

TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
COUNTY OF MONMOUTH, NEW JERSEY

ANNUAL FINANCIAL REPORT
YEARS ENDED DECEMBER 31, 2023 and 2022



TOWNSHIP OF OCEAN SEWERAGE AUTHORITY

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REPORT OF AUDIT OF FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Township of Ocean Sewer Authority
Ocean, New Jersey

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Audit 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 GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures

applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the roster of officials and general comments and recommendations but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

FALLON & COMPANY
Hazlet, New Jersey
November 6, 2025

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

The Board of Commissioners
Township of Ocean Sewerage Authority
Ocean, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, ("Division") the basic financial statements of the business-type activities of the Township of Ocean Sewerage Authority ("Authority"), a component unit of the Township of Ocean as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 6, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Township of Ocean Sewerage Authority’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority’s response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 the audit requirements prescribed by the Division in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FALLON & COMPANY LLP
Hazlet, New Jersey
November 6, 2025

REQUIRED SUPPLEMENTARY INFORMATION
PART I
MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
(A Component Unit of the Township of Ocean)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

This section presents management's analysis of the Authority's financial condition and activities of the Authority for the fiscal years ended on December 31, 2023 and 2022.

This information should be read in conjunction with the basic financial statements and accompanying notes to the basic financial statements, which immediately follow this section.

Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis for Local Governments*. Certain comparative information between the current fiscal year and the prior two fiscal years are presented in the MD&A as required by GASB Statement No. 34.

Discussion of Financial Statements Included in Annual Audit

The Authority prepares and presents its financial statements on several different bases, because of accounting requirements and for internal use purposes.

The first set of statements which consist of the Comparative Statement of Net Position, the Comparative Statement of Revenues, Expenses and Changes in Net Position, and the Comparative Statement of Cash Flows are prepared on the accrual basis and are in accordance with accounting principles generally accepted in the United States of America (GAAP). These statements are the official basic financial statements of the Township of Ocean Sewerage Authority.

After the first set of statements and the "Notes to the Basic Financial Statements" that follow is the second set of schedules. These schedules are considered "Supplementary Information."

The Authority has historically presented its financial statements on a "GAAP Basis", and continues to do so because it relates more fairly to the annual budget for the same period.

Contained in the supplementary information are schedules that report the Comparative Schedule of Revenues and Expenses Compared to Budget (Schedule 3). This schedule compares the "Budget" revenues and expenses to "Actual" revenues and expenses. Principal and interest are reported in this statement as debt service expense, and depreciation is not reported as an expense. On the "GAAP" based statements, depreciation expense is included, and only the interest expense component of the debt service expense is reported.

The Budget to Actual schedule is a very important schedule to the Authority management staff, because it is how we measure our financial performance, particularly as it compares to the approved and adopted annual budget and how it relates to the operational performance.

Other information incorporated within the annual audit report is the Schedule of Long-Term Revenue Bonds Payable. For the purpose of the Management Discussion and Analysis, the ensuing discussion will review the financial statements of the Township of Ocean Sewerage Authority, those prepared on an accrual basis and in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to enterprise funds of state and local governments. This is the first set of statements included in the annual audit report.

Financial Condition

The Authority's financial condition was satisfactory at year end, as depicted by the financial data which follows.

Comparative Statement of Net Position

The Authority's total assets and deferred outflow of resources decreased by \$971,452.13 due mainly to decreases in OPEB deferrals, capital assets and restricted assets offset by increases in pension related deferrals. Total liabilities decreased by \$2,138,790.19 due mainly to a decrease in bonds payable and net pension liability. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$32,601,666.00. This compares to 2022 where assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$31,434,327.94. The Authority's Net Position of \$32,601,666.00 is comprised of the following:

1. Net investment in capital assets of \$32,577,923.44, as shown below, includes land, construction in progress, property plant and equipment, net of accumulated depreciation, and net of long-term debt related to the purchase or construction of capital assets. Net investment in capital assets increased by \$471,902.63 from the prior year.

Capital assets, net	\$52,389,406.67
Less:	
Revenue bonds payable, net of unamortized premium	(19,811,483.23)
Net investment in capital assets	\$32,577,923.44

2. Net position of \$568,588 is restricted for the purpose of future debt service.
3. Net position of \$500,000 is restricted for the purpose of renewals and replacements.
4. Unrestricted, undesignated net position (deficit) of \$(1,044,845.44) represents the portion available to maintain the Authority's continuing obligations to the contractual customers of its service area, its creditors and for its current liabilities. Unrestricted undesignated net position increased by \$695,435.43 mainly due from Net Income for the year of \$1,167,388.07.

Comparative Condensed Statements of Net Position as of December 31:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total unrestricted current assets	\$8,986,426.90	\$8,982,045.26	\$7,814,832.98
Total restricted assets	3,661,958.65	3,747,191.21	4,425,316.95
Capital assets, net	49,964,733.67	50,843,088.88	51,844,887.67
Deferred outflows of resources	<u>1,835,749.00</u>	<u>1,847,995.00</u>	<u>1,886,024.00</u>
Total assets and deferred outflow of resources	<u>\$64,448,868.22</u>	<u>\$65,420,320.35</u>	<u>\$65,971,061.60</u>
Total current liabilities payable from unrestricted assets	\$643,310.95	\$915,650.50	\$930,045.18
Total current liabilities payable from restricted assets	2,438,769.44	2,315,773.39	2,336,319.74
Deferred inflows of resources	3,655,625.00	3,453,103.00	3,707,316.00
Net pension liability	1,818,860.00	2,463,319.00	1,881,029.00
Net OPEB liability	4,935,201.00	5,015,580.00	5,798,270.00
Compensated absences payable	29,597.02	11,080.37	11,255.04
Bonds payable, net	<u>18,325,838.81</u>	<u>19,811,486.15</u>	<u>21,283,133.49</u>
Total liabilities and deferred inflow of resources	<u>31,847,202.22</u>	<u>33,985,992.41</u>	<u>35,947,368.45</u>
Total Net Position	<u>\$32,601,666.00</u>	<u>\$31,434,327.94</u>	<u>\$30,023,693.15</u>

Total unrestricted current assets did not change materially from the prior year.

Total restricted assets did not change materially from the prior year.

Capital assets, net decreased because the current year's depreciation expense exceeded capital asset acquisitions.

Total current liabilities payable from unrestricted assets decreased mainly due to the decrease in the accounts payable.

Total current liabilities payable from restricted assets increased due to increases in the account payable which was partially offset by a reduction in loans payable.

Non-current liabilities decreased mainly due to the principal payment made on the bonds as well as a decrease in the Net Pension Liability.

Total net position has increased as a result of the reported positive change in net position for the 2023 fiscal year.

Comparative Condensed Statements of Revenues, Expenses and Changes in Fund Net Position

2023 operating revenues increased slightly from 2022 levels.

Total operating revenues less total operating expenses produced operating income of \$1,317,709.29, which is less than 2022 operating income of \$1,435,838.76.

Total Net Position as of December 31, 2023 increased by \$1,167,338.07 as is depicted below for the years ended December 31:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total operating revenues	<u>\$7,244,397.83</u>	<u>\$7,179,198.99</u>	<u>\$7,032,899.53</u>
Operating expenses	4,271,014.09	4,018,997.58	4,232,391.37
Depreciation	<u>1,655,674.45</u>	<u>1,724,362.65</u>	<u>1,702,149.23</u>
Total operating expenses	<u>5,926,688.54</u>	<u>5,743,360.23</u>	<u>5,934,540.60</u>
Operating income	1,317,709.29	1,435,838.76	1,098,358.93
Nonoperating revenues (expenses), net	<u>(150,371.22)</u>	<u>(25,203.98)</u>	<u>(645,494.00)</u>
Change in net position	1,167,338.07	1,410,634.78	452,864.93
Total net position - beginning	<u>31,434,327.93</u>	<u>30,023,693.15</u>	<u>29,570,828.22</u>
Total net position - ending	<u>\$32,601,666.00</u>	<u>\$31,434,327.93</u>	<u>\$30,023,693.15</u>

Comparative Statements of Cash Flows

The net decrease in cash and cash equivalents of \$5,737,366.87 is due to the purchase of investments. The total of unrestricted cash and investments for 2023 and 2022 are \$8,652,682.77 and \$8,548,966.52, respectively.

Debt Administration

As of December 31, 2023, the Authority had \$25,109,496.83 of outstanding long-term liabilities. Of this amount, \$1,818,860.00 relates to the net pension liability, \$4,935,201.00 relates to the net OPEB liability, \$29,597.02 is for compensated absences and \$18,325,838.81 is for net bonds payable. As of December 31, 2022, the Authority had \$28,773,112.87 of outstanding long-term liabilities. The decrease in outstanding long-term liabilities is mainly attributed to principal payments made on the long-term bonds and a decrease in the net pension liability.

It is the current policy of the Township of Ocean Sewerage Authority Commissioners, Executive Director, and senior staff, that funding for capital improvements, additions or replacements, is to be accomplished using one or more of the following methods:

- Borrowings from the New Jersey Environmental Infrastructure Trust
- Borrowings through the Monmouth County Improvement Authority
- Funding incrementally or annually from annual operating budget

Refunding of existing public debt is routinely reviewed, analyzed and recommended when appropriate. The Authority has defeased various bond issues and achieved significant debt service savings. See Note 4 to the basic financial statements for additional information.

Capital Assets

As of the December 31, 2023 and 2022, the Authority had \$49,964,733.67 and \$50,843,088.88 respectively, invested in land, construction in progress, buildings and improvements, other improvements, sewer mains and interceptors, pump stations, other equipment and vehicles, net of accumulated depreciation. The increase in net capital assets is due to the current year's capital asset additions being greater than the current year's depreciation expense. See Note 3 to the basic financial statements for additional information related to capital assets.

Core Competencies

The Authority provides wastewater conveyance and treatment services for the Township of Ocean residents and treatment under contracts with four customer municipalities.

The System consists of a wastewater treatment plant, a wastewater collection system of approximately 6 miles of force mains, 165 miles of gravity mains, 11 pumping stations and an ocean outfall line discharging into the Atlantic Ocean through a diffuser system. The wastewater treatment plant provides primary and secondary wastewater treatment and is situated on about 3 acres located at 224 Roosevelt Avenue, Oakhurst, NJ.

The treatment plant has a designed capacity of 7.5 million gallons per day. The plant is designed to serve the projected treatment needs of the service area based on current zoning ordinances.

The Township of Ocean Sewerage Authority owns and operates the piping and pumping systems that receive, meter, and transport the municipal wastewater to the Authority's Plant for treatment and discharge with the exception of the Deal Pump Station which pumps wastewater from the Borough of Deal directly to the Authority's Plant. The service municipalities are responsible for the piping systems within their municipalities.

The user fees charged to the users of the system, which include Ocean Township users as well as those in the communities of Allenhurst, Deal, Interlaken and Loch Arbor are the major source of revenue for the Authority. This is shown on the Comparative Statement of Revenues, Expenses and Changes in Fund Net Position as "User Charges" and reported as operating revenue.

The Chairman's Outlook for the Future

"Our mission for the Township of Ocean Sewerage Authority is to provide the ultimate wastewater collection and treatment. Always responsive to the customers' needs and the growing community, in compliance with the applicable laws, rules and regulations, the Township of Ocean Sewerage Authority will continue to set and exceed the standards for the protection of the environment, while operating the most efficient system and maintaining a cost-effective budget."

