEARS ENDING</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2023	\$ 148,025	\$ 58,338	\$ 206,363
2024	148,025	56,213	204,238
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>4,884,689</u>	\$ <u>819,244</u>	\$ <u>5,703,933</u>

FINANCIAL ASSISTANCE AUDIT SECTION

LAKESIDE TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

SCHEDULE OF EXPENDITURES OF FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2022

<u>Grantor/Pass- Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Term of Agreement</u>	<u>Total Amount Available</u>	<u>Capitalized Expenditures</u>	<u>Total Available</u>
US Department of Treasury/ Lakeside Township/ American Rescue Plan	21.027	8/12/2021 - 12/31/2024	\$ <u>3,750,000</u>	\$ <u>355,777</u>	\$ <u>3,394,223</u>
Total			\$ <u><u>3,750,000</u></u>	\$ <u><u>355,777</u></u>	\$ <u><u>3,394,223</u></u>

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2022**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance includes state award activity of the Lakewood Township Municipal Utilities Authority (hereafter referred to as the "Authority"). The Authority is defined in Note 1 to the Authority's basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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 LAKEWOOD 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

None.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED OCTOBER 31, 2022**

A. Summary of Audit Results

1. The auditors' report expresses an unmodified opinion on the financial statements of Lakewood Township Municipal Utilities Authority .
2. No significant deficiencies relating to the audit of the financial statements are reported in Part B of this schedule.
3. No instances of noncompliance material to the financial statements of Lakewood Township Municipal Utilities Authority.
4. No significant deficiencies relating to the audit of the grant awards.

B. Findings and Questioned Costs - Financial Audit

None

C. Findings and Questioned Costs - Grant Awards

None

D. Status of Prior Year Findings

None

LAKEWOOD TOWNSHIP MUNICIPAL UTILITIES AUTHORITY

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

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

None.