As the Authority's mission statement reads, the Authority's accountability, is first and foremost, to protect the environment. The Authority continues to meet this goal while providing a cost effective and reliable service, the Authority's annual service charge has remained constant since 2009. The Authority remains accountable to its customers, the agencies and people served using the same principles: cost effective, efficient, reliable and protective. These are the principles the Authority's employees follow and meet each and every day. The Authority values its employees and works with them on a daily basis to provide them the tools they need and request to meet the Authority's mission statement.

As an environmental utility, the Authority is also guided by or accountable to state government and the applicable rules and regulations that govern the Township of Ocean Sewerage Authority. More specifically, the Authority is accountable to the Department of Community Affairs, Division of Local Government Services and the Department of Environmental Protection.

As an environmental utility, the Authority is accountable to the U.S. Environmental Protection Agency. The Authority is also accountable to its governing body and the Township of Ocean, and as such, accountable to certain government officials.

Governing Body

The governing body of the Authority consists of a five member board that is appointed for five-year terms by the Township of Ocean. Currently, they are:

Charles Theodora, Chairman
Dennis J. Galvin, Vice Chairman
David Miller, Secretary/Treasurer
Adam Johnson, Assistant Secretary/Assistant Treasurer
Brian Valentino, Member

Management of the Authority

The Executive Director of the Township of Ocean Sewerage Authority, Tim Shea, manages the daily operations of the Authority. He oversees a staff of 18 and a 2023 final budget of \$8.01 million. Senior staff is charged with the management of the operations and financial affairs of the Authority.

Independent Auditors

The independent audit firm is Fallon & Company, LLP, Hazlet, New Jersey.

Financial Information

Prior audits and budgets can be obtained by contacting the Township of Ocean Sewerage Authority or by visiting the Authority's website at www.tosa-nj.org.

FINANCIAL STATEMENTS

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
COUNTY OF MONMOUTH, NEW JERSEY
A COMPONENT UNIT OF THE TOWNSHIP OF OCEAN
COMPARATIVE STATEMENTS OF NET POSITION
DECEMBER 31,**

	<u>2023</u>	<u>2022</u>
Assets		
Unrestricted current assets:		
Cash and equivalents	\$ 7,659,424.16	\$ 5,593,830.52
Investments	993,258.61	2,955,136.00
Receivables:		
Customer accounts receivable	212,901.83	186,869.48
Accrued interest receivable	2,786.67	30,152.39
Inventories	103,596.88	96,252.35
Prepaid expenses	14,458.75	119,804.52
Total unrestricted current assets	<u>8,986,426.90</u>	<u>8,982,045.26</u>
Restricted assets:		
Developer's escrow:		
Cash and equivalents	196,168.43	177,219.56
Debt Service Fund		
Cash and equivalents	655.47	314.42
Debt Service Reserve Fund		
Cash and equivalents	598,818.48	571,407.18
Construction Account:		
Cash and equivalents	1,938,342.70	2,401,347.75
Due from NJIT	926,520.47	596,902.30
Total restricted assets	<u>3,660,505.55</u>	<u>3,747,191.21</u>
Noncurrent assets:		
Capital assets not being depreciated:		
Land and Easements	487,418.92	487,418.92
Construction in Progress	2,468,935.47	1,804,396.18
Capital assets net of accumulated depreciation:		
Depreciable capital assets	47,009,832.38	48,551,273.78
Capital assets - net of accumulated depreciation:	<u>49,966,186.77</u>	<u>50,843,088.88</u>
Total noncurrent assets	<u>53,626,692.32</u>	<u>54,590,280.09</u>
Total assets	<u>62,613,119.22</u>	<u>63,572,325.35</u>
Deferred outflows of resources		
OPEB related deferrals	1,694,271.00	1,528,246.00
Pension related deferrals	141,478.00	319,749.00
Total deferred outflow of resources	<u>1,835,749.00</u>	<u>1,847,995.00</u>
Total assets and defered outflow of resources	<u>\$ 64,448,868.22</u>	<u>\$ 65,420,320.35</u>

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
COUNTY OF MONMOUTH, NEW JERSEY
A COMPONENT UNIT OF THE TOWNSHIP OF OCEAN
COMPARATIVE STATEMENTS OF NET POSITION
DECEMBER 31,**

	<u>2023</u>	<u>2022</u>
Liabilities		
Current liabilities payable from unrestricted assets:		
Accounts payable	\$ 600,735.30	\$ 808,807.19
Payroll payable	295.07	38,316.07
Customer overpayments/Prepaid	42,280.58	68,527.24
Total current liabilities payable from unrestricted assets	643,310.95	915,650.50
Current liabilities payable from restricted assets:		
Reserve for developer's deposits	175,503.14	163,066.17
Accrued interest on bonds payable	185,695.56	219,797.58
Accounts payable	591,923.40	13,295.00
Construction loans payable		447,967.30
Bonds payable-current portion	1,485,647.34	1,471,647.34
Total current liabilities payable from restricted assets	2,438,769.44	2,315,773.39
Noncurrent liabilities:		
Net pension liability	1,818,860.00	2,463,319.00
Net OPEB liability	4,935,201.00	5,015,580.00
Bonds payable, Net of premiums of \$1,475,611.49 in 2023 and \$1,593,318.31 in 2022	18,325,838.81	19,811,486.15
Compensated absences payable	29,597.02	11,080.37
Total noncurrent liabilities	25,109,496.83	27,301,465.52
Total Liabilities	28,191,577.22	30,532,889.41
Deferred inflows of resources		
Pension related deferrals	645,741.00	466,147.00
OPEB related deferrals	3,009,884.00	2,986,956.00
Total deferred inflows of resources	3,655,625.00	3,453,103.00
Total liabilities and deferred inflows	31,847,202.22	33,985,992.41
Net Investment in capital assets	32,577,923.44	32,106,020.81
Restricted for:		
Future debt service	568,588.00	568,588.00
System maintenance reserve	500,000.00	500,000.00
Total restricted	1,068,588.00	1,068,588.00
Unrestricted	(1,044,845.44)	(1,740,280.87)
Net position	\$ 32,601,666.00	\$ 31,434,327.94

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
COUNTY OF MONMOUTH, NEW JERSEY
A COMPONENT UNIT OF THE TOWNSHIP OF OCEAN
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Operating Revenues:		
User Charges	\$ 7,244,397.83	\$ 7,179,198.99
Total operating revenues	<u>7,244,397.83</u>	<u>7,179,198.99</u>
Total operating expenses:		
Administration	1,587,459.90	1,282,588.58
Cost of Providing Services	2,683,554.19	2,736,409.00
Depreciation	<u>1,655,674.45</u>	<u>1,724,362.65</u>
	<u>5,926,688.54</u>	<u>5,743,360.23</u>
Operating Income	<u>1,317,709.29</u>	<u>1,435,838.76</u>
Non-operating revenues and (expenses):		
Connection Fees	498,263.76	535,238.55
Interest on delinquent accounts	46,639.99	38,811.40
Interest income	179,214.66	43,188.71
Miscellaneous revenue	43,863.11	196,407.35
Interest on Bonds	(614,573.74)	(531,707.76)
Township Contribution	<u>(303,779.00)</u>	<u>(307,142.23)</u>
Net non-operating revenues (expenses)	<u>(150,371.22)</u>	<u>(25,203.98)</u>
Net Income	1,167,338.07	1,410,634.78
Net Position - beginning of year	<u>31,434,327.93</u>	<u>30,023,693.15</u>
Net Position - end of year	<u>\$ 32,601,666.00</u>	<u>\$ 31,434,327.93</u>

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
COUNTY OF MONMOUTH, NEW JERSEY
A COMPONENT UNIT OF THE TOWNSHIP OF OCEAN
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Receipts from customers	\$ 7,192,118.82	\$ 7,255,256.23
Payments to suppliers	(2,487,447.51)	(2,914,487.16)
Payments to employees	(2,415,867.05)	(1,917,137.96)
Net cash provided by operating activities	2,288,804.26	2,423,631.11
Cash flows from capital and related financing activities:		
Purchase of capital assets	(777,319.24)	(722,563.86)
Repayment of NJEIT construction loans	(779,038.57)	
Repayment of bonds and loans	(1,471,647.34)	(1,343,023.41)
Net cash (used) in capital and related financing activities	(3,028,005.15)	(2,065,587.27)
Cash flows from investing activities:		
Interest received	253,803.70	54,751.26
Interest paid on revenue bonds and notes	(648,675.76)	(625,564.99)
Redemption (purchase) of investment securities	1,961,294.06)	(1,108,763.67)
Net cash provided by investing activities	1,566,422.00	(1,679,577.40)
Cash flows from noncapital financing activities:		
Connection charges	498,263.76	535,238.55
Developers deposits	12,436.97	16,955.21
Contribution to Township	(303,779.00)	
Miscellaneous income	615,146.97	82,967.75
Net cash provided by noncapital financing activities	822,068.70	635,161.51
Net increase (decrease) in cash and cash equivalents	1,649,289.81	(686,372.05)
Cash - beginning of year	8,744,119.43	9,430,491.48
Cash - end of year	\$ 10,393,409.24	\$ 8,744,119.43

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
COUNTY OF MONMOUTH, NEW JERSEY
A COMPONENT UNIT OF THE TOWNSHIP OF OCEAN
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,317,709.29	\$ 1,435,838.76
Adjustments to reconcile operating income to net cash provided by operating activities		
Contribution to Ocean Township		(307,142.23)
Depreciation	1,655,674.45	1,724,362.65
Unrestricted accounts	(26,032.35)	38,446.73
Increase (decrease) in current liabilities:		
Increase (decrease) in Customer overpayments	(26,246.66)	
Increase (decrease) in Payroll Payable	(38,021.00)	
Increase (decrease) in Compensated Absences	18,516.65	
Increase (decrease) in Prepaid Expenses	105,345.77	
Increase (decrease) in accounts payable	(208,071.89)	
Payable from unrestricted assets		(51,290.74)
Increase (decrease) in Pension liability	(644,459.00)	582,290.00
Increase (decrease) in OPEB liability	(80,379.00)	(782,690.00)
(Increase) decrease in deferred outflows - pension related	178,271.00	(82,082.00)
(Increase) decrease in deferred outflows - OPEB related	(166,025.00)	120,111.00
Increase (decrease) in deferred inflows - pension related	179,594.00	(878,833.00)
Increase (decrease) in deferred inflows - OPEB related	22,928.00	624,620.00
Net cash provided by operating activities	\$ 2,288,804.26	\$ 2,423,631.17
Reconciliation to Statement of Net Position:		
Unrestricted cash and cash equivalents	\$ 7,659,424.16	\$ 5,593,830.52
Restricted cash and cash equivalents	2,733,985.08	3,150,288.91
	\$10,393,409.24	\$ 8,744,119.43

NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF OCEAN)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 and 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Ocean Sewerage Authority (Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to local governments. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority’s accounting policies are described below.

A. Reporting Entity

The Township of Ocean Sewerage Authority, Monmouth County, New Jersey is a public body politic and corporate of the State of New Jersey, created by virtue of an ordinance of the Township of Ocean on September 8, 1964, pursuant to the Sewerage Authority Law of the State of New Jersey (P.L. 1946, Chapter 138 as amended and supplemented). The Authority functions independently through a five-member Board appointed to five-year terms. The purpose of the Authority is to keep the local waters free of pollution.

The Authority has adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*. The Authority is a component unit of the primary government unit, the Township of Ocean.

The Authority has oversight responsibility and control over all activities related to the Township of Ocean Sewerage Authority. The Authority receives funding from federal and state government sources and must comply with requirements of these funding source entities.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

The operations of the Authority are accounted for as a proprietary fund. The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America applicable to proprietary funds as defined by the GASB. All proprietary funds are accounted for on a cost of services or capital maintenance measurement focus. This means that all assets, deferred outflows of resources and all liabilities and deferred inflows of resources, whether current or non-current, associated with their activity are included in the Comparative Statement of Net Position. Their reported fund equity (net position) is segregated into net investment in capital assets and restricted and unrestricted net position. Unrestricted net position is segregated into designated and undesignated portions. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position. Depreciation of all exhaustive capital assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on the proprietary fund Comparative Statement of Net Position. Depreciation has been provided over the estimated useful lives using the straight-line method.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF OCEAN)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 and 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

C. Assets, Liabilities and Net Position

Cash and Cash Equivalents

Amounts include petty cash and change funds, interest-bearing checking accounts and short-term investments with an original maturity date of three months or less from the date of purchase, carried at cost, which equals fair value.

Investments

Investments as of December 31, 2023 and 2022 consist of Bond Anticipation Notes issued by New Jersey municipalities and US Treasury Bills and are carried at fair value.

Consumer Accounts Receivable

User charges are established by the Board annually. The charges are subject to adjustment by the Board and a public hearing must be advertised and held prior to adjustment. Receivables are evaluated periodically for collectability. Unpaid user charges are reported to the Township of Ocean and referred for inclusion in the annual tax sale. Allowances for doubtful accounts are established when deemed necessary.

Inventories

Inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. At December 31, 2023 and 2022, the value of the inventory, consisting of chemicals and supplies, not held for resale, was \$103,596.88 and \$96,252.35, respectively.

C. Assets, Liabilities and Net Position

Capital Assets

Capital assets, which include land, property, plant, equipment and construction in progress, are reported in the financial statements. The Authority has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition value on the date of acquisition. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. The capitalization threshold used by Authorities in the State of New Jersey is \$2,000. All reported capital assets except for land and construction in progress are depreciated.

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF OCEAN)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 and 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Liabilities and Net Position (continued)

Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Treatment Plant Buildings and Improvements	40 - 75 Years
Sewer Mains, Interceptors and Pump Stations	75 Years
Other Equipment	3 - 25 Years
Vehicles	3 - 10 Years

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Designations of unrestricted net position are imposed by action of the Authority’s Board.

D. Revenues, Operating Revenues and Expenses

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the accrual basis, revenue from system user charges is recognized in the fiscal year for which the user fees are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Authority. For the Authority, these revenues are for the collection and treatment of wastewater. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Authority. All other revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

E. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF OCEAN)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 and 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Deferred Outflows/ Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has two items that qualify for reporting in this category, deferred amounts related to pensions and deferred amounts related to other post-employment benefits (OPEB).

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has two items that qualify for reporting in this category, deferred amounts related to pensions and deferred amounts related to other post-employment benefits (OPEB).

G. Recent Pronouncements

GASB Statement No. 102, *Certain Risk Disclosures in December of 2023*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged. Management has not determined the impact of the Statement on the financial statements.

GASB Statement No. 101, *Compensated Absences in June 2022*. This Statement requires a liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave - not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has not determined the impact of the Statement on the financial statements.

GASB Statement No. 99, *Omnibus in April 2022*. The objective of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during the implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. This Statement has several implementation dates, the earliest of which, were effective upon issuance. Management has not determined the impact of the Statement on the financial statement.

H. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State Health Benefits Local Government Retired Employees Plan (SHBP) and additions to/deductions from SHBP's fiduciary net position have been determined on the same basis as they are reported by SHBP.

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF OCEAN)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 and 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Subsequent Events

Management has reviewed and evaluated all events and transactions occurring from December 31, 2023 through the date of the financial statement issuance, November 6, 2025, for possible disclosure and recognition in the accompanying financial statements. The effects of those events and transactions that provide additional pertinent information about conditions that existed at the statement of net position date have been recognized in the accompanying financial statements.

NOTE 2 DEPOSITS AND INVESTMENTS

Cash and Cash Equivalents

Operating cash, in the form of checking and money market accounts, is held in the Authority's name by commercial banking institutions. At December 31, 2023 and 2022, the carrying amount of the Authority's deposits (excluding petty cash) were \$10,393,409.24 and \$8,744,119, respectively, and the bank balances at December 31, 2023 and 2022 were \$10,306,040.30 and \$8,745,602.12, respectively. Of the bank balances, \$750,000 and \$1,000,000 was insured with Federal Deposit Insurance Corporation for 2023 and 2022, respectively. The remaining were covered by the Governmental Unit Deposit Protection Act (the "Act").

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* (GASB 40), the Authority's accounts are examined in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of bank failure, the Authority's deposits or investments may not be returned).

Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the Authority's name.

The Authority does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. The Authority has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Act. The Act was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount for their deposits to the governmental units.

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF OCEAN)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 and 2022**

NOTE 2 DEPOSITS AND INVESTMENTS (continued)

Investments

New Jersey statutes permit the Authority to purchase the following types of securities:

- Bonds and other obligations of the United States or obligations guaranteed by the United States.
- Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank which have a maturity date not greater than 397 days from the date of purchase.
- New Jersey Cash Management Fund and Government money market mutual funds.

Concentration of Credit Risk - The Authority places no limit on the amount it may invest in any one issuer.

Credit Risk - As of December 31, 2023 and 2022, the Authority’s various investments in Bond Anticipation Notes were not rated by a nationally recognized bond rating agency.

Custodial Credit Risk - For investments, custodial credit risk is the risk that in the event of the failure of the counter-party, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured and are not registered in the name of the Authority. The Authority manages custodial credit risk by limiting its investments to the debt of other governmental units within the State of New Jersey.

Interest Rate Risk - The Authority does not have a policy to limit interest rate risk.

On December 31, 2023, the Authority had \$993,259 invested directly in US Treasury Bills.

The following presents the components of investments held at fair value at December 31, 2022:

<u>Description of Investment, Revenue Fund</u>	<u>Interest Rates</u>	<u>Balance as of December 31, 2022</u>
Bond Anticipation Notes:		
Borough of Riverton	0.91%	\$ 595,549.00
Township of East Amwell BOE	3.02%	989,500.00
Township of Mansfield	4.00%	32,000.00
Township of Plumsted	3.66%	241,955.00
Township of Plumsted	3.62%	273,909.00
Township of Plumsted	3.45%	822,223.00
Total Investments		<u>\$ 2,955,136.00</u>

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF OCEAN)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 and 2022**

NOTE 2 DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

GASB 72 established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement.) The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management 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.

The following table sets forth by level, within the fair value hierarchy, the Authority’s investments at fair value as of December 31, 2023:

	<u>December 31, 2023</u>	<u>Investments at Fair Value as of December 31, 2023</u>	
		<u>Level 1</u>	<u>Level 2</u>
Held to maturity:			
Investments:			
US Treasury Bills	<u>\$993,259</u>		<u>\$993,259</u>
Total Investments by fair value level	<u><u>\$993,259</u></u>	<u><u>\$0</u></u>	<u><u>\$993,259</u></u>

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF OCEAN)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 and 2022**

NOTE 2 DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

The following table sets forth by level, within the fair value hierarchy, the Authority's investments at fair value as of December 31, 2022:

	<u>December 31, 2022</u>	<u>Investments at Fair Value as of December 31, 2022</u>	
		<u>Level 1</u>	<u>Level 2</u>
Held to maturity:			
Investments:			
Bond Anticipation Notes	\$2,955,136		\$2,955,136
Total Investments by fair value level	<u>\$2,955,136</u>	<u>\$0</u>	<u>\$2,955,136</u>

NOTE 3 CAPITAL ASSETS

The following schedule is a summarization of the changes in capital assets for the year ended December 31, 2023:

	Balance December, 31 <u>2022</u>	<u>Increase</u>	Balance December, 31 <u>2023</u>
Capital assets, not depreciated:			
Construction in progress	\$1,804,396.18	\$664,539.29	\$2,468,935.47
Land	487,418.92		487,418.92
Total capital assets, not depreciated	<u>2,291,815.10</u>	<u>664,539.29</u>	<u>2,956,354.39</u>
Capital Assets, Depreciated:			
Plant and Collection System	71,359,537.65	58,119.81	71,417,657.46
Collection System (Contributed)	1,811,320.71		1,811,320.71
Plant (Contributed)	1,887,353.42		1,887,353.42
Machinery and Equipment	2,169,603.24	54,660.22	2,224,263.46
Total capital assets being depreciated	<u>77,227,815.02</u>	<u>112,780.03</u>	<u>77,340,595.05</u>
Accumulated Depreciation	<u>(28,676,541.30)</u>	<u>(1,655,674.47)</u>	<u>(30,332,215.77)</u>
	<u>\$50,843,088.82</u>	<u>(\$878,355.15)</u>	<u>\$49,964,733.67</u>

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
(A COMPONENT UNIT OF THE TOWNSHIP OF OCEAN)
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 and 2022**

NOTE 3 CAPITAL ASSETS (continued)

The following schedule is a summarization of the changes in capital assets for the year ended December 31, 2022:

	Balance December, 31 <u>2021</u>	<u>Increase</u>	<u>Transfer</u>	Balance December, 31 <u>2022</u>
Capital assets, not depreciated:				
Construction in progress	\$ 1,416,746.26	\$ 722,563.86	\$ (334,913.88)	\$ 1,804,396.24
Land	487,418.92			487,418.92
Total capital assets, not depreciated	<u>1,904,165.18</u>	<u>722,563.86</u>	<u>(334,913.88)</u>	<u>2,291,815.16</u>
Capital Assets, Depreciated:				
Plant and Collection System	71,024,623.77		334,913.88	71,359,537.65
Collection System (Contributed)	1,811,320.71			1,811,320.71
Plant (Contributed)	1,887,353.42			1,887,353.42
Machinery and Equipment	2,169,603.24			2,169,603.24
Total capital assets being depreciated	<u>76,892,901.14</u>	<u>-</u>	<u>334,913.88</u>	<u>77,227,815.02</u>
Accumulated Depreciation	<u>(26,952,178.65)</u>	<u>(1,724,362.65)</u>		<u>(28,676,541.30)</u>
Total capital assets, net	<u>\$ 51,844,887.67</u>	<u>\$ (1,001,798.79)</u>	<u>\$ -</u>	<u>\$ 50,843,088.88</u>

NOTE 4 LONG-TERM LIABILITIES

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

	Balance December, 31 <u>2022</u>	<u>Increase</u>	<u>Decrease</u>	Balance December, 31 <u>2023</u>	<u>Current Portion</u>
Bonds Payable	\$ 19,686,815.18		\$ 1,350,940.52	\$ 18,335,874.66	\$ 1,364,940.52
Unamortized premium	1,596,318.32		120,706.82	1,475,611.50	120,706.82
Bonds payable, net	<u>21,283,133.50</u>	<u>-</u>	<u>1,471,647.34</u>	<u>19,811,486.16</u>	<u>1,485,647.34</u>
Net pension liability	2,463,319.00		644,459.00	1,818,860.00	167,833.00
Net OPEB liability	5,015,580.00		80,379.00	4,935,201.00	160,162.00
Compensated absences	11,080.37	\$ 18,516.65		29,597.02	-
Total Long Term Liabilities	<u>7,489,979.37</u>	<u>18,516.65</u>	<u>724,838.00</u>	<u>6,783,658.02</u>	<u>327,995.00</u>
	<u>\$ 28,773,112.87</u>	<u>\$ 18,516.65</u>	<u>\$ 2,196,485.34</u>	<u>\$ 26,595,144.18</u>	<u>\$ 1,813,642.34</u>

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NOTE 4 LONG-TERM LIABILITIES (continued)

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

	Balance December, 31			Balance December, 31		
	<u>2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>2022</u>	<u>Current Portion</u>	
Bonds Payable	\$ 20,909,131.77		\$ 1,222,316.59	\$ 19,686,815.18	\$ 1,350,940.52	
Unamortized premium	1,717,025.13		120,706.81	1,596,318.32	120,706.82	
Bonds payable, net	<u>22,626,156.90</u>	<u>\$ -</u>	<u>1,343,023.40</u>	<u>21,283,133.50</u>	<u>1,471,647.34</u>	
Net pension liability	1,881,029.00	582,290.00		2,463,319.00	205,837.00	
Net OPEB liability	5,798,270.00		782,690.00	5,015,580.00	130,422.00	
Compensated absences	11,255.04	5,000.00	5,174.67	11,080.37	-	
Total Long Term Liabilities	<u>7,690,554.04</u>	<u>587,290.00</u>	<u>787,864.67</u>	<u>7,489,979.37</u>	<u>336,259.00</u>	
	<u>\$ 30,316,710.94</u>	<u>\$ 587,290.00</u>	<u>\$ 2,130,888.07</u>	<u>\$ 28,773,112.87</u>	<u>\$ 1,807,906.34</u>	

2007 Series Bonds - New Jersey Environmental Infrastructure Trust (NJEIT)

On November 8, 2007, the Authority issued \$6,030,500 in Revenue Bonds through the New Jersey Environmental Infrastructure Trust. The Fund (Federal Funds) portion of the Bond Issue, \$2,960,500 was issued with no interest rate. The Bonds mature semi-annually through August 1, 2026 at maturities ranging from \$6,430 to \$147,004. The Bonds were issued with an original issue premium of \$66,108.

The Loan (State Funds) portion of the Bond Issue, \$3,070,000, mature annually through August 1, 2027 at remaining annual maturities ranging from \$162,000 to \$210,000 and bear interest rates ranging from 4.25% to 5.00%.

On November 27, 2012, \$207,719 of the 2007 Series Bonds were de-obligated by the NJEIT, resulting in a reduction of the bonds payable. During 2017, an additional \$261,000 of Trust Loan bonds were de-obligated, resulting in a further reduction of bonds payable.

2010 Series Bonds -New Jersey Environmental Infrastructure Trust (NJEIT)

On March 10, 2010, the Authority issued \$5,450,662 in Revenue Bonds through the New Jersey Environmental Infrastructure Trust. A portion of the Revenue Bonds were funded by the American Recovery and Reinvestment Act (ARRA).

The ARRA funded portion of the Revenue Bonds totaled \$1,926,012. This amount was segregated into two portions: Trust Loan Bonds of \$475,000 which mature annually on August 1 of each year through 2029 in amounts ranging from \$24,000 to \$33,000 at interest rates ranging from 3.50% to 4.00% and Fund Loan Bonds of \$1,451,012. Principal forgiveness of \$967,342 on this portion of the Bonds resulted in net Fund Loan Bonds payable of \$483,670, which mature semi-annually through August 1, 2029 in amounts ranging from \$8,197.79 to \$16,400.37, with no interest.

During 2017, \$16,000 of the 2010 ARRA Trust Series Bonds were de-obligated by the NJEIT, resulting in a reduction of the bonds payable.

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NOTE 4 LONG-TERM LIABILITIES (continued)

2010 Traditional Revenue Bonds

The Traditional portion of the Revenue Bonds totaled \$3,524,650. This amount was segregated into two portions: Trust Loan Bonds of \$865,000 which mature annually on August 1 of each year through 2024 in amounts ranging from \$47,000 to \$52,000 at interest rates of 4.00%, and Fund Loan Bonds of \$2,659,650 which mature semi-annually through February 1, 2022 at \$33,855.65 with no interest.

During 2013, \$295,000 of the 2010 Traditional Trust Series Bonds were de-obligated by the NJEIT, resulting in a reduction of the bonds payable and \$1,048,036 of the Traditional Fund Series Bonds were de-obligated by the NJEIT, resulting in a reduction of the bonds payable.

During 2017, \$11,000 of the 2010 Traditional Trust Series Bonds were de-obligated by the NJEIT, resulting in a reduction of the bonds payable.

2011 Series Sewer Revenue and Refunding Bonds

These bonds were refunded by the 2021 MCIA Refunding Bonds.

2017 Series Sewer Revenue Bonds

On February 23, 2017 the Authority issued \$9,095,000 in Sewer Revenue Bonds through the Monmouth County Improvement Authority. The Bonds mature annually on February 15 of each year through 2037 in remaining amounts ranging from \$330,000 to \$700,000 at an interest rate of 5.00%.

The Bonds were issued with an original issue premium of \$1,542,645.

Optional Redemption

Bonds maturing on or after February 15, 2028 are redeemable at the option of the Authority in whole or in part on any date on or after February 1, 2027 at a redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption.

2017 Series Bonds - New Jersey Environmental Infrastructure Trust (NJEIT)

On November 21, 2017, the Authority issued \$5,528,416 in Revenue Bonds through the New Jersey Environmental Infrastructure Trust. The Fund (Federal Funds) portion of the Bond Issue, \$4,158,416 was issued with no interest rate. The Bonds mature semi-annually through August 1, 2035 at maturities ranging from \$19,643.46 to \$140,963.25. On July 10, 2019, the Authority received notification that \$544,210 of these bonds were de-obligated.

The Loan (State Funds) portion of the Bond Issue, \$1,370,000 mature annually through August 1, 2037 at remaining annual maturities ranging from \$55,000 to \$95,000 and bear interest rates ranging from 2.13% to 5.00%.

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NOTE 4 LONG-TERM LIABILITIES (continued)

2019 Series Bonds-Monmouth County Improvement Authority (MCIA)

On December 23, 2019, the Authority issued \$685,000 in Revenue Bonds through the Monmouth County Improvement Authority. The bonds mature annually through December 1, 2039 at annual maturities ranging from \$25,000 to \$40,000. Interest rates on the bonds range from 4.00% to 5.00%.

2020 Series Bonds - New Jersey Environmental Infrastructure Trust (NJEIT)

On August 1, 2020, the Authority issued \$296,592 in Revenue Bonds through the New Jersey Environmental Infrastructure Trust. The Fund (Federal Funds) portion of the Bond Issue, \$226,592 was issued with no interest rate. The Bonds mature semi-annually through August 1, 2035 at maturities ranging from \$5,962.94 to \$11,925.89.

The Loan (State Funds) portion of the Bond Issue, \$70,000 mature annually through August 1, 2032 at remaining annual maturities ranging from \$5,000 to \$10,000 and bear interest rates ranging from 2.13% to 5.00%.

2021 Series Bonds-Monmouth County Improvement Authority (MCIA)

On December 30, 2021, the Authority issued \$790,000 in Revenue Bonds through the Monmouth County Improvement Authority. The bonds mature annually through December 1, 2041 at annual maturities ranging from \$25,000 to \$50,000. Interest rates on the bonds range from 3.00% to 5.00%.

2021 (Series 2011) Refunding Bonds-Monmouth County Improvement Authority (MCIA)

On December 30, 2021, the Authority issued \$1,265,000 in Refunding Bonds through the Monmouth County Improvement Authority. The bonds mature annually through December 1, 2031 at annual maturities ranging from \$120,000 to \$165,000. Interest rates on the bonds range from 4.00% to 5.00%.

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NOTE 4 LONG-TERM LIABILITIES (continued)

Remaining principal and interest payments on all outstanding debt of the Authority at December 31, 2023 are presented below:

Year	Bond Principal	Interest on Bonds	Total
2024	\$ 1,396,035.57	\$ 574,065.01	\$ 1,970,100.58
2025	1,384,531.13	531,146.26	1,915,677.39
2026	1,371,675.88	488,351.26	1,860,027.14
2027	1,309,003.30	441,912.51	1,750,915.81
2028	1,143,003.30	395,771.26	1,538,774.56
2029-2033	5,676,754.49	1,387,257.50	7,064,011.99
2034-2038	4,321,956.21	438,093.76	4,760,049.97
2039-2043	820,381.10	50,600.00	870,981.10
2044-2048	650,381.10	21,800.00	672,181.10
2049-2050	262,152.58	2,700.00	264,852.58
Totals	<u>\$ 18,335,874.66</u>	<u>\$ 4,331,697.56</u>	<u>\$ 22,667,572.22</u>

NOTE 5 COMPENSATED ABSENCES

The Authority records 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 employer and employee and is accrued as employees earn the rights to the benefits. The Authority uses the vesting method for estimating its accrued sick and vacation leave liability.

Authority employees are granted vacation and sick leave in varying amounts under the Authority's personnel policies and according to negotiated contracts. In the event of retirement, according to contract, an employee is reimbursed for accumulated sick leave.

The liability for vested compensated absences of the Authority amounted to \$29,597.02 and \$11,080.37 at December 31, 2023 and 2022, respectively.

NOTE 6 PENSIONS

General Information About the Plan

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Annual Comprehensive Financial Report (ACFR) which can be found at:

www.state.nj.us/treasury/pensions/gasb-notices.shtml

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NOTE 6 PENSIONS (continued)

Plan Description (continued)

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

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

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NOTE 6 PENSIONS (continued)

Contributions (continued)

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.

The Authority’s actuarially determined contributions to PERS for the years ended December 31, 2023 and 2022 were \$167,833, and \$205,835.

Actuarial Assumptions - The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions.

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%

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.

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

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

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NOTE 6 PENSIONS (continued)

Actuarial Assumptions (continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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 real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
Emerging Markets Equity	5.50%	11.13%
International Small Cap Equity	1.25%	9.22%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
High Yield	3.00%	8.40%
Private Credit	4.50%	6.97%
Debt Related Real Estate	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

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NOTE 6 PENSIONS (continued)

Actuarial Assumptions (continued)

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	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%

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 made based on the 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 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 in determining the total pension liability.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate - The following presents the Authority's proportionate share of the net pension liability as of June 30, 2023 calculated using the discount rate as disclosed below 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 or 1-percentage point higher than the current rate:

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NOTE 6 PENSIONS (continued)

Net Pension Liability (continued)

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate (continued)

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 2,367,769</u>	<u>\$ 1,818,860</u>	<u>\$ 1,351,666</u>

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 below 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 or 1-percentage point higher than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Authority's Proportionate Share of the Net Pension Liability	<u>\$ 3,164,643</u>	<u>\$ 2,463,319</u>	<u>\$ 1,866,464</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2023 and 2022, the Authority had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$3,996.00	\$110,231.00
Net difference between projected and actual earnings on pension plan investments	8,376.00	
Changes in proportion	111,715.00	528,075.00
Difference between expected and actual experience	17,391.00	7,435.00
	<u>\$141,478.00</u>	<u>\$645,741.00</u>

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NOTE 6 PENSIONS (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$7,632.00	\$368,856.00
Net difference between projected and actual earnings on pension plan investments	101,955.00	
Changes in proportion	192,383.00	81,612.00
Difference between expected and actual experience	17,779.00	15,679.00
	<u>\$319,749.00</u>	<u>\$466,147.00</u>

At December 31, 2023 and 2022, the Authority reported a liability of \$1,818,860 and \$2,463,319, respectively, for its proportionate share of the net pension liability. The December 31, 2023 net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation on July 1, 2022, which was rolled forward to June 30, 2023. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2022, the Authority's proportion was 0.0125573945 percent, which was an increase of 0.192512518 from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	
2024	(\$186,464.00)
2025	(169,501.00)
2026	(6,749.00)
2027	(132,619.00)
2028	(8,930.00)
	<u>(\$504,263.00)</u>

Pension Expense - At December 31, 2023 and 2022, the Authority's proportionate share of the PERS pension benefit, calculated by the plan as of the June 30, 2023 and June 30, 2022 measurement dates, is \$118,760 and \$172,786, respectively.

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NOTE 6 PENSIONS (continued)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

The Borough will amortize the above sources of deferred outflows and inflows related to the PERS over the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan with the exception of net differences between projected and actual earnings on pension plan investments which will be amortized over 5 years. The average of the expected remaining service lives of all employees is 5.08, 5.04, 5.13, 5.16, 5.21, and 5.63 for the years 2023, 2022, 2021, 2020, 2019 and 2018 respectively.

NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information About the 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. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting of Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey, (the "State"), Division of Pensions and Benefits annual financial statements, which can be found at 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 of Pensions and Benefits. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiated agreement.

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NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

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). At December 31, 2023 and 2022, the Authority reported a liability of \$4,935,201 and \$5,015,580 respectively for its proportionate share of the net OPEB liability. The 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 during the measurement period July 1, 2022 through June 30, 2023.

Net OPEB Liability

Components of Net OPEB Liability

The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 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*:

Public Employees’ Retirement System (PERS)	
Rate for all future years	2.75% to 6.55% based on years of service

Mortality:

PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
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* Salary increases are based on years of service within the respective plan.

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

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

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
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NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Discount Rate

The discount rate for June 30, 2023 was 3.65%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than 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 Authority's share of the net OPEB liability as of June 30, 2023, calculated using a discount rate as disclosed above as well as what the 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 discount rate:

	<u>1% Decrease (2.65%)</u>	<u>Current Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
Township's Proportionate Share of the Net OPEB Liability	<u>\$ 2,106,820</u>	<u>\$ 1,818,860</u>	<u>\$ 1,587,241</u>

The following presents the Authority's share of the net OPEB liability as of June 30, 2022, calculated using a discount rate as disclosed above as well as what the 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 discount rate:

Net OPEB Liability (continued)

	<u>1% Decrease (2.54%)</u>	<u>Current Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Township's Proportionate Share of the Net OPEB Liability	<u>\$ 2,855,483</u>	<u>\$ 2,463,319</u>	<u>\$ 2,147,787</u>

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

The following presents the Authority's share of 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:

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
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YEARS ENDED DECEMBER 31, 2023 and 2022**

NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

	1% Decrease	At Current Healthcare Cost Trend	1% Increase
Township's Proportionate Share of the Net OPEB Liability	\$ 4,194,340	\$ 4,935,201	\$ 5,883,729

The following presents the Authority's share of 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:

	1% Decrease	At Current Healthcare Cost Trend	1% Increase
Township's Proportionate Share of the Net OPEB Liability	\$ 4,254,868	\$ 5,015,580	\$ 5,989,838

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2023, the Authority recognized a Net OPEB Liability of \$4,935,201. At December 31, 2023 the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources and Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$639,294	\$1,395,023
Net difference between projected and actual earnings on OPEB plan investments		814
Changes in proportion	827,391	273,809
Difference between expected and actual experience	227,586	1,340,239
	\$1,694,271	\$3,009,885

For the year ended December 31, 2022, the Authority recognized a Net OPEB Liability of \$5,015,580. At December 31, 2022 the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
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NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$669,350	\$1,711,721
Net difference between projected and actual earnings on OPEB plan investments	1,320	
Changes in proportion	598,566	345,561
Difference between expected and actual experience	259,010	929,675
	\$1,528,246	\$2,986,957

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

<u>Year ended December 31:</u>	
2024	(\$436,390)
2025	(325,732)
2026	(147,584)
2027	(33,359)
2028	(182,406)
2029-2030	(190,143)
	(\$1,315,614)

Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Changes in Proportion

The Authority will amortize the above sources of deferred outflows and inflows related to the OPEB over the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan. The average of the expected remaining service lives of all employees is 7.89, 7.82, 7.82, 7.87, 8.05, 8.14 and 8.04 years for the 2023, 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

The net OPEB liability as of December 31, 2023 was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The Authority's proportion of the net OPEB liability was based on a projection of the Authority's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating local governments, actuarially determined. At December 31, 2023 and 2022, the Authority's proportion was 0.032887 percent and 0.031057 percent, respectively.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in a report issued separately by the State of New Jersey Division of Pensions and Benefits.

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
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NOTE 8 DEFINED CONTRIBUTION RETIREMENT PROGRAM

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

NOTE 9 DEFERRED COMPENSATION

The Authority offers its employees the following deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan which is administered by the AXA/Equitable, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 10 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance

The Authority maintains commercial insurance coverage through the New Jersey Utility Authorities Joint Insurance Fund for property, liability and surety bonds and does not retain risk of loss. A complete schedule of insurance coverage can be found in the Management Section of the report. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverage over the past three years.

New Jersey Unemployment Compensation Insurance

The Authority has elected to fund its New Jersey Unemployment Compensation Insurance under the Benefit Reimbursement Method. Under this plan, the Authority is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Authority is billed quarterly for amounts due to the State. There are sufficient funds maintained in the separate unemployment compensation account to pay current billings.

NOTE 11 CONTINGENT LIABILITIES

Grant Programs

The Authority participates in federal and state grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Authority has not complied with the rules and regulations governing grants, refunds of any money received may be required.

Management is not aware of any material items of noncompliance, which would result in the disallowance of program expenditures.

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
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NOTE 11 CONTINGENT LIABILITIES (continued)

Litigation

In the opinion of the Authority, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants or pending lawsuits; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.

NOTE 12 RESTRICTIONS ON NET POSITION

Certain portions of net position have been restricted. At December 31, 2023 restrictions include net position restricted for future debt service of \$568,588 and restricted for renewal and replacement of \$500,000.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEE'S RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION AND NOTES TO SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS

Year Ended December 31,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Authority's proportion of the net pension liability - Local Group	0.0159647383%	0.0155241436%	0.0160049849%	0.0165114554%	0.0146783300%	0.0150023835%	0.0161439801%	0.0158783557%	0.0163226932%	0.0125573945%
Authority's proportionate share of the net pension liability	\$ 2,989,036	\$ 3,484,859	\$ 4,740,217	\$ 3,843,603	\$ 2,890,091	\$ 2,703,202	\$ 2,632,661	\$ 1,881,029	\$ 2,463,319	\$ 1,818,860
Authority's covered - employee payroll	\$ 1,060,160	\$ 1,082,336	\$ 1,112,629	\$ 1,110,734	\$ 1,039,826	\$ 1,127,078	\$ 1,149,509	\$ 1,203,782	\$ 987,718	\$ 1,065,982
Authority's proportionate share of the net pension liability as a percentage of its covered employee payroll	281.94%	321.98%	426.04%	346.04%	277.94%	239.84%	229.02%	156.26%	249.39%	170.63%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	48.72%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%	65.23%

*The amounts presented for each fiscal year were determined as of the previous fiscal year-end.
N/A - Information not available

Notes to Required Supplementary Information
None

TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
SCHEDULE OF AUTHORITY'S PENSION CONTRIBUTIONS
PUBLIC EMPLOYEE'S RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS

Year Ended December 31,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contribution	\$ 125,304	\$ 131,611	\$ 133,466	\$ 142,186	\$ 155,763	\$ 146,823	\$ 176,607	\$ 185,954	\$ 205,837	\$ 167,833
Contributions in relation to the contractually required contribution	(125,304)	(131,611)	(133,466)	(142,186)	(155,763)	(146,823)	(176,607)	(185,954)	(205,837)	(167,833)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>							
Authority's covered-employee payroll	\$ 1,060,160	\$ 1,082,336	\$ 1,112,629	\$ 1,110,734	\$ 1,039,826	\$ 1,127,078	\$ 1,149,509	\$ 1,203,782	\$ 987,718	\$ 1,065,982
Contributions as a percentage of covered employee payroll	11.82%	12.16%	12.00%	12.80%	14.98%	13.03%	15.36%	15.45%	20.84%	15.74%

TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
SCHEDULE OF AUTHORITY'S OPEB CONTRIBUTIONS
STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS

Years Ended December 31,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>							
Authority's covered-employee payroll	\$ 1,060,160	\$ 1,082,336	\$ 1,112,629	\$ 1,110,734	\$ 1,039,826	\$ 1,127,078	\$ 1,149,509	\$ 1,203,782	\$ 987,718	\$ 1,065,982
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN
REQUIRES SUPPLEMENTARY INFORMATION AND NOTES TO SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS

Years Ended December 31,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Authority's proportion of the net OPEB liability - Local Group	N/A	N/A	0.029493%	0.028594%	0.028968%	0.028594%	0.030710%	0.032213%	0.031057%	0.032887%
Authority's proportionate share of the net OPEB liability	N/A	N/A	\$ 6,405,132	\$ 5,837,691	\$ 4,538,306	\$ 3,876,208	\$ 5,511,405	\$ 5,798,270	\$ 5,015,580	\$ 4,935,201
Authority's covered - employee payroll	\$ 1,060,160	\$ 1,082,336	\$ 1,112,629	\$ 1,110,734	\$ 1,039,826	\$ 1,127,078	\$ 1,149,509	\$ 1,203,782	\$ 987,718	\$ 1,065,982
Authority's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	N/A	N/A	575.68%	525.57%	436.45%	343.92%	479.46%	481.67%	507.79%	462.97%
Plan fiduciary net position (deficit) as a percentage of the total OPEB liability - Local Group	N/A	-36.33%	-78.55%							

*The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

N/A - Information not available

Notes to Required Supplementary Information

None

OTHER INFORMATION

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSE
COMPARED TO BUDGET
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023				2022			
	Original Budget	Final Budget	Actual	Excess/ (Deficit)	Original Budget	Final Budget	Actual	Excess/ (Deficit)
Revenues								
Operating Revenues:								
Service Charges	\$ 7,203,588.00	\$ 7,203,588.00	\$ 7,244,397.83	\$ 40,809.83	\$ 7,116,188.00	\$ 7,116,188.00	\$ 7,140,384.59	\$ 24,196.59
Connection Fees			498,263.76	498,263.76			535,238.55	535,238.55
Total Operating Revenues	7,203,588.00	7,203,588.00	7,742,661.59	539,073.59	7,116,188.00	7,116,188.00	7,675,623.14	559,435.14
Non-Operating Revenues:								
Interest on Delinquent Accounts	50,000.00	50,000.00	46,639.99	(3,360.01)			38,811.40	38,811.40
Interest Income	20,000.00	20,000.00	179,214.66	159,214.66	70,000.00	70,000.00	54,751.26	(15,248.74)
Miscellaneous	25,000.00	25,000.00	43,863.11	18,863.11	25,000.00	25,000.00	196,410.42	171,410.42
Total Non-Operating Revenues	95,000.00	95,000.00	269,717.76	174,717.76	95,000.00	95,000.00	289,973.08	194,973.08
Total Revenues	7,298,588.00	7,298,588.00	8,012,379.35	713,791.35	7,211,188.00	7,211,188.00	7,965,596.22	754,408.22
Administrative:								
Salary & wages	182,413.00	235,413.00	233,747.50	1,665.50	152,646.00	152,646.00	242,555.52	(89,909.52)
Fringe Benefits	1,028,518.00	942,818.00	820,310.45	122,507.55	922,717.00	922,717.00	826,582.70	96,134.30
Telephone	6,000.00	11,500.00	11,335.19	164.81	6,000.00	6,000.00	10,516.02	(4,516.02)
Postage	3,000.00	3,000.00	719.64	2,280.36	3,000.00	3,000.00	2,198.97	801.03
Office Supplies	4,000.00	4,000.00	1,631.43	2,368.57	4,000.00	4,000.00	2,311.46	1,688.54
Travel Expense	1,000.00	1,000.00	912.83	87.17	1,000.00	1,000.00	2.25	997.75
Natural Gas	5,000.00	5,000.00	4,230.04	769.96	4,000.00	4,000.00	3,221.73	778.27
Equipment Maintenance Contracts	8,500.00	8,500.00	7,196.15	1,303.85	8,500.00	8,500.00	8,552.08	(52.08)
Office Equipment	2,000.00	2,000.00	1,937.07	62.93	2,000.00	2,000.00	5,590.26	(3,590.26)
Conventions & Seminars	3,000.00	3,000.00	390.00	2,610.00	3,000.00	3,000.00	615.00	2,385.00
Education & Training Courses	3,000.00	8,200.00	8,129.00	71.00	3,000.00	3,000.00	2,239.00	761.00
Advertising	2,000.00	2,000.00	1,256.44	743.56	2,000.00	2,000.00	983.57	1,016.43
Dues & Subscriptions	6,000.00	9,500.00	9,411.35	88.65	6,000.00	6,000.00	5,830.00	170.00
Trustee & Paying Agent	47,265.00	55,265.00	55,209.08	55.92	47,115.00	47,115.00	52,367.48	(5,252.48)
Engineering	20,000.00	20,000.00	9,546.50	10,453.50	20,000.00	20,000.00	3,768.00	16,232.00
Legal	30,000.00	30,000.00	18,592.70	11,407.30	20,000.00	20,000.00	29,472.00	(9,472.00)
Accounting	35,000.00	35,000.00	3,248.50	31,751.50	35,000.00	35,000.00	38,528.00	(3,528.00)
General Insurance	140,000.00	150,500.00	150,161.00	339.00	135,000.00	135,000.00	137,451.00	(2,451.00)
Safety Equipment	25,000.00	25,000.00	23,577.21	1,422.79	10,000.00	10,000.00	22,984.53	(12,984.53)
Office OE	20,000.00	20,000.00	19,414.82	585.18	20,000.00	20,000.00	11,405.03	8,594.97
Reserve for Sick & Vacation	5,000.00	5,000.00	5,000.00		5,000.00	5,000.00	5,000.00	
Ocean Township	345,000.00	345,000.00	345,000.00					
Ocean Township Interlocal	303,779.00	303,779.00	303,779.00		338,200.00	338,200.00	338,200.00	
Total administrative	2,225,475.00	2,225,475.00	2,034,735.90	190,739.10	1,748,178.00	1,748,178.00	1,750,374.60	(2,196.60)

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSE
COMPARED TO BUDGET
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023				2022			
	Original Budget	Final Budget	Actual	Excess/ (Deficit)	Original Budget	Final Budget	Actual	Excess/ (Deficit)
Expenses								
Operating expenses:								
Cost of providing services:								
Salary & Wages	\$ 788,735.00	\$ 841,235.00	\$ 832,234.75	\$ 9,000.25	\$ 1,125,401.00	\$ 1,125,401.00	\$ 904,454.09	\$ 220,946.91
Treatment Plant:								
Plant Repairs and Supplies								
Uniforms and Lockers	8,000.00	8,000.00	7,732.53	267.47	8,000.00	8,000.00	7,227.14	772.86
Pumps	35,000.00	25,000.00	14,188.20	10,811.80	35,000.00	35,000.00	47,489.37	(12,489.37)
General Repairs & Supplies	47,000.00	68,000.00	57,596.09	10,403.91	47,000.00	47,000.00	50,336.38	(3,336.38)
Process Chemicals								
Liquid Oxygen	37,500.00	37,500.00	22,918.86	14,581.14	30,000.00	30,000.00	28,782.37	1,217.63
Sodium Hypochlorite	65,000.00	90,500.00	101,932.00	(11,432.00)	45,000.00	45,000.00	76,306.20	(31,306.20)
Polymer	50,000.00	57,000.00	56,655.90	344.10	40,000.00	40,000.00	55,418.04	(15,418.04)
Other Chemicals	3,500.00	3,500.00	2,295.75	1,204.25	3,500.00	3,500.00	3,500.00	3,500.00
Bioxide/VX456					7,500.00	7,500.00		7,500.00
Contractor Repairs	35,000.00	34,000.00	23,579.64	10,420.36	35,000.00	35,000.00	56,962.10	(21,962.10)
Electrical Repairs and Supplies	15,000.00	16,000.00	15,487.00	513.00	15,000.00	15,000.00	11,371.50	3,628.50
Maintenance Chemicals	5,000.00				5,000.00	5,000.00	3,181.92	1,818.08
Electric	560,000.00	469,500.00	343,698.07	125,801.93	365,000.00	365,000.00	296,182.73	68,817.27
Natural Gas	11,500.00	14,500.00	14,186.03	313.97	10,000.00	10,000.00	8,072.70	1,927.30
Water	24,000.00	43,500.00	43,336.33	163.67	21,000.00	21,000.00	26,078.67	(5,078.67)
Diesel	3,000.00	3,000.00		3,000.00	3,000.00	3,000.00	216.95	2,783.05
Sludge Disposal	750,000.00	750,000.00	738,455.03	11,544.97	750,000.00	750,000.00	790,107.38	(40,107.38)
Permit Fees	52,000.00	42,500.00	42,408.76	91.24	52,000.00	52,000.00	52,012.47	(12.47)
Maintenance								
Unox	40,000.00	40,000.00	33,065.16	6,934.84	40,000.00	40,000.00	30,491.30	9,508.70
Generators	5,000.00	5,000.00	4,842.71	157.29	5,000.00	5,000.00	18,422.73	(13,422.73)
Equipment and Materials	14,000.00	5,000.00	4,740.16	259.84	14,000.00	14,000.00	5,674.81	8,325.19
Meters and Miscellaneous	4,000.00	4,000.00	6,227.84	(2,227.84)	4,000.00	4,000.00	8,170.00	(4,170.00)
Grit Removal	30,000.00	30,000.00	17,541.00	12,459.00	29,750.00	29,750.00	20,932.00	8,818.00
Odor Control Chemicals	7,500.00	7,500.00		7,500.00				
Truck Expenses								
Gasoline	7,500.00	7,500.00	3,998.37	3,501.63	5,000.00	5,000.00	6,099.21	(1,099.21)
Truck Repairs	3,000.00	3,000.00	226.37	2,773.63	3,000.00	3,000.00		3,000.00
Backhoe Repairs	1,000.00	1,000.00		1,000.00			4,347.43	(4,347.43)
Other for Trucks	2,000.00	2,000.00		2,000.00	2,000.00	2,000.00	879.59	1,120.41
Laboratory								
Contracted Services	5,000.00	5,000.00		5,000.00				
Supplies	7,700.00	7,600.00	4,472.79	3,127.21	7,700.00	7,700.00	5,155.45	2,544.55
Lab Equipment	5,500.00	5,600.00	5,526.84	73.16	5,500.00	5,500.00	5,154.36	345.64
Lab Testing	17,500.00	23,000.00	23,224.07	(224.07)	17,500.00	17,500.00	23,007.98	(5,507.98)

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSE
COMPARED TO BUDGET
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023				2022			
	Original Budget	Final Budget	Actual	Excess/ (Deficit)	Original Budget	Final Budget	Actual	Excess/ (Deficit)
Collection System								
Collection System Repairs & Supplies								
Pumps	\$ 35,000.00	\$ 17,800.00	\$ 7,705.40	\$ 10,094.60	\$ 35,000.00	\$ 35,000.00	\$ 210.00	\$ 34,790.00
Controls	8,000.00	8,000.00	5,416.37	2,583.63	8,000.00	8,000.00	-	8,000.00
Other Expenses	15,000.00	15,000.00	10,432.18	4,567.82	15,000.00	15,000.00	23,006.86	(8,006.86)
Contractor Repairs	50,000.00	50,000.00	42,414.40	7,585.60	50,000.00	50,000.00	57,839.30	(7,839.30)
Generator Repairs	20,000.00	20,000.00	13,226.62	6,773.38	20,000.00	20,000.00	5,311.66	14,688.34
Electric	70,000.00	70,000.00	61,281.35	8,718.65	42,000.00	42,000.00	46,208.56	(4,208.56)
Natural Gas	4,025.00	4,025.00	1,138.67	2,886.33	3,500.00	3,500.00	1,037.99	2,462.01
Water	5,000.00	5,000.00	1,529.58	3,470.42	4,500.00	4,500.00	1,032.30	3,467.70
One Call Service	6,000.00	6,000.00	4,782.59	1,217.41	6,000.00	6,000.00	5,118.99	881.01
Truck Expenses								
Gasoline	8,000.00	8,000.00	7,686.53	313.47	6,000.00	6,000.00	7,460.93	(1,460.93)
Truck Repairs	2,000.00	2,000.00	1,122.07	877.93	2,000.00	2,000.00	978.40	1,021.60
Other Expenses	2,500.00	2,500.00	1,741.30	758.70	2,500.00	2,500.00	1,191.73	1,308.27
Jet Truck	22,500.00	12,500.00	8,403.60	4,096.40	22,500.00	22,500.00	8,099.02	14,400.98
TV Truck	6,000.00	33,200.00	33,647.58	(447.58)	6,000.00	6,000.00	5,421.58	578.42
Diesel	6,000.00	6,000.00	2,813.08	3,186.92	6,000.00	6,000.00	5,374.63	625.37
Manhole Maintenance	25,000.00	25,000.00	17,164.81	7,835.19	25,000.00	25,000.00	19,493.47	5,506.53
Maintenance Chemicals								
Bioxide/VX456	55,000.00	55,000.00	42,077.81	12,922.19	55,000.00	55,000.00	34,428.24	20,571.76
Maintenance Chemicals	12,500.00	2,500.00		2,500.00	12,500.00	12,500.00	2,613.75	9,886.25
Total cost of providing services	2,992,460.00	2,992,460.00	2,683,154.19	309,305.81	3,052,351.00	3,052,351.00	2,767,362.28	284,988.72
Debt service:								
Principal	1,350,941.00	1,350,941.00	1,350,940.52	0.48	1,342,317.00	1,342,317.00	1,222,316.59	120,000.41
Interest	615,824.00	615,824.00	614,573.74	1,250.26	533,546.00	533,546.00	625,564.30	(92,018.30)
Total debt service	1,966,765.00	1,966,765.00	1,965,514.26	1,250.74	1,875,863.00	1,875,863.00	1,847,880.89	27,982.11
Non-operating expenses:								
Reserve for Rate Stabilization	113,888.00	113,888.00		113,888.00	219,796.00	219,796.00		219,796.00
Capital outlays			777,319.32	(777,319.32)	315,000.00	315,000.00	33,323.95	281,676.05
Total non-operating expenses	113,888.00	113,888.00	777,319.32	(663,431.32)	534,796.00	534,796.00	33,323.95	501,472.05
Total expenses	7,298,588.00	7,298,588.00	7,460,723.67	(162,135.67)	7,211,188.00	7,211,188.00	6,398,941.72	812,246.28
Excess/(deficit) of revenues over/(under) expenditures	\$ -	\$ -	\$ 551,655.68	\$ 551,655.68	\$ -	\$ -	\$ 1,566,654.50	\$ 1,566,654.50

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
RECONCILIATION OF BUDGET TO CHANGE IN NET POSITION
COMPARED TO BUDGET
FOR THE YEARS ENDED DECEMBER 31,**

	2023	2022
Budgeted Excess of Revenues over Expenditures	\$ 551,655.68	\$ 1,566,654.50
Differences Between the Actual Budgeted Results and the Statements of Changes in Net Position:		
Bond Principal Maturity	1,350,940.52	1,222,316.59
Capital Outlay	777,319.32	33,323.95
PERS Accruals	286,594.00	378,625.00
OPEB Accruals	(143,497.00)	37,959.00
Depreciation	(1,655,674.45)	(1,724,362.71)
Encumbrances Payable		53,224.37
Increase in Accrued Compensated Absences		5,174.67
Decrease in Accrued Salary Expense		23,756.26
Decrease in Accrued Interest Revenue		27,248.85
Increase in Accrued Interest Expense on Bonds		93,856.54
Contribution to the Township		(307,142.23)
	\$ 1,167,338.07	\$ 1,410,634.79
Net Income		

TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
(A Component Unit of the Township of Ocean)
ROSTER OF OFFICIALS
YEAR ENDED DECEMBER 31, 2023

<u>Name</u>	<u>Title</u>	<u>Surety Bond</u>
Charles Theodora	Chairman	A
Dennis Galvin	Vice Chairman	A
David Miller	Secretary/Treasurer	A
Adam Johnson	Asst. Secretary/Treasurer	A
Brian Valentino	Commissioner	A
Timothy Shea	Executive Director	A
Carol Berlen, Esq.	General Counsel	
Keith Chiaravallo, PE	Authority Engineer	
Charles Fallon, CPA, RMA	Authority Auditor	

Surety Coverages:

- A. Municipal Excess Liability Joint Insurance Fund: Public Officials Liability/Employment Practices. \$2,000,000 in the aggregate on claims made basis per member local unit for each fund year subject to deductible and coinsurance.

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
COUNTY OF MONMOUTH, NEW JERSEY
A COMPONENT UNIT OF THE TOWNSHIP OF OCEAN
SCHEDULE OF LONG-TERM REVENUE BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2023**

Purpose	Date of Issue	Maturities		Interest Rate	Balance December 31, 2022	Paid or Deobligated	Balance December 31, 2023
		Date	Amount				
\$3,070,000 (Series 2007 NJEIT) Trust Loan	11/8/2007	8/1/2024	\$ 180,000.00	4.50%			
		8/1/2025	190,000.00	4.50%			
		8/1/2026	200,000.00	4.50%			
		8/1/2027	210,000.00	4.25%			
2007 Trust Loan Series Sub-Total					\$ 950,000.00	\$ 170,000.00	\$ 780,000.00
\$2,960,500 (Series 2007 NJEIT) Fund Loan	11/8/2007	2/1/2024	12,473.15	0.00%			
		8/1/2024	143,559.12	0.00%			
		2/1/2025	9,523.71	0.00%			
		8/1/2025	147,004.12	0.00%			
		2/1/2026	6,430.40	0.00%			
		8/1/2026	102,242.75	0.00%			
2007 Trust Loan Series Sub-Total					576,170.47	154,937.22	421,233.25
\$475,000 (Series 2010A NJEIT) ARRA Trust	3/10/2010	8/1/2024	28,000.00	4.00%			
		8/1/2025	28,000.00	4.00%			
		8/1/2026	28,000.00	3.50%			
		8/1/2027	29,000.00	4.00%			
		8/1/2028	33,000.00	4.00%			
		8/1/2029	33,000.00	4.00%			
2010A ARRA Trust Series Sub-Total					208,000.00	29,000.00	179,000.00
\$483,670 (Series 2010 NJEIT) ARRA Fund	3/10/2010	2/1/2024	8,197.79	0.00%			
		8/1/2024	16,395.59	0.00%			
		2/1/2025	8,197.79	0.00%			
		8/1/2025	16,395.59	0.00%			
		2/1/2026	8,197.79	0.00%			
		8/1/2026	16,395.59	0.00%			
		2/1/2027	8,197.79	0.00%			
		8/1/2027	16,395.59	0.00%			
		2/1/2028	8,197.79	0.00%			
		8/1/2028	16,395.59	0.00%			
		2/1/2029	8,197.79	0.00%			
		8/1/2029	16,400.37	0.00%			
		2010 ARRA Fund Series Sub-Total					
\$865,000 (Series 2010A NJEIT) Traditional Trust	3/10/2021	8/1/2024	52,000.00	4.00%			
2010A ARRA Traditional Trust Series Sub-Total					99,000.00	47,000.00	52,000.00
9,095,000 2017 MCIA Bonds Proceeds utilized to finance the 2017 Capital Projects	2/23/2017	2/15/2024	365,000.00	5.00%			
		2/15/2025	385,000.00	5.00%			
		2/15/2026	405,000.00	5.00%			
		2/15/2027	425,000.00	5.00%			
		2/15/2028	445,000.00	5.00%			
		2/15/2029	470,000.00	5.00%			
		2/15/2030	495,000.00	5.00%			
		2/15/2031	520,000.00	5.00%			
		2/15/2032	545,000.00	5.00%			
		2/15/2033	575,000.00	5.00%			
		2/15/2034	605,000.00	5.00%			
		2/15/2035	635,000.00	5.00%			
		2/15/2036	670,000.00	5.00%			
		2/15/2037	700,000.00	5.00%			
		2017 MCIA Bonds Series Sub-Total					
\$1,370,000 (Series 2017 NJEIT) Traditional Trust	11/21/2017	8/1/2024	60,000.00	5.00%			
		8/1/2025	65,000.00	5.00%			
		8/1/2026	70,000.00	5.00%			
		8/1/2027	70,000.00	2.13%			
		8/1/2028	75,000.00	2.38%			
		8/1/2029	75,000.00	2.50%			
Proceeds utilized to finance the 2017 Capital Projects							

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
COUNTY OF MONMOUTH, NEW JERSEY
A COMPONENT UNIT OF THE TOWNSHIP OF OCEAN
SCHEDULE OF LONG-TERM REVENUE BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2023**

Purpose	Date of Issue	Maturities		Interest Rate	Balance December 31, 2022	Paid or Deobligated	Balance December 31, 2023
		Date	Amount				
\$1,370,000 (Series 2017 NJEIT)	11/21/2017	8/1/2030	\$ 80,000.00	2.63%			
Traditional Trust		8/1/2031	80,000.00	2.75%			
Proceeds utilized to finance the 2017		8/1/2032	80,000.00	2.75%			
Capital Projects (continued)		8/1/2033	85,000.00	2.88%			
		8/1/2034	85,000.00	2.88%			
		8/1/2035	90,000.00	3.00%			
		8/1/2036	90,000.00	3.00%			
		8/1/2037	95,000.00	3.00%			
2017 Traditional Trust Series Sub-Total					\$ 1,160,000.00	\$ 60,000.00	\$ 1,100,000.00
\$4,158,416 (Series 2017 NJEIT)	11/21/2017	2/1/2024	70,481.62	0.00%			
Traditional Fund		8/1/2024	140,963.25	0.00%			
Proceeds utilized to finance the 2017		2/1/2025	70,481.62	0.00%			
Capital Projects		8/1/2025	140,963.25	0.00%			
		2/1/2026	70,481.62	0.00%			
		8/1/2026	140,963.25	0.00%			
		2/1/2027	70,481.62	0.00%			
		8/1/2027	140,963.25	0.00%			
		2/1/2028	70,481.62	0.00%			
		8/1/2028	140,963.25	0.00%			
		2/1/2029	70,481.62	0.00%			
		8/1/2029	140,963.25	0.00%			
		2/1/2030	70,481.62	0.00%			
		8/1/2030	140,963.25	0.00%			
		2/1/2031	70,481.62	0.00%			
		8/1/2031	140,963.25	0.00%			
		2/1/2032	70,481.62	0.00%			
		8/1/2032	140,963.25	0.00%			
		2/1/2033	70,481.62	0.00%			
		8/1/2033	140,963.25	0.00%			
		2/1/2034	70,481.62	0.00%			
		8/1/2034	140,963.25	0.00%			
		2/1/2035	70,481.62	0.00%			
		8/1/2035	19,643.46	0.00%			
2017 Traditional Fund Series Sub-Total					2,627,463.52	211,444.87	2,416,018.65
\$685,000 (Series 2019 MCIA)	12/23/2019	12/1/2024	30,000.00	5.00%			
Proceeds utilized to finance the 2019		12/1/2025	30,000.00	5.00%			
Capital Projects		12/1/2026	30,000.00	5.00%			
		12/1/2027	35,000.00	5.00%			
		12/1/2028	35,000.00	5.00%			
		12/1/2029	35,000.00	5.00%			
		12/1/2030	40,000.00	5.00%			
		12/1/2031	40,000.00	5.00%			
		12/1/2032	40,000.00	5.00%			
		12/1/2033	40,000.00	4.00%			
		12/1/2034	40,000.00	4.00%			
		12/1/2035	40,000.00	4.00%			
		12/1/2036	40,000.00	4.00%			
		12/1/2037	40,000.00	4.00%			
		12/1/2038	40,000.00	4.00%			
		12/1/2039	40,000.00	4.00%			
2019 MCIA Bonds Series Sub-Total					620,000.00	25,000.00	595,000.00
\$70,000 (Series 2020 NJEIT)	8/1/2020	8/1/2024	5,000.00	5.00%			
Traditional Fund		8/1/2025	5,000.00	5.00%			
		8/1/2026	5,000.00	5.00%			
		8/1/2027	5,000.00	2.13%			
		8/1/2028	5,000.00	2.38%			
		8/1/2029	5,000.00	2.50%			
		8/1/2030	5,000.00	2.63%			
		8/1/2031	10,000.00	2.75%			
		8/1/2032	10,000.00	2.75%			
2020 Traditional Fund Series Sub-Total					60,000.00	5,000.00	55,000.00

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
COUNTY OF MONMOUTH, NEW JERSEY
A COMPONENT UNIT OF THE TOWNSHIP OF OCEAN
SCHEDULE OF LONG-TERM REVENUE BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2023**

Purpose	Date of Issue	Maturities		Interest Rate	Balance December 31, 2022	Paid or Deobligated	Balance December 31, 2023
		Date	Amount				
\$226,592 (Series 2020 NJEIT) Traditional Fund	8/1/2020	2/1/2024	\$ 5,962.94	0.00%			
		8/1/2024	11,925.89	0.00%			
		2/1/2025	5,962.94	0.00%			
		8/1/2025	11,925.89	0.00%			
		2/1/2026	5,962.94	0.00%			
		8/1/2026	11,925.89	0.00%			
		2/1/2027	5,962.94	0.00%			
		8/1/2027	11,925.89	0.00%			
		2/1/2028	5,962.94	0.00%			
		8/1/2028	11,925.89	0.00%			
		2/1/2029	5,962.94	0.00%			
		8/1/2029	11,925.89	0.00%			
		2/1/2030	5,962.94	0.00%			
		8/1/2030	11,925.89	0.00%			
		2/1/2031	5,962.94	0.00%			
		8/1/2031	11,925.89	0.00%			
		2/1/2032	5,962.94	0.00%			
2020 Traditional Fund Series Sub-Total		8/1/2032	11,926.04	0.00%	\$ 178,888.45	\$ 17,888.83	\$ 160,999.62
\$2,701,928 (Series 2021 NJEIT) Fund Loan	6/9/2021	2/1/2024	30,358.74	0.00%			
		8/1/2024	60,717.48	0.00%			
		2/1/2025	30,358.74	0.00%			
		8/1/2025	60,717.48	0.00%			
		2/1/2026	30,358.74	0.00%			
		8/1/2026	60,717.48	0.00%			
		2/1/2027	30,358.74	0.00%			
		8/1/2027	60,717.48	0.00%			
		2/1/2028	30,358.74	0.00%			
		8/1/2028	60,717.48	0.00%			
		2/1/2029	30,358.74	0.00%			
		8/1/2029	60,717.48	0.00%			
		2/1/2030	30,358.74	0.00%			
		8/1/2030	60,717.48	0.00%			
		2/1/2031	30,358.74	0.00%			
		8/1/2031	60,717.48	0.00%			
		2/1/2032	30,358.74	0.00%			
		8/1/2032	60,717.48	0.00%			
		2/1/2033	30,358.74	0.00%			
		8/1/2033	60,717.48	0.00%			
		2/1/2034	30,358.74	0.00%			
		8/1/2034	60,717.48	0.00%			
		2/1/2035	30,358.74	0.00%			
		8/1/2035	60,717.48	0.00%			
		2/1/2036	30,358.74	0.00%			
		8/1/2036	60,717.48	0.00%			
		2/1/2037	30,358.74	0.00%			
8/1/2037	60,717.48	0.00%					
2/1/2038	30,358.74	0.00%					
8/1/2038	60,717.48	0.00%					
2/1/2039	30,358.74	0.00%					
8/1/2039	60,717.48	0.00%					
2/1/2040	30,358.74	0.00%					
8/1/2040	60,717.48	0.00%					
2/1/2041	30,358.74	0.00%					
8/1/2041	60,717.48	0.00%					
2/1/2042	30,358.74	0.00%					
8/1/2042	60,717.48	0.00%					

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
COUNTY OF MONMOUTH, NEW JERSEY
A COMPONENT UNIT OF THE TOWNSHIP OF OCEAN
SCHEDULE OF LONG-TERM REVENUE BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2023**

Purpose	Date of Issue	Maturities		Interest Rate	Balance December 31, 2022	Paid or Deobligated	Balance December 31, 2023
		Date	Amount				
\$2,701,928 (Series 2021 NJEIT) Fund Loan (continued)	6/9/2021	2/1/2043	\$ 30,358.74	0.00%			
		8/1/2043	60,717.48	0.00%			
		2/1/2044	30,358.74	0.00%			
		8/1/2044	60,717.48	0.00%			
		2/1/2045	30,358.74	0.00%			
		8/1/2045	60,717.48	0.00%			
		2/1/2046	30,358.74	0.00%			
		8/1/2046	60,717.48	0.00%			
		2/1/2047	30,358.74	0.00%			
		8/1/2047	60,717.48	0.00%			
		2/1/2048	30,358.74	0.00%			
		8/1/2048	60,717.48	0.00%			
		2/1/2049	30,358.74	0.00%			
		8/1/2049	60,717.48	0.00%			
		2/1/2050	30,358.74	0.00%			
		8/1/2050	60,717.62	0.00%			
2021 Traditional Fund Series Sub-Total					\$ 2,550,134.30	\$ 91,076.22	\$ 2,459,058.08
880,000 (Series 2021 NJEIT) Traditional Trust Proceeds utilized to finance the 2017 capital projects	6/9/2021	8/1/2024	20,000.00	5.00%			
		8/1/2025	20,000.00	5.00%			
		8/1/2026	20,000.00	5.00%			
		8/1/2027	20,000.00	5.00%			
		8/1/2028	25,000.00	5.00%			
		8/1/2029	25,000.00	5.00%			
		8/1/2030	25,000.00	4.00%			
		8/1/2031	25,000.00	3.00%			
		8/1/2032	30,000.00	3.00%			
		8/1/2033	30,000.00	3.00%			
		8/1/2034	30,000.00	3.00%			
		8/1/2035	30,000.00	3.00%			
		8/1/2036	30,000.00	2.00%			
		8/1/2037	30,000.00	3.00%			
		8/1/2038	35,000.00	3.00%			
		8/1/2039	35,000.00	2.00%			
		8/1/2040	35,000.00	2.00%			
		8/1/2041	35,000.00	2.00%			
		8/1/2042	35,000.00	2.00%			
		8/1/2043	35,000.00	2.00%			
8/1/2044	35,000.00	2.00%					
8/1/2045	40,000.00	2.00%					
8/1/2046	40,000.00	2.00%					
8/1/2047	40,000.00	2.25%					
8/1/2048	40,000.00	2.25%					
8/1/2049	40,000.00	2.25%					
8/1/2050	40,000.00	2.25%					
2021 Trust Series Sub-Total					865,000.00	20,000.00	845,000.00
\$790,000 (Series 2021 MCIA) Proceeds utilized to finance unfunded Capital Projects	12/30/2021	12/1/2024	30,000.00	4.00%			
		12/1/2025	30,000.00	4.00%			
		12/1/2026	30,000.00	5.00%			
		12/1/2027	30,000.00	5.00%			
		12/1/2028	35,000.00	5.00%			
		12/1/2029	35,000.00	5.00%			
		12/1/2030	35,000.00	5.00%			
		12/1/2031	40,000.00	5.00%			
		12/1/2032	40,000.00	5.00%			
		12/1/2033	45,000.00	5.00%			
		12/1/2034	45,000.00	4.00%			
		12/1/2035	45,000.00	4.00%			
		12/1/2036	50,000.00	4.00%			
12/1/2037	50,000.00	4.00%					

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
COUNTY OF MONMOUTH, NEW JERSEY
A COMPONENT UNIT OF THE TOWNSHIP OF OCEAN
SCHEDULE OF LONG-TERM REVENUE BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2023**

Purpose	Date of Issue	Maturities		Interest Rate	Balance December 31, 2022	Paid or Deobligated	Balance December 31, 2023
		Date	Amount				
\$790,000 (Series 2021 MCIA)	12/30/2021	12/1/2038	\$ 50,000.00	3.00%			
Proceeds utilized to finance unfunded		12/1/2039	50,000.00	3.00%			
Capital Projects (continued)		12/1/2040	50,000.00	3.00%			
		12/1/2041	50,000.00	3.00%			
2019 MCIA Bonds Series Sub-Total					\$ 765,000.00	\$ 25,000.00	\$ 740,000.00
\$1,265,000 (Series 2011 Refunding MCIA)	12/30/2021	12/1/2024	125,000.00	4.00%			
Proceeds utilized to Refinance 2011		12/1/2025	130,000.00	4.00%			
Issue		12/1/2026	130,000.00	5.00%			
		12/1/2027	140,000.00	5.00%			
		12/1/2028	145,000.00	5.00%			
		12/1/2029	150,000.00	5.00%			
		12/1/2030	160,000.00	5.00%			
		12/1/2031	165,000.00	5.00%			
2021 MCIA Bonds Series Sub-Total					<u>1,265,000.00</u>	<u>120,000.00</u>	<u>1,145,000.00</u>
Total					<u>\$ 19,686,815.18</u>	<u>\$ 1,350,940.52</u>	<u>\$ 18,335,874.66</u>
Detail:							
Current portion							\$ 1,485,647.34
Long-term portion							<u>16,850,227.32</u>
							<u>\$ 18,335,874.66</u>

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
(A Component Unit of the Township of Ocean)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Section I - Financial Statement Findings

Finding 2023-001:

Criteria: New Jersey regulations require that a complete set of accounting records be maintained including a general ledger and subsidiary ledgers. Proper internal control practices also dictate that complete and accurate records should be maintained to ensure adequate control over the preparation of the financial statements including the related footnotes.

Condition: At the time of the audit the general ledger was incomplete and did not agree to subsidiary ledgers. We consider these along with other deficiencies to be a material weakness.

Context: A complete general ledger is crucial for accurate financial reporting. It serves as the foundation for financial statements and helps ensure compliance with regulations.

Effect: In order to reflect a complete general ledger and accurate financial statement reporting, material adjustments were required to be made. Incomplete records can lead to audit delays, financial misstatements and increased scrutiny during audit.

Cause: There are a number of deficiencies that when considered together are the cause of the material weakness, they include, material journal entries were not posted to the general ledger in a timely manner, subsidiary ledgers are either incomplete or not reconciled to the general ledger in a timely manner.,

Recommendation: The Authority should reconsider the desired outcome of the financial reporting system and whether the current policies and procedures are sufficient to meet the requirements of the Authority to present a financial statement. Management should then design, implement, monitor and assess internal controls that will reasonably assure the policies and procedures are carried out as intended by the authority.

Authority Response: The Authority has reviewed this finding and has indicated corrective action will be taken.

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY
(A Component Unit of the Township of Ocean)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

Section II - Summary Schedule of Prior Audit Findings

Finding 2022-001:

Condition: At the time of the audit the general ledger was incomplete and did not agree to subsidiary ledger we consider these along with other deficiencies to be a material weakness. It is also noted that the prior year corrective action plan was not implanted effectively.

Current Year Status: The finding is repeated as Finding 2023-001.